

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made the 19th day of July, 2018

AMONG:

CLOUD NINE EDUCATION GROUP LTD., a British Columbia company having an office at 610 – 700 West Pender Street, Vancouver, BC, V6C 1G8

(“**ParentCo**”)

AND:

BHR CAPITAL CORP., a British Columbia company having an office at 610 – 700 West Pender Street, Vancouver, BC, V6C 1G8

(the “**Vendor**”)

AND:

PETER SUNG-KYUN LEE, of 1606 – 1050 Smithe Street, Vancouver BC V6E4T4

(the “**Principal**”)

AND

1166338 B.C. LTD., a British Columbia company having an office at c/o 610 – 700 West Pender Street, Vancouver, BC, V6C 1G8

(the “**Purchaser**”)

WHEREAS:

- A. ParentCo is the sole registered and beneficial owner of the Vendor;
- B. The Vendor is the sole registered and beneficial owner of Cloud Nine College Ltd. (the “**Company**”), which carries on an English as a second language (“**ESL**”) education business; and
- C. The Principal is the person who operates and control the Company on behalf of the Vendor;
- D. The Purchaser wishes to purchase from the Vendor, and the Vendor wishes to sell to the Purchaser, all of the issued and outstanding shares in the capital of the Company under the terms and conditions of this Agreement,

NOW THEREFORE in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

For the purpose of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) “**Act**” means the *Business Corporations Act* (British Columbia) as in effect on the date of this Agreement;
- (b) “**Affiliate**” has the meaning attributed to that term in the Act;
- (c) “**Agreement**” means this share purchase agreement, including the Schedules hereto, as it may from time to time be amended;
- (d) “**Assets**” means all property or assets of any nature or kind used by the Company, whether real or personal, tangible or intangible, corporeal or incorporeal, and including any interest therein, other than the Excluded Assets;
- (e) “**Assignment of Lease**” means the assignment of lease or the consent from the Landlord, as the case may be, whereby the rights to occupy the Business Premises are granted to the Purchaser;
- (f) “**Books and Records**” means all books and records of the Company relating exclusively to the Company, including the books of account, accounting records and other financial data and information of the Company, all computer manuals, computer data, financial and tax working papers, financial and tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers, students and suppliers, personnel and employment records, school records, student databases, student records, promotional material, personal information (as such term is defined under applicable privacy laws) in whatever form including electronic, digital and other computer-related media and all copies and records of the foregoing;
- (g) “**Business**” means the business of the Company providing educational services and carrying on an ESL school and related operations as currently and heretofore carried on by the Company under the banner of “Cloud Nine College”;
- (h) “**Business Day**” means any day (other than a Saturday or a Sunday) on which the main branch of CIBC in Vancouver, BC is open for business;

- (i) “**Business Premises**” has the meaning set out in Section 3.14;
- (j) “**Closing**” means the closing of the transactions contemplated herein on the Closing Date;
- (k) “**Closing Certificate**” has the meaning given in Section 2.5;
- (l) “**Closing Date**” means the date of this Agreement, unless extended by written consent of the Parties;
- (m) “**Closing Time**” means 4:00 p.m. (Vancouver time) on the Closing Date;
- (n) “**Company Loan**” means the amount owed by the Company to ParentCo in the amount of \$2,234,494.00;
- (o) “**Contract**” means any agreement, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral;
- (p) “**Curriculum**” means all of the teaching and aid materials, and all research and testing materials, and all other information, in digital or written form, relating to the programs listed in Schedule G;
- (q) “**Effective Time**” means 11:59 p.m. (Vancouver time) on the day before the Closing Date;
- (r) “**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing;
- (s) “**ECWO**” means English Canada World Organization Inc., a Nova Scotia company;
- (t) “**ETA**” means the *Excise Tax Act* (Canada), as amended from time to time;
- (u) “**Excluded Assets**” means ParentCo’s proprietary, digitally based ESL curriculum called the “Cloud Nine ESL Program”;
- (v) “**Governmental Authority**” means (i) any court, judicial body or arbitral body, (ii) any domestic or foreign government whether multinational, national, federal, provincial, territorial, state, municipal or local and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever, (iii) any subdivision or authority of any of the foregoing, (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, and any stock exchange;
- (w) “**GST**” means any and all taxes payable under Part IX of the ETA or under any provincial legislation similar to Part IX of the ETA;

- (x) **“Intellectual Property”** means all trademarks, trade names, business names, domain names, patents, inventions, the Curriculum and supporting materials, know-how, copyrights, service marks, brand names, designs and all other industrial or intellectual property owned or used by the Company in carrying on the Business and all applications therefor and all goodwill connected therewith, including, without limitation, all licenses, registered user agreements and all like rights used by or granted to the Company in connection with the Business, as well as all right to register or otherwise apply for the protection on any of the foregoing;
- (y) **“Landlord”** means Parkwell Parkade Corporation;
- (z) **“Lease”** has the meaning set out in Section 3.18;
- (aa) **“Licenses”** has the meaning set out in Section 3.21;
- (bb) **“Losses”**, in respect of any matter, means all claims, demands, proceedings, losses, damages, liabilities, quantifiable deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlements) arising directly as a consequence of such matter;
- (cc) **“Musial Loan”** means the amount owed by the Company to Tom Musial in the amount of \$100,000.00;
- (dd) **“Parties”** means all parties to this Agreement, and **“Party”** means any one of them;
- (ee) **“Permits”** means all permits, consents, waivers, licences, certificates, approvals, authorizations, registrations, franchises, rights, privileges, quotas and exemptions, or any item with a similar effect, issued or granted by any person;
- (ff) **“Permitted Encumbrances”** means:
 - (i) liens for taxes either not due and payable or due but for which notice of assessment has not been given;
 - (ii) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations and statutory liens, charges, adverse claims, security interests or encumbrances of any nature whatsoever claimed or held by any governmental authority that have not at the time been filed or registered against the title to the asset or served upon the Company pursuant to law or that relate to obligations not due or delinquent;
 - (iii) assignments of insurance provided to landlords (or their mortgagees) pursuant to the terms of any lease and liens or rights reserved in any lease for rent or for compliance with the terms of such lease; and

- (iv) equipment leases of tangible personal property as identified in Schedule E;
- (gg) **“Purchase Price”** has the meaning set out in Section 2.2;
- (hh) **“Purchased Shares”** means all Common shares issued and outstanding in the capital of the Company, as more particularly set out in Schedule J; and
- (ii) **“Subscription Agreement”** means the subscription agreement between ParentCo and the Purchaser for the Purchaser to subscribe for 2,500,000 common shares in the capital of ParentCo at \$0.10 per share;
- (jj) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time; and
- (kk) **“Unpaid Deductions”** means the amount payable to Canada Revenue Agency of the Company in the amount of \$112,797.91 for past unpaid payroll source deductions.

1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, clause, sub-clause or other subdivision or Schedule;
- (b) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto);
- (c) any capitalized words used herein and not defined herein, have the meanings ascribed to them in the Act;
- (d) except as otherwise provided, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or regulations; and
- (e) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity.

1.3 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

1.4 Sections and Headings

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a section or a Schedule refers to the specified section of or Schedule to this Agreement.

1.5 Number, Gender and Persons

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities.

1.6 Accounting Principles

Any reference in this Agreement to generally accepted accounting principles refers to generally accepted accounting principles as approved from time to time by the Canadian Institute of Chartered Accountants or any successor institute.

1.7 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

1.8 Time of Essence

Time shall be of the essence of this Agreement.

1.9 Applicable Law

This Agreement shall be constructed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.10 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.11 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective successors and permitted assigns. No

Party may assign any of its rights or obligations hereunder without the prior written consent of the other Parties.

1.12 Amendment and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on any Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

1.13 Meaning of Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Vendor, or the awareness of the Vendor, it shall be deemed to refer to the actual knowledge of the directors and officers of the Vendor, or any one or more of them, after having made due and reasonable inquiry of those persons who should have appropriate knowledge regarding the relevant matter set forth in this Agreement.

1.14 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule A – Material Contracts
- Schedule B – Permits and Approvals
- Schedule C – Employees
- Schedule D – Claims and Liabilities
- Schedule E – List of Tangible Personal Property
- Schedule F – List of Intellectual Property
- Schedule G – Programs and Enrollment
- Schedule H – Accounts Owed to Company
- Schedule I – Accounts Payable
- Schedule J – Share Capital

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Shares

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor on the Closing Date, all (but not less than all) of the Purchased Shares.

2.2 Purchase Price

The aggregate purchase price payable by the Purchaser to the Vendor for the Purchased Shares is \$750,000.00 (the “**Purchase Price**”), paid and satisfied as follows;

- (a) the sum of \$700,000.00 will be paid to the Vendor’s solicitor in trust on the Closing Date as per Article 6.3(a);

- (b) the sum of \$50,000.00 will form a holdback (the “**Holdback**”) to be dealt with in accordance with Section 2.3.

2.3 Holdback

The monies representing the Holdback will be held by the Purchaser’s solicitors, Foundation Law Corporation, in trust, on the following terms:

- (a) the Holdback will be deposited into a non-interest bearing trust account;
- (b) if, within 60 days of Closing (the “**Holdback Period**”), the Purchaser makes a claim under Section 7.1 and gives notice of such claim to ParentCo, the Principal or the Vendor and if within 30 days after receipt of such notice, the Vendor’s ParentCo, the Principal or the Vendor has not satisfied or provided for such claim to the satisfaction of the Purchaser, acting reasonably, or has not *bona fide* disputed such claim by sending written notice of the dispute to the Purchaser and Foundation Law Corporation (which notice is to be received within the 30-day period), then Foundation Law Corporation is hereby irrevocably instructed to deduct from the Holdback and to pay to the Purchaser the full amount claimed, and so on from time to time;
- (c) at any time after the expiration of the Holdback Period, Foundation Law Corporation is hereby irrevocably instructed to pay to the Vendors’ solicitors, in trust, the balance of the Holdback less the amount of any claims which have been *bona fide* disputed by the Vendors, and less the amount of any claims which have been made by the Purchaser pursuant to paragraph 2.3(b);
- (d) Foundation Law Corporation is hereby irrevocably instructed to retain the amount of any claim which has been *bona fide* disputed by the Vendors until the earlier of:
 - (i) the Vendors and the Purchaser have agreed in writing as to the disposition of the monies and thereupon such monies will be paid out according to such agreement; or
 - (ii) upon the expiry of the Holdback Period whereupon Foundation Law Corporation is hereby authorized, at its option, to pay such monies into the Supreme Court of British Columbia in Vancouver after deducting in each and every case Foundation Law Corporation’s reasonable legal fees and disbursements incurred in respect of any Court application with respect to such payment.

2.4 Role of Foundation Law

The Vendor, the ParentCo and the Principal acknowledge that Foundation Law Corporation is a firm of solicitors which acts for the Purchaser. In the event of any dispute between the Purchaser, on the one hand, and ParentCo and the Vendor, on the other hand, with respect to a claim made by the Purchaser pursuant to this Article 2.3 or the distribution of the Holdback, Foundation Law Corporation will be free to continue to act for the Purchaser and Foundation

Law Corporation will not be deemed to be in conflict by virtue of its holding the Holdback and performing its obligations under this Article 2.3.

2.5 Adjustments to Purchase Price

The Purchase Price may be adjusted for rent, taxes, tuition or other such amounts as agreed by the Parties, pursuant to a closing certificate to be delivered at Closing (the “**Closing Certificate**”).

The parties acknowledge that the tuition payment(s) received or to be received whether or not deemed as accounts receivable shall be pro-rated as of the Closing Date. For clarity:

- (a) if, after the Closing Date, the Purchaser receives tuition payments for services rendered by the Business prior to the Closing Date, it shall credit the Vendor a pro-rated per diem amount of the tuition payment so received for the period prior to the Closing Date; and
- (b) if, before the Closing Date, the Vendor has received tuition payments for services to be rendered by the Business after the Closing Date, it shall credit to the Purchaser a pro-rated per diem amount of the tuition payment so received for the period after the Closing Date.

2.6 Change of Control Tax Return

The Vendor shall, within 60 days of Closing, at its own cost, prepare any and all filings with the Canada Revenue Agency that are necessary in connection with the change of control of the Company and resulting from the purchase and sale of the Purchased Shares, including tax returns for the period ending on the Closing Date at the Closing Time. The Purchaser shall submit such filings with the Canada Revenue Agency within the prescribed period under the Tax Act.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF VENDOR

Each of ParentCo, the Principal and the Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Shares:

3.1 Organization

- (a) The Vendor is duly incorporated and organized and validly subsisting under the laws of British Columbia and has the corporate power to own or lease its property, to carry on its business as now being conducted by it, to enter into this Agreement and perform its obligations hereunder. The Vendor is duly qualified to do business in each jurisdiction in which the nature of its business or the property and assets owned or leased by it makes such qualification necessary.
- (b) The Company is duly incorporated and organized and validly subsisting under the laws of British Columbia and has the corporate power to own or lease its property, to carry on the Business as now being conducted by it, to enter into this Agreement and perform its obligations hereunder. The Company is duly qualified to do business in each jurisdiction in which the nature of the Business or the property and assets owned or leased by it makes such qualification necessary.

3.2 Authorization

This Agreement has been duly authorized, executed and delivered by each of ParentCo, the Principal and the Vendor and is a legal, valid and binding obligation of each of ParentCo, the Principal and the Vendor, enforceable against each of them, as the case may be, by the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

3.3 No Other Agreements to Purchase

No person other than the Purchaser has any written or oral agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase or acquisition from the Vendor of any of the Purchased Shares or any other shares or securities of the Company or all or any part of the assets of the Company.

3.4 Authorized and Issued Capital

As at the Closing Date, the Purchased Shares constitute 100% of the issued and outstanding share capital of the Company. All of the Purchased Shares are validly issued as fully paid and non-assessable shares.

3.5 Options

No person, firm or corporation has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Company.

3.6 Ownership of Purchased Shares

The Vendor is the registered and beneficial owner of all of the Purchased Shares, with good and marketable title thereto, and has the power, authority and right to transfer legal and beneficial ownership of the Purchased Shares to the Purchaser, free and clear of all Encumbrances. Without limiting the generality of the foregoing, none of the Purchased Shares are subject to any voting trust, shareholder or voting agreement. Upon completion of the transaction contemplated by this Agreement, all of the Purchased Shares will be owned by the Purchaser as the sole registered and beneficial owner thereof, with good and marketable title thereto, free and clear of all Encumbrances. The Company is not, and has never been, a reporting issuer.

3.7 Assets

The Company is the legal and beneficial owner of the Assets.

3.8 No Other Business

The Company does not carry on business and does not have any interest in any property other than the Business. The Company does not own and does not have any agreement of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary

interests in, any person, firm or school, and the Company does not have any agreements to acquire or lease any other business operations, other than as set out herein.

3.9 No Other Indebtedness

The Company has no indebtedness or liability, direct or indirect, absolute or contingent, other than any indebtedness or liability incurred in the ordinary course of business and any indebtedness set out in the Schedules hereto. There are no outstanding shareholder loans to the Company or any other indebtedness or liability owed by the Company to ParentCo or the Vendor.

3.10 Financial Statements

The financial statements of Company, consisting of the balance sheet and statements of income, retained earnings and cash flows for the 12-month period ending Sept. 30, 2017 (collectively, the “**Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) applied on a basis consistent with that of prior fiscal years. The Financial Statements present fairly in all material respects the financial position of the Company as at the dates thereof and the results of the operations and the changes in the Company’s financial position for the periods then ending. The Financial Statements do not overstate the value of the Assets or overstate the value of the Company’s liabilities.

3.11 Books and Records

The Books and Records fairly and correctly set out and disclose in all material respects the financial position of the Company, and all material financial transactions relating to the Company have been accurately recorded in such Books and Records. The Books and Records present fairly the financial condition and the revenues, expenses and results of operations of the Company. No information, records, systems, controls or data pertaining to or required for the operation or administration of the Business are recorded, stored, maintained by, or are otherwise dependent upon, any computerized or other system, program or device that is not exclusively owned and controlled by the Company. On or before the Closing Date, the Vendor will have delivered originals or copies of all such records, systems, controls or data in its possession or control, including, where applicable, copies of all computer software and documentation relating thereto.

3.12 Restrictions on Doing Business

The Company is not subject to any legislation or any judgment, order or requirement of any authority which is not of general application to persons carrying on business similar to the Business. To the knowledge of the Vendor, there are no facts or circumstances specific to the Company which could have a materially adverse effect on the ability of the Company to continue to operate the Business following the Closing Date.

3.13 No Violation

The execution and delivery of this Agreement by ParentCo and the Vendor, and the consummation of the transactions herein provided for, does not and will not result in:

- (a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of ParentCo, the Vendor or the Company under:
 - (i) any Contract to which the Vendor or the Company is a party or by which either of them is, or either of their assets are, bound;
 - (ii) any provision of the constating documents of the Vendor or the Company or resolutions of the directors (or any committee thereof) or shareholders of ParentCo, the Vendor or the Company;
 - (iii) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over ParentCo, the Vendor or the Company;
 - (iv) any license, permit, approval, consent or authorization held by the Vendor or the Company or necessary to the ownership of the Purchased Shares or the operation of the Business; or
 - (v) any applicable law, statute, ordinance, regulation or rule; or
- (b) the creation or imposition of any Encumbrance on any of the Purchased Shares or any of the Assets.

3.14 Title to Personal and Other Property

Schedule E sets out a listing of all of the material personal property used by the Company in connection with the Business and indicates whether such property is owned or leased. The Company has good and marketable title to all of its owned Assets, including those reflected in the balance sheets included in the Financial Statements or acquired, which are free and clear of all Encumbrances, except for Permitted Encumbrances.

Reasonable wear and tear excepted, all office furniture, equipment, computer hardware and software and other chattels on Schedule E are in good working order and in a functional state of repair and to the knowledge of the Vendor there are no latent defects as of the Closing Date.

3.15 Amounts Owed to Company

Schedule H sets out all of the accounts receivable, debt due to, remaining tuition payments to be made or amounts otherwise payable to and expected by the Company as at the Closing Date (the “**Amounts Owed**”). The Amounts Owed has been recorded by the Company in accordance with its usual accounting practices consistent with prior periods. The reserve taken for doubtful or bad debtor accounts is adequate based on the past experience of the Company and is consistent with the accounting procedures used by the Company in previous fiscal periods.

3.16 Accounts Payable

Schedule I sets out all of the accounts payable owed by the Company as at the Closing Date.

3.17 Location of Business Premises

Schedule A sets forth the municipal address(es) for all the real property leased by the Company (or by the Vendor for the benefit of the Company) or otherwise used in connection with the Business (the “**Business Premises**”). The Company does not own, lease or use, and has not agreed to acquire, lease or use, any real property or interest in real property, other than the Business Premises.

3.18 Real Property Leases

The Company is not a party to, and does not have the benefit of, any lease or agreement in the nature of a lease in respect of any real property, whether as lessor or leasee, other than the leases described in Schedule A (the “**Leases**”). The Company occupies the real property set out in the Leases and the Company has the exclusive right to occupy and use such real property. The Leases are in good standing and in full force and effect without amendment thereto, and neither the Company nor any other party thereto is in breach of any covenants, conditions or obligations contained therein. The Vendor and the Company have provided a true copy of the Leases to the Purchaser.

3.19 Intellectual Property

Schedule F contains a complete and accurate list of the Intellectual Property (excluding know-how and goodwill) owned by, licensed to, or used by the Company in carrying on the Business, other than commercial, off-the-shelf computer software. Schedule F also includes complete and accurate particulars of all registrations or applications for registration of the Intellectual Property. To the knowledge of the Vendor, the Company is the beneficial owner of the Intellectual Property, free and clear of all Encumbrances and is not a party to or bound by any Contract or other obligation whatsoever that limits or impairs its ability to sell, transfer, assign or convey, or that otherwise affects, the Intellectual Property. No person has been granted any interest in or right to use all or any portion of the Intellectual Property, other than as set out in Schedule F. For greater certainty, except as specifically identified in Schedule F, the Company owns all of the intellectual property rights to all programs and curriculum it uses. The Vendor is not aware of any claim of any infringement or breach of any intellectual property rights of any person by the Company, nor has the Company received any notice that the conduct of the Business infringes any intellectual property rights of any other person, and the Vendor has no knowledge of any infringement or violation of any of the Company’s rights in the Intellectual Property.

3.20 Agreements and Commitments

Except as set out in Schedule A, the Company is not a party to or bound by any Contract relating to the property, assets, business or operations of the Company, including, without limiting the generality of the foregoing:

- (a) any continuing Contract for the purchase of materials, supplies, equipment or services by the Company involving more than \$20,000 in respect of all such Contracts;
- (b) any employment or consulting Contract or any other written Contract with any officer, employee or consultant;

- (c) any profits sharing, bonus, stock option, pension, retirement, disability, stock purchase, medical, dental, hospitalization, insurance or similar plan or agreement providing benefits to any current or former director, officer, employee or consultant;
- (d) any trust indenture, mortgage, promissory note, loan agreement, guarantee or other Contract for the borrowing of money or a leasing transaction of the type required to be capitalized in accordance with generally accepted accounting principles;
- (e) any commitment for charitable contributions;
- (f) any Contract for capital expenditures in excess of \$20,000.00 in the aggregate;
- (g) any Contract for the sale of any assets outside of the ordinary course of business;
- (h) any Contract pursuant to which the Company is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (i) any confidentiality, secrecy or non-disclosure Contract (whether the Company is a beneficiary or obligor thereunder) relating to any proprietary or confidential information or any non-competition or similar Contract;
- (j) any license, franchise or other agreement that relates in whole or in part to any Intellectual Property;
- (k) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other person; or
- (l) any Contract entered into by the Company other than in the ordinary course of the Business.

The Company has performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Contract relating to the Business to which it is a party or by which it is bound; all such Contracts are in good standing and in full force and effect, unamended, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any of the foregoing.

3.21 Compliance with Laws; Governmental Authorization

The Company has, in all material respects, complied with all laws, statutes, or ordinances regulations, rules, judgments, decrees or orders applicable to the Business or the Company. Schedule C sets out a complete and accurate list of all material licenses, permits, approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise) (the "Licenses") held by or granted to the Company, and there are no other material licenses, permits, approvals, consents, certificates, registrations or authorizations necessary to

carry on the Business or to own or lease any of the property or assets utilized by the Company. Each License is valid, subsisting and in good standing, and the Company is not in material default or breach of any License and, to the knowledge of the Vendor, no proceeding is pending or threatened to revoke or limit any License.

3.22 Permits, Consents and Approvals

Attached as Schedule B is a true and complete list of all Permits necessary or required to enable the Business to be carried on as now conducted and the Assets to be owned, leased and operated. There is no requirement to make any filing with, give any notice to or obtain any license, permit, certificate, registration, authorization, consent or approval of, any governmental or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement, except for the filings, notifications, licenses, permits, certificates, registrations, consents and approvals specifically identified in Schedule B or that relate solely to the identity of the Purchaser. There is no requirement under any Contract relating to the Business or the Company to which the Vendor or the Company is a party or by which it is bound to give any notice to, or to obtain the consent or approval of, any party to such agreement, instrument or commitment relating to the consummation of the transactions contemplated by this Agreement, except for the notifications, consents and approvals described in Schedule B. ParentCo, the Principal and the Vendor, as applicable, have delivered or caused to be delivered the notifications in relation to the change of control of the Company required by the respective authorities issuing the Licences or Permits listed on Schedule B.

3.23 Taxes

The Company has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes that are due and payable, and all assessments, governmental charges, penalties, interest and fines due and payable by it. The information contained in each such tax return is correct and complete and such tax returns reflect accurately all liability for taxes of the Company for the period covered thereby. The Company has made adequate provision for taxes payable by it for the current period and any previous period for which tax returns are not yet required to be filed. There are no actions, suits, proceedings, investigations or claims pending or, to the knowledge of the Vendor, threatened against the Vendor or the Company in respect of taxes, governmental charges or assessments, nor are any material matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority. The Company has withheld from each payment made to any of its past or present employees, officers or directors, and to any non-resident of Canada, the amount of all taxes and other deductions required to be withheld therefrom and, other than as disclosed to the Purchaser, has paid the same to the proper tax or other receiving officers within the time required under any applicable legislation. The Company has remitted to the appropriate tax authority when required by law to do so all amounts collected by it on account of GST. The Canadian federal income tax liability of the Company has been assessed by the Canada Revenue Agency for all fiscal years up to and including the fiscal year ended September 30, 2017 and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by, or payment of any tax, governmental charge or deficiency against, the Company. The Company is not a party to any joint venture, partnership or other arrangement or contract that is treated as a partnership for income tax purposes. To the knowledge of the Vendor, no claim has

ever been made by any governmental authority in respect of taxes in a jurisdiction where the Company is or may be subject to tax by that jurisdiction.

3.24 Litigation

Other than as set out in Schedule D, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Vendor, threatened against or affecting, the Company at law or in equity, or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before an arbitrator or arbitration board. Other than as set out in Schedule D, as at the Closing Date, the Company is not a party to any litigation involving any claim in an amount in excess of \$25,000.00. The Vendor is not aware of any ground on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success.

3.25 No Judgments

There are no outstanding judgments, decrees, orders, rulings or injunctions of any court or regulatory body with respect to the Company or the Business which might have a materially adverse effect on the Business.

3.26 Residency

Neither the Vendor nor the Company is a "non-resident" of Canada for the purposes of the Tax Act.

3.27 Directors and Officers

Immediately prior to the Closing, the officers and directors of the Company are the following individuals:

Name	Position
Michael Leslie Hunter	Director
Dalton L. Larson	Director
Peter Sung-Kyun Lee	Chief Financial Officer
Karla Mendez	Director of School Operations

3.28 Dividends

The Company has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares or has, directly or indirectly, redeemed, purchased or otherwise acquired any of its outstanding shares of any class or agreed to do so.

3.29 Credit Facilities / Guarantees

Except as set forth in Schedule A, the Company has not entered into, or otherwise arranged for, any loans, operating lines of credit or other credit facilities or have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness, and the Company is not obligated to create or issue any bonds, debentures, mortgages, notes or other similar indebtedness. Except as set forth in Schedule A, the Company is not a party to or bound by:

- (a) any conditional sales contracts, mortgage, general security agreement or other title retention agreement or has granted any security interest; or
- (b) any guarantees, letters of credit, indemnities or contingent or indirect obligations with respect to the liabilities (contingent or otherwise), any obligations or indebtedness of any person, including, without limitation, obligations under any interest rate or other swap agreement.

3.30 Employees

Schedule C contains a correct and complete list of each employee, director, independent contractor, consultant and agent of the Company, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment and length of service.

3.31 Employment Matters

The Company is in compliance with all terms and conditions of all applicable laws, statutes, ordinances, regulations or rules respecting employment, including pay equity, wages and hours of work and occupational health and safety. No notice has been received by the Company of any complaint filed by any of its current or former employees against the Company claiming that the Company has violated any applicable employee or human rights or similar legislation in the jurisdictions in which the Business is conducted or the Company operates, nor have any complaints or proceedings of any kind involving the Company or, to any of the Vendor's knowledge, have any of the employees of the Company been brought before any labour relations board. There are no outstanding orders or charges against the Company under any applicable health and safety legislation in the jurisdictions in which the Business is conducted. All levies, assessments and penalties made against the Company pursuant to any applicable worker's compensation legislation in the jurisdictions in which the Business is conducted have been paid by the Company, and the Company has not been reassessed under any such legislation during the past three years. The Company is not bound by any collective agreement and no collective agreement is currently being negotiated by the Company or any other person in respect of employees of the Company. No trade union or employee bargaining agency or agent holds bargaining rights with respect to any employee of the Company by way of certification, voluntary recognition, or succession rights, or, to the knowledge of the Vendor, has applied to be certified as the bargaining agent for the employees.

Except as disclosed in Schedule C, the Company has no pension, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other employee compensation or benefit plan,

arrangement, policy, program or practice (whether provided on a pre- or post-retirement basis) which is maintained, or otherwise contributed to or required to be contributed to, by the Company for the benefit of any present or former employees, officers or directors of the Company.

The full amounts of salaries, pensions, bonuses, commissions and other remuneration of any nature, including accrued vacation pay and unpaid earned wages of the present or former officers, directors, employees, consultants, contractors and agents of the Company, as at the Closing Date, will have been paid up to the Closing Date.

3.32 Programs and Enrollment

Schedule G sets out all of the programs offered by the Company in the 2017 school year in connection with the Business, and indicates in each case whether the program is offered on the Business Premises, online or overseas.

3.33 Independent Legal Advice

Each of the Parties has obtained independent tax, legal and financial advice in connection with this Agreement and the transactions contemplated hereby, and fully understands its contents and implications.

3.34 Compliance, Actions or Disputes

The Company has not been subject to any Language Canada or Governmental Authority compliance action or disputes during the three years prior to the date of this Agreement.

3.35 Insurance

The Company has not made any significant insurance claims during the three years prior to the date of this Agreement, and no facts exist on the date of this Agreement which form the basis for any significant insurance claim by the Company.

The Company maintains, and has maintained for the preceding three years, insurance in force against loss on the Assets, against such risks, in such amounts and to such limits as is in accordance with prudent business practices prevailing in its business and having regard to the location, age and character of the Assets and has complied fully with all material requirements of such insurance, including the prompt giving of any notice of any claim or possible claim thereunder, and all such insurance has been with insurers the Company believes to be responsible.

3.36 Other Liabilities or Disputes

As at the Closing Date, the Company cover any unpaid taxes, levies or other government mandated fees, is not a party to any intellectual property disputes and is not subject to any ongoing employment disputes.

3.37 No Loss of Benefits

No benefit, right, consent or license currently enjoyed by the Company will be lost as a result of the completion of the purchase and sale of the Purchased Shares pursuant to this Agreement.

3.38 Full Disclosure

All material documents and other material written information in the possession or control of the Vendor related to the Company or the Business have been provided to the Purchaser by the Vendor or its advisors.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser represents and warrants to ParentCo and the Vendor as follows and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the sale by the Vendor of the Purchased Shares:

4.1 Organization

The Purchaser is organized and validly subsisting under the laws of the Province of British Columbia and has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

4.2 Authorization

This Agreement has been duly authorized, executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by ParentCo and the Vendor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

4.3 No Violation

The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions herein provided for will not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Purchaser under:

- (a) any Contract to which the Purchaser is a party or by which it, or its properties, are bound;
- (b) any provision of the constating documents of the Purchaser or resolutions of the directors (or any committee thereof) or shareholders of the Purchaser;
- (c) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Purchaser; or
- (d) any applicable law, statute, ordinance, regulation or rule.

ARTICLE 5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.1 Survival of Representations and Warranties of the Vendor

The covenants, representations and warranties of the ParentCo, Vendor and Principal contained in this Agreement and any agreement, instrument, certificate or other document executed or delivered pursuant hereto shall survive the closing of the transactions contemplated hereby and, notwithstanding such closing, nor any investigation made by or on behalf of the Purchaser, shall continue in full force and effect for the benefit of the Purchaser for a period of eighteen (18) months; provided that claims with respect to:

- (a) litigation matters as referred to in Clause 3.24 shall survive for two (2) years from the Closing Date, unless a Claim relating to such matters is made during the two-year period as per Article 7;
- (b) tax matters as referred to in Clause 3.23 shall survive until six months after the end of the period in which any taxing authority may levy or reassess any taxes owing by the Company, unless a Claim relating to such matters is made during the six-months period as per Article 7;
- (c) fraud, intentional misrepresentation or wilful breach or misconduct, or breach of the representations and warranties set out in Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6 (the “Vendor’s Fundamental Representations”) shall survive the Closing and continue in full force and effect without limitation of time.

5.2 Survival of the Representations and Warranties of the Purchaser

The covenants, representations and warranties of the Purchaser contained in this Agreement and any agreement, instrument, certificate or other document executed or delivered pursuant hereto shall survive the closing of the transactions contemplated hereby notwithstanding such closing, nor any investigation made by or on behalf of the Vendor, and continue in full force and effect without limitation of time.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Place of Closing

The Closing shall take place at the Closing Time at the offices of the Company on the Closing Date.

6.2 Vendor’s Closing Documents

At the Closing, the Vendor will deliver, or cause to be delivered, the following to the Purchaser:

- (a) the share certificate(s) representing the Purchased Shares duly endorsed for transfer to the Purchaser or as directed by the Purchaser;

- (b) a certified copy of a resolution of the directors of ParentCo authorizing the execution and delivery by ParentCo of this Agreement and all documents required to be executed by ParentCo pursuant to this Agreement;
- (c) a certified copy of a resolution of the directors of the Company authorizing the execution and delivery by the Company of this Agreement and all documents required to be executed by the Company pursuant to this Agreement and approving the transfer of the Purchased Shares;
- (d) a certified copy of the central securities register for the Company dated as of the Closing Date showing the Vendor as the only shareholder of the Company;
- (e) certificates of good standing for each of ParentCo, the Vendor and the Company;
- (f) resignations from each of Michael Hunter and Dalton Larson as directors and officers, as applicable, of the Company;
- (g) the Subscription Agreement executed by ParentCo the Company;
- (h) consent to the change in control of the Company, as required from the Landlord pursuant to the Lease;
- (i) the Closing Certificate duly executed by ParentCo and the Vendor;
- (j) releases in a form acceptable to the Purchaser, acting reasonably, duly executed by ParentCo, the resigning directors and officers of the Company and the Vendor;
- (k) release(s) in a form acceptable to the Vendor, acting reasonably, duly executed by Code Consulting Limited for the discharge of PPSA Base Regs # 232194J and #238167J;
- (l) assignment of debt agreements transferring the Musial Loan to the Purchaser;
- (m) licence / waiver of rights to the Intellectual Property of the Vendor in a form acceptable to the Purchaser signed by the Vendor;
- (n) all administrative passwords, codes and keys related to the Business; and
- (o) all other documents and assurances as may be agreed by the parties are reasonably necessary to more effectively complete the transactions contemplated by this Agreement.

6.3 Purchaser's Closing Documents

At the Closing, the Purchaser will deliver, or caused to be delivered, the following to the Vendor:

- (a) a confirmation of wire transfer, direct deposit or certified cheque or bank draft or solicitor's trust cheque in the amount of \$700,000.00 subject to agreed adjustment payable to the Vendor's solicitor in trust being the Purchase Price;

- (b) a certified copy of a resolution of the directors of the Purchaser authorizing the execution and delivery of this Agreement and all documents required to be executed by the Purchaser pursuant to this Agreement; and
- (c) the Subscription Agreement duly executed by the Purchaser, as well as \$250,000.00 in readily available funds, being the subscription price for the shares in the capital of ParentCo to be purchased pursuant to the Subscription Agreement;
- (d) a resignation from the Principal as Chief Financial Officer of ParentCo;
- (e) the Closing Certificate duly executed by the Purchaser; and
- (f) all other documents and assurances as may be agreed by the parties are reasonably necessary to more effectively complete the transaction contemplated by this Agreement.

6.4 Conditions Precedent to the Obligations of the Purchaser

The obligations of the Purchaser to complete the purchase of the Purchased Shares shall be subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) the representations and warranties of ParentCo, the Principal and the Vendor, as applicable, made in Article 3 will be true and correct as of the Closing with the same effect as if made as of such time (other than any such representations and warranties that are made as of a specified date, in which case such representations and warranties will be true as of the applicable specified date), and ParentCo, the Principal and the Vendor shall have complied in all material respects with all covenants and agreements required of each of them by this Agreement to be performed or complied with at or before the Closing;
- (b) the Company Loan will have been repaid, waived or otherwise cancelled;
- (c) the Musial Loan will have been assumed by ParentCo or the Vendor;
- (d) all right, title and interest in and to the Intellectual Property, including that listed in Schedule F, will have been assigned, transferred or licensed to the Purchaser;
- (e) change of control notice has been properly delivered to the Private Institutions Training Branch at least 7 days prior to the Closing Date;
- (f) change of control notice has been properly delivered to the Ministry of Advanced Education, Skills and Training regarding Educational Quality Assurance (“EQA”) at least 14 days prior to the Closing Date;
- (g) the Purchaser’s solicitors shall have received appropriate undertakings from the Vendor’s solicitors for the payout of amounts owing to Code Consulting Limited

and Canada Revenue Agency and any discharges of security interests associated there with;

- (h) all of the shares in the capital of ECWO will have been transferred or otherwise assigned to the Vendor; and
- (i) the Landlord will have consented to the change of control of the Company as required under the Lease.

6.5 Conditions Precedent to the Obligations of ParentCo and the Vendor

The obligations of ParentCo and the Vendor to complete the sale of the Purchased Shares shall be subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) the representations and warranties of the Purchaser made in Article 4 will be true and correct as of the Closing with the same effect as if made as of such time (other than any such representations and warranties that are made as of a specified date, in which case such representations and warranties will be true as of the applicable specified date) and the Purchaser shall have complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with at or before the Closing;
- (b) change of control notice has been properly delivered to the Private Institutions Training Branch at least 7 days prior to the Closing Date;
- (c) change of control notice has been properly delivered to EQA at least 7 days prior to the Closing Date;
- (d) the Purchaser or its nominee(s) will have subscribed for 2,500,000 Common shares in the capital of ParentCo; and
- (e) the Landlord will have consented to the change of control of the Company as required under the Lease.

6.6 Delivery of Books and Records

At the Closing, the Vendor shall deliver to or to the order of, the Purchaser, all of the Books and Records of and relating to the Company and the Business.

6.7 Use of Business Premises

The Purchaser shall cooperate with the Vendor in connection with allowing the Company to continue to occupy and use the premises subject to the Lease, including the execution of such documents as may reasonably be requested by the Landlord, as well as providing a security deposit, if required, in an amount and on terms similar to the security deposit provided by the Vendor. Effective as at the Effective Time, the Purchaser shall indemnify the Vendor and any indemnifier under the Lease for any costs related to the Lease of the Business Premises that arises or is related to the period after the Closing Date. The Purchaser agrees to take all

commercially reasonable steps to cooperate with the Vendor to obtain the Landlord's consent without requiring the Purchaser to incur costs, obligations, or liabilities or commence legal proceedings.

6.8 Terms of Closing

It shall be a condition of the Closing that all matters of payment and the execution and delivery of documents by any Party to the others pursuant to the terms of this Agreement shall be concurrent requirements and that nothing will be complete at the Closing until everything required as a condition precedent to the Closing has been paid, executed and delivered, as the case may be.

6.9 Further Assurances

Each Party to this Agreement covenants and agrees that, from time to time subsequent to the Closing Date, it will at the request and expense of the requesting Party, execute and deliver all such documents, including, without limitation, all such additional conveyance, transfers, consents and other assurances and do all such other acts and things as any other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

6.10 Further Assurances – Cloud Nine ESL Program

ParentCo and the Vendor shall continue to grant or cause to grant a licence to the Company to use the Cloud Nine ESL Program, free of charge, for three years following the Closing Date. After such three-year period, the Company will be entitled to a licence of the Cloud Nine ESL Program on the terms and conditions agreed by the ParentCo and the Company.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification by ParentCo, Vendor and Principal

- (a) It being understood that any claims for any reason and at any time in relation to this Agreement must be brought through this Article 7, the Vendor and the Principal agree to jointly and severally indemnify and save harmless the Purchaser, and its directors, officers, employees, consultants, agents and shareholders, from all Losses suffered or incurred by the Purchaser as a result of or arising directly out of or in connection with: any breach by ParentCo, the Principal or the Vendor of or any material inaccuracy of any representation or warranty of ParentCo, the Principal or the Vendor contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto, or any taxes which may be or become payable by ParentCo or the Vendor including any taxes resulting from or arising as a consequence of the sale by the Vendor to the Purchaser of the Purchased Shares herein contemplated.

- (b) Not limiting the foregoing, each of ParentCo, the Vendor and the Principal acknowledge and agree that the Musial Loan has been assigned to ParentCo and that ECWO is a wholly-owned subsidiary of the Vendor, and therefore, each of ParentCo, the Vendor and the Principal agree to jointly and severally indemnify the Purchaser and its directors, officers, employees, shareholders and agents, and each of their respective successors and assigns, from and against any claim made by a third party in connection with the Musial Loan or ECWO.

7.2 Indemnification by the Purchaser

The Purchaser agrees to indemnify and save harmless ParentCo and the Vendor, and each of their respective directors, officers, employees, consultants, agents and shareholders, from all Losses suffered or incurred by ParentCo or the Vendor as a result of or arising directly out for or in connection with any breach by the Purchaser of or any material inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto.

7.3 Notice of Claim

- (a) In the event that a Party (the “**Indemnified Party**”) shall become aware of any claim, proceeding or other matter (a “**Claim**”) in respect of which another party (the “**Indemnifying Party**”) may indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known.
- (b) If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.
- (c) If a Claim is made by the Purchaser against the ParentCo, the Principal or the Vendor within the Holdback Period, section 2.3 shall apply.

7.4 Direct Claims

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have 15 Business Days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such 15 Business Day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party

the full agreed upon amount of the Claim, failing which the matter shall be referred to binding arbitration in such manner as the parties may agree or shall be determined by a court of competent jurisdiction.

7.5 Third Party Claims

With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's out-of-pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf; provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.

7.6 Settlement of Third Party Claims

If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason.

7.7 Co-operation

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

7.8 Limitation

The obligations of the Indemnifying Party under this Agreement to indemnify an Indemnified Party are subject to the following:

- (a) each Loss must exceed \$1,500.00; and
- (b) the aggregate of all Losses must exceed \$5,000.00.

ARTICLE 8 MISCELLANEOUS

8.1 Vendor's Confidentiality

After the Closing, each of ParentCo, the Principal and the Vendor shall keep confidential all information in its possession or under its control relating to the Company and the Business, unless such information is or becomes generally available to the public other than as a result of disclosure by ParentCo or the Vendor in violation of this Agreement.

8.2 Joint and Several Liability.

The obligations of the ParentCo, the Principal and the Vendor hereunder shall be joint and several.

8.3 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by email or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

- (a) if to ParentCo or the Vendor to:

Cloud Nine Education Group Ltd.
610 - 700 West Pender Street
Vancouver, BC, V6C 1G8

Attention: Mr. Allan Larmour, CEO

Email: alarmour@c9eg.com

With a copy to:

Harper Grey LLP
3200 – 650 West Georgia Street
Vancouver, BC, V6B 4P7

Attention: Drew Lawrenson

Email: dlawrenson@harpergrey.com

(b) if to the Principal:

Peter Sun-Kyun Lee
1606 – 1050 Smithe Street
Vancouver BC V6E4T4
Email: plee@c9eg.com

(c) if to the Purchaser:

c/o Foundation Law Corporation
204 – 5740 Cambie Street, Vancouver BC V5Z3A6

Attention: Jie Wang

Email: jwang@foundationlawyers.com

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

Any Party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section 8.3.

8.4 Expenses

Each Party shall pay for its own costs and expenses and fees incurred in connection with this Agreement and the transactions contemplated by it. The Vendor shall be solely responsible for, and shall pay, satisfy, discharge, perform and fulfill all obligations and liabilities in respect of any commission or other remuneration payable to any broker, agent or other intermediary who has acted or purported to have acted for the Vendor or the Company in respect of the transactions contemplated herein.

8.5 Announcements

No Party shall issue any press release or make any other public announcement with respect to this Agreement or the transactions contemplated hereby, other than as may be agreed by the Parties or as may be required by applicable laws.

8.6 Disclosure

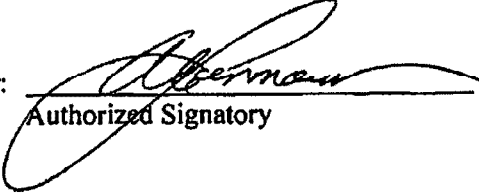
Prior to any public announcement of the transaction contemplated hereby pursuant to Section 8.5, no Party shall disclose this Agreement or any aspect of such transaction except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, any financial institution contacted by it with respect to any financing required in connection with such transaction and counsel to such institution, or as may be required by any applicable law or any regulatory authority or stock exchange having jurisdiction.

8.7 Counterparts

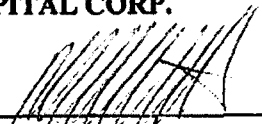
This Agreement may be executed in counterparts and by facsimile, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the date first written above.

CLOUD NINE EDUCATION GROUP LTD.

Per: 
Authorized Signatory

BHR CAPITAL CORP.

Per: 
Authorized Signatory

SIGNED, SEALED and DELIVERED BY
THE PRINCIPAL in the presence of:

Name

PETER SUNG-KYUN LEE

Address

Occupation

1166338 B.C. LTD.

Per: _____
Authorized Signatory

IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the date first written above.

CLOUD NINE EDUCATION GROUP LTD.

Per: _____
Authorized Signatory

BHR CAPITAL CORP.

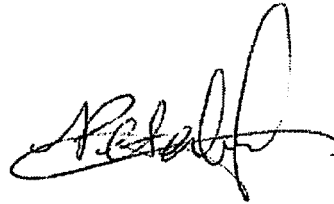
Per: _____
Authorized Signatory

SIGNED, SEALED and DELIVERED BY
THE PRINCIPAL in the presence of:

Name

Address

Occupation



PETER SUNG-KYUN LEE

1166338 B.C. LTD.

Per: _____
Authorized Signatory

IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the date first written above.

CLOUD NINE EDUCATION GROUP LTD.

Per: _____
Authorized Signatory

BHR CAPITAL CORP.

Per: _____
Authorized Signatory

SIGNED, SEALED and DELIVERED BY
THE PRINCIPAL in the presence of:

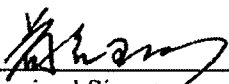
Name

PETER SUNG-KYUN LEE

Address

Occupation

1166338 B.C. LTD.

Per:  _____
Authorized Signatory

SCHEDULE A

1. Lease

The Company is party to a three year lease of the premises at 110 – 668 Seymour Street, Vancouver, British Columbia, Canada V6B 3K4. The landlord is Parkwell Parkade Corporation, c/o Hyloft Management (2015) Limited, 10 – 698 Seymour Street, Vancouver, BC V6B 3K6 Attention: Lee Medd (604) 683-1628.

Lease Term: February 01, 2018 to January 31, 2019
\$13,333/Month + 5%GST = \$14,000/Month

Lease Term: February 01, 2019 to January 31, 2021
\$15,855/Month + 7%GST = \$16,647.75/Month

Rentable Area: 9,513 Square Feet.

**SCHEDULE B
PERMITS AND APPROVALS**

2. Permits & Approvals:

- Cloud Nine College has been awarded an Designated Learning Institution (DLI) number from British Columbia's Private Training Institutions Branch (PTIB)
- The Education Quality Assurance (EQA) Designation
- CNC's DLI number is 019394940242
- City of Vancouver permits to operate as a business in Vancouver

**SCHEDULE C
EMPLOYEES**

Employee Name	Position	Monthly Salary	Hourly wage	Start Date	Work Hours
PETER LEE	CEO	6,000		January 1, 2015	Full Time
JASON LEHUQUET	Academic Director	4,168		June 18, 2018	Full Time
KARLA MENDEZ BEJAR	School Director / Latin Marketer	5,000		January 1, 2015	Full Time
MINYOUNG KIM	Admin / Korea Marketer	3,000		June 1, 2015	Full Time
KAREN MACHOVEC	Teacher		\$23	June 12, 2017	
BRIDGETTE PASSLEY MORGAN	Teacher		\$23	June 12, 2017	
DE ALMEIDA BARINO GIOVANNA	Teacher		\$23	January 2, 2018	
MARGOT HARRISON	Teacher		\$23	December 18, 2018	
LISE. PARKER	Teacher		\$23	May 14, 2018	
JAMES ARCILLA	Teacher		\$23	May 22, 2018	

**SCHEDULE D
CLAIMS**

NONE

**SCHEDULE E
LIST OF TANGIBLE PERSONAL PROPERTY**

Karla's office
Acer computer ATC-603 with LG Monitor
Canon Image Class printer
Credit Card terminal (Moneris)
MacBook pro 13"
Alcatel Cellphone
Yealink Phone
Dell computer with Dell monitor
Kate's office
Samsung series 5 Laptop
Acer monitor
Brother MFC printer
Yealink phone
Front Desk
Yealink Phone
Acer tablet
Staples laminator
Acer laptop
Security Camera system w/4 cameras
Meeting Room
Asus computer with Samsung monitor
Lunch Area
4 microwaves
1 small fridge
ViewSonic water filter
Teacher's room
Melita coffee maker
Canon C5235A printer (lease)
Asus computer with a monitor
Dell computer with a monitor
HP computer with a monitor
19 ipads
Bretford apple cart

Classroom 901
Asus Computer with a monitor
Sony CD Player
Classroom 902
Lenovo Computer (no monitor)
Insignia TV (wall mounted)
Classroom 903
Asus Computer and monitor
Sony CD Player
Insignia TV (wall mounted)
Classroom 904
Dell computer with Asus monitor
Sony CD Player
Sony TV (wall mounted)
Classroom 905
Dell computer with Dell monitor
LG screen tv (wall mounted)
Classroom 906
Dell Computer and monitor
Sony TV (wall mounted)
Classroom 907
Nil
Classroom 908
Asus Computer with a monitor
Samsung TV (wall mounted)
Classroom furniture
158 Chairs
55 Tables

**SCHEDULE F
LIST OF INTELLECTUAL PROPERTY**

1. TRADEMARKS

Owner	Trade-Mark	Serial/Reg. No.	Status
Cloud Nine College Ltd.	Cloud Nine College	n/a	Not registered

2. REGISTERED URLS & DOMAIN NAMES

<http://www.cloudninecollege.com/>

c9college.com

cninecollege.com

3. OTHER

Curriculum and Cloud Nine ESL Program per section 6.10

**SCHEDULE G
PROGRAMS AND ENROLLMENT**

General English Program

IELTS Test Preparation Program

SCHEDULE H
ACCOUNTS OWED TO COMPANY

(see attached)

Cloud Nine College Ltd.
A/R Aging Summary
As of 16 July 2018

Cloud Nine College Ltd.
A/R Aging Summary

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
3RA	0.00	0.00	3,016.65	0.00	718.25	3,734.90
Beatriz Gil.	0.00	0.00	0.00	0.00	450.00	450.00
Beth Coutinho	0.00	0.00	0.00	0.00	5,872.50	5,872.50
Breaktime Work & Study Abroad agent	0.00	0.00	0.00	0.00	618.80	618.80
Canada E Leaders Consulting Inc	0.00	0.00	0.00	0.00	-500.00	-500.00
Canada Intercambio	0.00	0.00	720.00	480.00	9,000.00	10,200.00
Canada Journal	0.00	0.00	0.00	0.00	-120.00	-120.00
CNN Uihak	0.00	0.00	0.00	0.00	2,320.80	2,320.80
Contacto Canada Educational Travel	0.00	3,936.00	0.00	0.00	2,237.60	6,173.60
ECC International	0.00	6,750.00	2,390.00	0.00	0.00	9,140.00
EDM EDUCATION Co., Ltd	0.00	0.00	0.00	0.00	-1,360.00	-1,360.00
EduCo Vietnam	0.00	4,792.00	14,376.00	0.00	16,284.70	35,452.70
EIC	0.00	0.00	0.00	0.00	2,932.00	2,932.00
Estudia en Canada	0.00	0.00	4,865.00	0.00	15,246.00	20,111.00
Estudia y Viaja	0.00	0.00	0.00	0.00	2,680.00	2,680.00
IAC Language and Overseas Study	0.00	0.00	0.00	0.00	400.00	400.00
InterEdu	0.00	0.00	2,654.40	1,764.60	4,147.70	8,566.70
International Academy of Japan (IAJP)	0.00	0.00	0.00	0.00	-315.00	-315.00
ISA inc.	0.00	3,030.00	14,610.00	0.00	-140.00	17,500.00
JnD Education	0.00	927.00	0.00	0.00	0.00	927.00
Korea No.1 Educational Consulting	0.00	0.00	0.00	4,188.80	0.00	4,188.80
Maria E. Ortega Ibarra	0.00	0.00	0.00	0.00	3,300.00	3,300.00
Martin Saffolani	0.00	0.00	0.00	0.00	2,614.50	2,614.50
O.W.L Open World Learning	0.00	0.00	0.00	0.00	200.00	200.00
Phitong	0.00	0.00	0.00	0.00	215.00	215.00
Shitennoji University	0.00	3,918.00	0.00	0.00	4,464.00	8,382.00
Students	0.00	0.00	3,225.00	3,276.00	10,330.00	16,831.00
Uihak Nice	0.00	0.00	0.00	0.00	1,931.80	1,931.80
UPTOUHAK CONSULTING	0.00	4,930.00	-1,332.00	-168.00	0.00	3,430.00
UVANU International Group	0.00	0.00	0.00	0.00	7,144.00	7,144.00
Vancouver International Peoples (VIP)	0.00	3,304.80	-831.00	-4,085.00	4,916.00	3,304.80
Vanmates	0.00	0.00	0.00	0.00	1,080.00	1,080.00
Viajes Tabasco S.A.	0.00	0.00	252.00	0.00	0.00	252.00
Western Canada Education services INC.	0.00	221.00	0.00	0.00	3,130.00	3,351.00
World Study	0.00	0.00	0.00	0.00	3,088.56	3,088.56
TOTAL	0.00	31,808.80	43,946.05	5,456.40	102,887.21	184,098.46

SCHEDULE I
ACCOUNTS PAYABLE

(see attached)

Cloud Nine College Ltd.
A/P Aging Summary
As of 16 July 2018

Cloud Nine College Ltd.
A/P Aging Summary

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Accurate Alarms	0.00	640.50	0.00	0.00	0.00	640.50
Arturo Rocha Painting & Contracting Inc	1,785.00	2,730.00	0.00	0.00	0.00	4,515.00
Canada Revenue Agency Payroll	0.00	15,119.70	9,911.50	74,560.11	0.00	99,591.31
JF Insurance Agency Group Inc.	0.00	708.80	156.80	49.60	0.00	915.20
Northwest Homestay	15,500.00	0.00	0.00	0.00	0.00	15,500.00
Profusion Technologies Corp.	0.00	3,379.90	0.00	0.00	0.00	3,379.90
West Trek Tours Inc.	810.00	5,988.00	0.00	0.00	0.00	6,798.00
TOTAL	18,095.00	28,566.90	10,068.30	74,609.71	0.00	131,339.91

**SCHEDULE J
SHARES**

12,844,110 Class A shares in the capital of the Company issued and outstanding