



CLOUD NINE WEB3 TECHNOLOGIES

CLOUD NINE WEB3 TECHNOLOGIES INC.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2021

January 28, 2022

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GLOSSARY OF DEFINED TERMS

In this Annual Information Form, the following capitalized words and terms shall have the following meanings:

\$	Canadian dollars.
AIF	The Annual Information Form of the Company for the financial year ended September 30, 2021.
BCBCA	Business Corporations Act (British Columbia).
BHR	BHR Capital Corp., a British Columbia company incorporated under the BCBCA on December 3, 2014 under incorporation number BC1020797, and a wholly owned subsidiary of the Company.
Board or Board of Directors	Board of directors of the Company as constituted from time to time.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
Cloud Nine or the Company	Cloud Nine Web3 Technologies Inc.
Cloud Nine College	Cloud Nine College Ltd. (formerly Anterior Education Systems Ltd.), a British Columbia company incorporated under the BCBCA on June 28, 2013 and previously a wholly-owned subsidiary of BHR.
Cloud Nine Education Platform	Cloud Nine ESL Program, which is a proprietary, digital based ESL curriculum developed by the Company.
Common Shares	Common shares in the capital of the Company.
COVID-19 pandemic	COVID-19 pandemic declared by the World Health Organization on March 11, 2020.
CSE or Exchange	Canadian Securities Exchange.
English Canada	English Canada World Organization Inc., a wholly owned subsidiary of BHR incorporated in the province of Nova Scotia on November 27, 2003, under the Business Corporations Act of Nova Scotia.
ESL	English as a second language.
IELTS	International English Language Testing System.
NI 51-102	National Instrument 51-102 – <i>Continuous Disclosure Obligations</i> .
NI 52-110	National Instrument 52-110 – <i>Audit Committees</i> .
Share Consolidation	Consolidation of Cloud Nine's Common Shares on the basis of one (1) new Common Share for every five (5) old Common Shares effective March 21, 2019.
VPN or Limitless VPN	"Limitless" virtual private network - a proprietary product owned by the Company.

ANNUAL INFORMATION FORM

The information in this AIF is dated as of January 28, 2022, unless otherwise indicated. For additional information and details, readers are referred to the audited consolidated financial statements for the financial year ended September 30, 2021, and notes that follow, as well as the accompanying management's discussion and analysis for the financial year ended September 30, 2021, which are available for review on the System for Electronic Documents Analysis and Retrieval ("**SEDAR**") at www.sedar.com under the Company's profile.

All financial information in this AIF for the year ended September 30, 2021, has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

CURRENCY AND EXCHANGE RATES

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD LOOKING-STATEMENTS

This AIF contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this AIF speak only as of the date of this AIF or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors further detailed under the heading "*Risk Factors*". Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward- looking statements contained in this AIF.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this AIF speak only as of the date of this AIF or as of the date specified in such statement. Specifically, forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- timelines;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's anticipated use of proceeds and business strategy;
- the Company's ability to protect, maintain and enforce its intellectual property;
- the Company's future growth plans, including growth of its userbase;
- the Company's expectations with respect to advancement of its business, operations, products, and services, including its monetization strategies;
- the Company's ability to attract new customers and develop and maintain existing customers;

- the Company's competitive position;
- the COVID-19 pandemic and other global health pandemics and events that could substantially affect the Company's business; and
- anticipated trends and challenges in the Company's business.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading "Risk Factors", including, but not limited to, risks related to: (i) the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; (ii) general economic, financial market and regulatory conditions in which the Company operates; (iii) advancement of technology to support the Company's operations; (iv) customer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's products and operations, including privacy, cryptocurrency and cybersecurity laws and regulations; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xi) the Company's plans and timeframe for completion of such plans.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this AIF is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management's expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

Cloud Nine was incorporated under the BCBCA on April 14, 2015 under the name "Anterior Education Holdings Ltd.". On March 30, 2016, the Company changed its name to "Cloud Nine Education Group Ltd."; on February 18, 2021, the Company changed its name to "Limitless Blockchain Technologies Inc."; and on February 26, 2021, the Company changed its name to "Cloud Nine Web3 Technologies Inc."

The registered office of the Company is located at 800 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 and the head office is located at 610 - 700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

The Company's Common Shares are listed on the CSE under the symbol "CNI", on the OTC Exchange under the symbol "CLGUF" and on the Frankfurt Stock Exchange under the symbol "1JI0". Cloud Nine is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Intercorporate Relationships

As of the date of this AIF, the Company has the following subsidiaries:

- BHR Capital Corp., a wholly owned subsidiary of Cloud Nine incorporated in the Province of British Columbia under the BCBCA on December 3, 2014, under incorporation number BC1020797; and
- English Canada World Organization Inc., a wholly owned subsidiary of BHR Capital Corp. incorporated in the Province of Nova Scotia on November 27, 2003, under the Business Corporations Act of Nova Scotia.

GENERAL DEVELOPMENT OF THE BUSINESS

General

Cloud Nine was incorporated in the Province of British Columbia on April 14, 2015, under the BCBCA. Effective June 10, 2015, the Company completed a Plan of Arrangement with BHR and Cervantes Capital Corp., whereby the Company became a reporting issuer, and BHR, and its wholly-owned subsidiaries, became wholly-owned subsidiaries of the Company. On November 25, 2016, the Company completed its initial public offering. The Common Shares were listed on the CSE on November 24, 2016 and started trading on December 1, 2016, under the symbol "CNI".

Three Year History

The development of the Company's business over the three most recently completed financial years and for the period since September 30, 2021, is described below. For more information, please refer to the publicly available information under the Company's SEDAR profile.

On October 4, 2018, the Company issued 90,000 Common Shares at a deemed price of \$0.50 per Common Share to a former officer to settle outstanding debt of \$45,000.

Effective March 21, 2019, the Company consolidated all of its issued and outstanding Common Shares on the basis of one post-consolidation Common Share for every five pre-consolidation Common Shares. The name and trading symbol of the Company did not change as a result of the Share Consolidation. As a result of the Share Consolidation, the issued and outstanding Common Shares of the Company were reduced from 40,732,519 Common Shares to 8,146,504 Common Shares.

On March 28, 2019, the Company completed a non-brokered private placement of 8,640,546 units at a price of \$0.075 per unit for gross proceeds of \$648,041. Each unit consisted of one Common Share and two one-half of one transferable Common Share purchase warrants as follows:

- The first one-half warrant entitled the holder to acquire one Common Share at a price of \$0.15 per Common Share until March 28, 2021, subject to acceleration if the Common Shares traded at a price of \$0.25 or greater for a period of 10 consecutive trading days after four months and one day from the date of closing of the private placement; and
- The second one-half warrant entitled the holder to acquire one Common Share at a price of \$0.30 per Common Share until March 28, 2021, subject to acceleration if the Common Shares traded at a price of \$0.50 or greater for a period of 10 consecutive trading days after four months and one day from the date of closing of the private placement.

The proceeds from the sale of Cloud Nine College and the aforementioned private placements provided the Board with financial flexibility to evaluate Cloud Nine's strategic direction with respect to its educational technology platform in order to maintain a presence in the educational technology industry. With the goal of leveraging its existing platform to diversify its assets, the Company implemented changes in management.

On July 1, 2019, Kulwant Sandher was appointed as the Company's CFO. Mr. Sandher replaced Peter Lee who was appointed the new CEO of Cloud Nine College. On July 1, 2019, Peter Lee was also appointed to the Board, replacing Jim Matkin who retired from his position as a director of the Company.

On November 13, 2019, the Company added Dr. Elsa Perez, PhD in applied linguistics, as corporate director of business development in the greater Latin American and Mexican territories.

On April 23, 2020, the Company secured a loan in the aggregate amount of \$60,000 from the Government of Canada under the Canada Emergency Business Account COVID-19 relief loan. The loan carries no interest and matures on December 31, 2022. If the Company repays \$40,000 of the loan on or before December 31, 2022, the remaining amount of \$20,000 will be forgiven. If the loan is not repaid in full by December 31, 2022, it may be extended to December 31, 2025, at a rate of 5% per annum.

During COVID-19 pandemic, the Company's focus shifted from product development through external consultants and the acquisition of assets to complement its existing platform, to capital preservation and the restructuring of its business operations. The Company's management team had to temporarily suspend discussions related to the vending in of new technologies to support the Cloud Nine Education Platform due in part to travel restrictions resulting from the COVID-19 pandemic.

On January 18, 2021, the Company closed a non-brokered private placement of a one year convertible debentures in the principal amount of \$1,199,600 (the "Debentures"). The Debentures bear interest at a rate of 5% per annum, payable on maturity, and are secured by a general security agreement covering all the assets of the Company. The Debentures are convertible into units of the Company at a price of \$0.06 per unit, where each unit is comprised of one Common Share and one transferable Common Share purchase warrant of the Company. Each warrant is exercisable into one additional Common Share at a price of \$0.07 per Common Share for a period of two years from the date of conversion. During fiscal 2021, 15,993,333 common shares and 15,993,333 warrants were issued on partial conversion of \$959,600 principal amount of Debentures.

On February 2, 2021, the Company closed the first tranche of a non-brokered private placement consisting of 6,235,666 units at a price of \$0.30 per unit for gross proceeds of \$1,870,700. Each unit is comprised of one Common Share and one-half of one transferable Common Share purchase warrant of the Company. Each whole warrant is exercisable into one Common Share at a price of \$0.75 per Common Share for a period of one year from the date of issuance. On February 5, 2021, the Company closed the second tranche of the non-brokered private placement consisting of 3,211,641 units for gross proceeds of \$963,492.

On February 9, 2021, Kant Trivedi was appointed as an independent director of the Company.

Effective February 15, 2021, Nilda Rivera was appointed as the Company's CFO and Corporate Secretary. Ms. Rivera replaced Kulwant Sandher as CFO, who remains a director of the Company.

On February 15, 2021, the Company entered into a letter of intent with Victory Square Technologies Inc. ("Victory Square") to acquire certain intellectual property assets ("IP Assets").

The Company completed a debt settlement pursuant to a debt assignment and settlement agreement dated February 17, 2021, related to unsecured convertible debentures in the aggregate principal amount plus interest of \$321,950, of which, \$21,950 was assigned to a related party. The debentures, which were originally issued on July 10, 2017 in the principal amount of \$274,000, matured on February 28, 2019, bore interest at 12% per annum and were convertible into

Common Shares at a price of \$0.70 per Common Share. Pursuant to the debt assignment and settlement agreement and as approved by the CSE, the conversion price of the debentures was reduced from \$0.70 to \$0.10 per Common Share. On February 19, 2021, the \$321,950 debentures were converted into 3,219,500 Common Shares.

On February 26, 2021, the Company changed its name to “Cloud Nine Web3 Technologies Inc.”. Along with the name change, the Company adopted a new logo and launched its new website, cloud9web3.com. The Company’s new CUSIP and ISIN numbers are 18913C101 and CA18913C1014, respectively. There was no change to Cloud Nine’s capitalization structure and trading symbol as a result of the name change.

On March 1, 2021, Cloud Nine entered into an agreement with ARI LLC, an independent systems and programming firm, to enhance and develop Cloud Nine’s educational technology platform. This includes content design, data centre hosting, software development and security auditing.

On March 3, 2021, Cloud Nine retained Bluzelle Networks Pte Ltd. (“Bluzelle”) for specialized Web3 development services to oversee the expanded Cloud Nine development team to focus on the creation of global assessment platform to provide services for storing and managing degree information, capacity-currency transformation bank and file storage.

On March 3, 2021, the Company engaged Fortyfive Media Inc. to provide marketing and publication services to assist in creating and increasing public awareness of Cloud Nine’s activities, strategic plans and investment opportunities.

On March 8, 2021, the Company appointed Pavel Bains as a strategic advisor. Mr. Bains is a Blockchain expert and CEO and co-founder of Bluzelle.

Pursuant to an asset purchase agreement dated March 15, 2021, the Company completed the acquisition of the IP Assets from Victory Square. In consideration for the acquisition of the IP Assets, the Company issued 4,411,765 Common Shares and paid a finder’s fee of \$300,000 in connection with the acquisition. The IP Assets included the Limitless Technologies virtual private network (VPN) platform (“Limitless VPN”) and related decentralized storage technologies.

On March 24, 2021, the Company appointed Shafin Diamond Tejani as a strategic advisor. Mr. Tejani is the CEO and founder of Victory Square. Mr. Tejani assists Cloud Nine with product development, marketing, and expanding on partnerships in the emerging technology space.

On March 30, 2021, the Company appointed Hussein Hallak as a strategic advisor. Mr. Hallak is the CEO and founder of Unleashed Ventures Inc., a venture capital and private equity firm in Vancouver, British Columbia. Mr. Hallak assists with the advancement of the Company’s product portfolio.

Effective April 1, 2021, Sefton Fincham was appointed President of the Company. Mr. Fincham replaced Allan Larmour who remains CEO and a director of the Company.

On April 1, 2021, the Company commenced trading on the Frankfurt Stock Exchange under the ticker symbol “1JI0”, and that it had been assigned an International Securities Identification Number (ISIN: CA18913C1014) and a German Securities Identification Number (WKN: A2QQ2V).

On May 12, 2021, the Company closed the first tranche of a non-brokered private placement consisting of 933,655 units at a price of \$1.37 per unit for gross proceeds of \$1,278,857. Each unit consisted of one Common Share and one-half of one transferable Common Share purchase warrant of the Company. Each whole warrant is exercisable into one

Common Share at a price of \$1.75 per Common Share for a period of 12 months from the date of issuance, subject to accelerated expiry if the Common Shares have a closing price on the CSE of greater than \$2.50 for ten consecutive trading days. On May 14, 2021, the Company closed the second tranche of the non-brokered private placement consisting of 182,500 units for gross proceeds of \$250,025.

On June 16, 2021, the Company appointed Dan Reitzik as special advisor to the Board of Directors. Mr. Reitzik has co-founded and managed both private and publicly listed technology companies for over 20 years. Mr. Reitzik works closely with the Company's senior management team to identify additional product areas, open up new lines of business, commercialize the Company's latest technology products and build significant strategic distribution relationships.

On June 28, 2021, the Company entered into the following agreements with Next Decentrum, each dated June 25, 2021: (i) a strategic alliance agreement, pursuant to which Next Decentrum is to provide development services to Cloud Nine; (ii) a share purchase agreement ("SPA"), to facilitate Cloud Nine's strategic investment in Next Decentrum; and (iii) an investor rights agreement, which grants Cloud Nine a right of first refusal to acquire Next Decentrum in the event of a potential change in control sale. In accordance with the terms and conditions of the SPA, Cloud Nine provided a total cash payment of \$500,000 in eight tranches over a period of six months, in exchange for the issuance of an aggregate of 2,673,792 units of Next Decentrum, at a price of \$0.187 per unit. Each unit is comprised of: (i) one common share of Next Decentrum, and (ii) one non-transferable common share purchase warrant, with each warrant entitling Cloud Nine to acquire one additional common share of Next Decentrum at a price of \$0.2805 per share for a period of 24 months from the date of issuance. Cloud Nine completed its investment in full on December 31, 2021 and currently holds a 16% ownership interest in Next Decentrum. The Company has the right to increase its ownership in Next Decentrum to up to 27.6% by providing an additional investment of up to \$750,000 in connection with the exercise of all 2,673,792 warrants granted under the SPA.

Effective August 6, 2021, Mr. Dalton Larson resigned as a Director of the Company.

On August 10, 2021, the Company filed a preliminary short form base shelf prospectus (the "Base Shelf Prospectus") with the securities regulatory authorities in each of the provinces and territories of Canada, other than Quebec. The Base Shelf Prospectus, when made final or effective, will allow the Company to make offerings of common shares, warrants, subscription receipts, units, debt securities, share purchase contracts, or any combination thereof, from time to time, during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any future offering of securities, including the use of proceeds, will be established in a prospectus supplement to the Base Shelf Prospectus which will be filed with the applicable Canadian securities regulatory authorities. There is no certainty that any securities will be offered or sold under the Base Shelf Prospectus within the 25 month period that it becomes effective.

Effective September 14, 2021, the shareholders of the Company approved the Company's new long-term Omnibus Equity Incentive Plan (the "Equity Incentive Plan"). The Equity Incentive Plan was adopted by the Board of Directors of the Company on July 15, 2021, which provides that the Board may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, equity-based incentive awards in the form of stock options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"). The 2021 Plan is a rolling plan which provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the 2021 Plan shall not exceed 10% of the Company's issued and outstanding common shares from time to time.

On September 23, 2021 the Company announced the initial release of its Limitless VPN.

On November 8, 2021 the Company announced it is offering free and reduced cost EdTech content and an Email

Education Course Platform through its website available at www.cloud9web3.com to drive its user base and promote its Limitless VPN product.

On November 8, 2021 the Company signed a virtual office services agreement with TerraZero Technologies Inc. (“TerraZero”), to provide Cloud Nine with direct access within Decentraland, a decentralized Metaverse world.

On January 14, 2022, the Company amended the exercise price of 558,078 warrants which expire on May 12, 2022, from \$1.75 per share to \$0.40 per share. In addition, the Company extended the exercise period of an aggregate of 4,723,654 warrants exercisable at \$0.75 per share by approximately six months, from February 2022 to August 31, 2022. These warrants were issued pursuant to a non-brokered private placement which closed in two tranches in February 2021.

On January 18, 2022, all of the remaining debentures in the aggregate principal amount of \$240,000 have been converted into 4,000,000 units of the Company at a conversion price of \$0.06 per unit. Each unit is comprised of one common share and one share purchase warrant exercisable into one additional common share of the Company at a price of \$0.07 per share for a period of two years from the date of conversion.

On January 20, 2022, the Company signed a service agreement with Argent Crypto Inc. whereby Argent will utilize Cloud Nine’s proprietary technology to access the unused computer processing power of the Company’s userbase to mine digital assets, collect digital assets from such activity and convert such assets into fiat currency on behalf of the Company. Argent is a blockchain and cryptocurrency based Money Services Business (MSB) which aims to promote the adoption of blockchain technology.

Growth Strategy

The Company intends to pursue its growth strategy of focusing on growing its user base by marketing its existing products and offering additional content. Once the Company’s user base increases to a sufficient number, the Company intends to monetize its products and services by accessing and utilizing the collective unused processing power of the Company’s userbase for cryptocurrency mining through third parties or for decentralized data storage. Monetization through data storage is anticipated to be through monthly, volume or size-based fees. Monetization through cryptocurrency mining will occur through third parties who will be authorized to utilize the Company’s proprietary technology to access the unused processing power of the Company’s userbase to mine cryptocurrencies. In specific regards to cryptocurrency mining, the third parties will sell the cryptocurrency generated and credit back a portion of such proceeds to the Company without the Company ever taking ownership or custody of such coins. Although the Limitless VPN currently has this functioning capability, the Company intends to utilize third party platforms to perform this monetization strategy for the foreseeable future until the Company has the human and cash resources necessary to support such operations, and until the Company believes it can safely mitigate the increased regulatory and business risks associated with cryptocurrency mining. In this manner, the Company anticipates being able to generate revenue streams through the growth of its userbase based on its current and future products and content.

Significant Acquisitions

During the financial year ended September 30, 2021, the Company did not complete any significant acquisitions for which disclosure is required under Part 8 of NI 51-102.

DESCRIPTION OF THE BUSINESS

General

Overview and Market

The Company is a development stage technology issuer focused on developing and offering peer-to-peer or decentralized infrastructure products and related content. The Company's current products and content offering consist of:

- Limitless VPN (virtual private network);
- Cloud Nine ESL education program;
- No charge and low-cost EdTech Content; and
- No charge Email Course Platform.

The Company's products are based on utilizing a peer-to-peer or decentralized infrastructure which is sometimes referred to as the 'decentralized web' or 'Web 3.0'. The decentralized web is a concept that proposes the reorganization of the internet in order to remove centralized data hosting services by instead using peer-to-peer infrastructure. Currently, a relatively small number of corporations control a disproportionate amount of online functioning, including control over personal data and activities. In a decentralized ecosystem, proponents believe that content creators and users will have more power, control and revenue channels. While the concept of the decentralized web is in its infancy, proponents like the Company are pursuing their business models by offering peer-to-peer products and promoting educational content that promote the growth of the concept.

The Company currently offers its products and content without charge or, in some cases, for a reduced or nominal cash fee. Instead, users who wish to use such products and access such content are required to agree to the Company's terms of use and privacy policies. At this time, the Company intends to pursue its growth strategy of focusing on growing its userbase by marketing its existing products and offering additional content. Once the Company's userbase increases to a sufficient number, the Company intends to monetize its products and services by accessing and utilizing the collective unused processing power of the Company's userbase for cryptocurrency mining through third parties or for decentralized data storage. Monetization through data storage is anticipated to be through monthly, volume or size-based fees. Monetization through cryptocurrency mining will occur through third parties who will be authorized to utilize the Company's proprietary technology to access the unused processing power of the Company's userbase to mine cryptocurrencies. In specific regards to cryptocurrency mining, the third parties will sell the cryptocurrency generated and credit back a portion of such proceeds to the Company without the Company ever taking ownership or custody of such coins. Although the Limitless VPN currently has this functioning capability, the Company intends to utilize third party platforms to perform this monetization strategy for the foreseeable future until the Company has the human and cash resources necessary to support such operations, and until the Company believes it can safely mitigate the increased regulatory and business risks associated with cryptocurrency mining. In this manner, the Company anticipates being able to generate revenue streams through the growth of its userbase based on its current and future products and content.

Products

Limitless VPN

The Limitless VPN (virtual private network) is a proprietary product owned by the Company and offered to users which relates to the usage of network infrastructure to perform distributed computational processing and to provide the user secure and encrypted connection to the internet. The initial version of the Limitless VPN (www.limitlessvpn.com) was released and available to the public on September 23, 2021.

As at the date of this AIF, there were 19,227 registered active users of the Limitless VPN. Management believes that it will need to increase its userbase to approximately 50,000 active registered users before it reaches a sufficient number to activate its operations and utilize the unused processing power of its userbase for either cryptocurrency mining through its third party affiliate or independently for decentralized data storage.

Limitless VPN - Background

Networks enable the average person to connect to the internet by routing the computer's connection through to network infrastructures located nearby. Historically, there has been little to no encryption and security measures in place to protect the data that is being transferred back and forth between the user's computer to the end server. This means that the connection is easily intercepted. With the evolution of internet tracking tools, random packets of user data now turn into identifiable packets of user data, tracking search history, browsing history, shopping history, communication history and any sort of data consumption. The use of identifiable user data allows big data companies, internet service providers and advertising and marketing agencies to sell and exchange a user's data in order to profit from the information.

Network infrastructures exist to protect user privacy, by encrypting packets of data being transferred from the user's connection to the internet. Network infrastructures have both hardware and software implementation as users can own private physical hardware servers or use software implemented network to re-route their connection through an encrypted connection tunnel.

However, the process of setting up and running a personal network infrastructure can be technically challenging and expensive for the average user who simply does not have technical capabilities or resources to implement the solution. In the recent years, new network infrastructures have been introduced in the market to allow users to plug in a new hardware server and install hardware-specific software to activate or even simply install end user software to connect through a software implemented network with a click of a button through a software graphical user interface.

These new services and products allow users to safely connect through to the internet at a monetary cost. Others may allow for the user to use a service for free, but at the cost of losing true end to end encryption and privacy. These service providers sell the data of the end user to the highest bidder or sell the bandwidth of those connected to the software implemented network or worse, allow other users of the software implemented network to share the user's internet protocol which is your identifiable digital footprint in the network. This can mean that others can conduct activities on the internet that may be traced back to the incorrect, unsuspecting user.

All electronic devices have both a Central Processing Unit (CPU) and a Graphics Processing Unit (GPU). These two devices are central to a computer to be able to carry out the instructions of a computer program and rapidly manipulate and alter memory to create images in a frame buffer to output to a display device, respectively. As computers and mobile devices become more exponentially powerful with increased computational power, the processing power required to perform normal daily tasks have a relatively small increase in contrast to the performance increase. Thus, most end consumers do not require a majority of their processing power at any given time, leaving a large potential of underutilized pool of processing power.

Computational processing has generally been done on singular devices, servers, or enclosed networks. Distributed computational processing is the process of utilizing the computing power throughout the network infrastructure and spreading the workload through the network infrastructure, much like taking an entire puzzle and giving hundreds or thousands of computers small quadrants of the puzzle to solve. By breaking up a large problem to solve into many different quadrants, the puzzle gets solved quicker as the number of computers within the network infrastructure increases the number of solutions being attempted per second.

Cryptocurrencies are digital decentralized currency that uses cryptography as a means to create, transact and verify utilization. Each cryptocurrency has a unique method that defines each unique currency. However, a general common theme requires that the network maintain a public ledger in which new transactions are checked and verified by other members of the network via cryptography. This process is often referred to as mining due to the association of a reward

in the form of newly minted cryptocurrency when a mining operation is complete, or solved. Verified transactions and newly created cryptocurrency are documented in the public ledger of each cryptocurrency. Public ledgers serve as an official record of all transaction that happened since the inception of the currency.

Cryptocurrency mining is an embodiment of the distributed computational processing. Cryptocurrency mining generally requires the utilization of physical computational hardware which is often both the CPUs and GPUs. Borrowing from the analogy of the puzzle above, these hardware components are tasked with attempting to fit every single puzzle piece to a single position and does not stop until a puzzle piece fits in that position. Then the computer moves on to the next puzzle position and tries to fit every single puzzle piece into that position, and so on and so forth until the completion of the entire puzzle. A reward is not awarded until the puzzle is complete.

A single individual computer would take months, if not years, to solve a million piece puzzle. However, if multiple computers in a network infrastructure contributed their respective computing power, the puzzle gets solved quicker, and as compensation for their contribution, the reward is split among all the participating computers.

Limitless VPN

The Limitless VPN consists of a novel process for utilizing unused processing power that computers and mobile devices have to perform distributed computational processing within a network infrastructure while providing secure and encrypted access to the internet. When a user connects to a network infrastructure, which can be implemented either in hardware or software form, a process is used to evaluate the user's unused computational power. One potential embodiment of a hardware-implemented network infrastructure is a connection to a carrier or internet service provider's physical network.

The Limitless VPN provides the user an encrypted and secure access to the internet while assigning a portion of the unused computational power in the user's computer to join the network infrastructure's distributed computational processing and start in the process of solving the puzzle along with the many other computers connected to the network infrastructure. The Limitless VPN is not limited by the current standards of security features. The security and privacy protections the present Limitless VPN utilizes and develops over time may incorporate the latest and most up to date commercially available security applications and protocols. The Limitless VPN is not limited by this sole process. The present Limitless VPN may utilize additional methods such as determination of hardware temperature to determine computational processing power.

The Company intends to monetize its Limitless VPN technology by utilizing the unused processing power of the Company's userbase by offering decentralized data storage to customers on a cash fee basis or by partnering with third parties to utilize the Company's proprietary technology to access the unused processing power of the Company's userbase to mine cryptocurrency. In specific regards to cryptocurrency mining, the third parties will sell the cryptocurrency generated and credit back a portion of such proceeds to the Company without the Company ever taking ownership or custody of such coins. Although the Limitless VPN has this functioning capability at present, the Company intends to utilize third party platforms to perform this monetization strategy for the foreseeable future until the Company has the human and cash resources necessary to support such operations and until the Company believes it can safely mitigate the regulatory and business risks associated with cryptocurrency mining.

Monetization – Cryptocurrency Mining

To monetize its userbase through cryptocurrency mining, the Company has entered into a services agreement with a third party cryptocurrency service provider based in British Columbia to utilize the Company's proprietary technology to access the Company's userbase and utilize its unused processing power to mine digital assets and convert such assets into fiat currency. The Company intends to utilize this relationship to perform this monetization strategy for the foreseeable future until the Company has the human and cash resources necessary to support such operations independently and until the Company believes it can safely mitigate the regulatory and business risks associated with cryptocurrency mining.

Pursuant to the terms of the services agreement, the third party has agreed to utilize the Company's proprietary technology to access the unused processing power of the devices of the Company's userbase and mine digital assets. The third party is also required to collect all digital assets generated from cryptocurrency mining and convert such digital assets into fiat currency and distribute the proceeds back to the Company. During the term of the agreement, the Company has the right to require the third party to initiate, halt and re-commence such services at the Company's sole discretion.

The Company has agreed to provide the third party with reasonable access to its technology, personnel, systems and information to the extent required by the third party to perform its services. Specifically, the Company is required to provide administrative access of its userbase to allow the third party to use the unused computing processing power of their devices. Additionally, the Company may require the third party to retain specific consultants to perform some aspects of the services.

The third party is required to collect the digital assets generated from cryptocurrency mining activities into a crypto wallet designated solely to hold the assets generated under the arrangement. On the first business day of every month during the term, the third party is required to convert such digital assets into fiat currency. For their services, the third party is entitled to a service fee equal to an agreed upon percentage from the converted fiat amount, with the balance being paid out to the Company. The agreement may be terminated at any time by either party with at least 90 days written notice.

Limitless VPN Security

The Limitless VPN currently uses encryption protocols and primitives to ensure secure transmission of information across the network. The Company utilizes several protocols within its framework to facilitate secure transmission. Anything stored via decentralized storage among users of the Limitless VPN is secure as its data is broken down into 'parcels' and stored in multiple locations across the network. Nothing being stored on the user's device can be accessed, as only a fraction of each file is stored on each system. Unpackaging and repackaging is handled via a modified CD erasure coding protocol. Furthermore, personal information and other information of the owner of the computer remains completely isolated from VPN access in the same way that occurs when one connects to the internet using industry standard practices of an internet service provider (in this case, as well, the user's system files remain private). The Limitless VPN adds layers of security and protection against outside data breach attacks for systems who are not otherwise running additional protection software.

Regulatory Framework

Generally and in Canada, the Company is required to follow the requirements of provincial privacy laws, such as the Personal Information Protection Act (BC), and the federal privacy laws in Canada, namely the Personal Information Protection and Electronic Documents Act (Canada). In the United States, the Company is not subject to the California Consumer Privacy Act at this time, but is subject to other US state and federal privacy laws. The Company's privacy policy is compliant with applicable Canadian and United States privacy laws. As noted above, personal information is not accessed when a user accesses the Limitless VPN or when a user's latent computer processing power is accessed for monetization purposes. At this time, the Company is not accepting users located in Europe or other jurisdictions as the Company has not considered compliance with the European or UK General Data Protection Regulation or compliance with privacy legislation of other jurisdictions.

ESL Education Program

The Company offers a dynamic, interactive and proprietary ESL curriculum that instructors may use in their classrooms to teach students aged 15 years and older. The curriculum replaces textbooks with tablets, while also replacing photocopying and paper documents with instructional videos and internet links. The digitally based curriculum is called the "Cloud Nine ESL Program". It is based on the Common European Framework of Reference for Languages (CEFR) international standard for language instruction, uses the respected Certificate in Teaching English to Speakers of Other

Languages (CELTA) method for teaching and has over 30,000 pages of learning content. The Google Education platform is provided at no cost to educators.

Historically, the Company's business plan was to monetize the program by charging students and institutions on a monthly basis in order to access the Cloud Nine ESL Program and the Company marketed the products using regional distributors to promote and sell the Cloud Nine ESL Program in return for a commission on the sales they make. This monetization strategy was unsuccessful because of the level of competition, low barriers to entry and costs associated with rolling-out a regional distributor model. As a result, management has re-offered the program on a set fee basis, or a reduced fee provided that the customer signs up for the Limitless VPN.

EdTech Content

The EdTech content is designed to promote the benefits of the decentralized web and generate opportunities to increase the Company's user base. The content offers easy and simple guides to cybersecurity, wearable technologies, blockchain technology, crypto currencies and decentralized Finance (DeFi). In consideration for accessing certain content free of charge or at a reduced price, users agree to join the Company's user base from which the Company will cross-sell products such as the Limitless VPN. The Company utilizes third parties to create or provide the content and then licenses the right to use such content to grow its user base.

Email Education Course Platform

Through a white-label license agreement with a private cloud based service provider, the Company offers a cloud-based product that allows users to create email courses. The course is offered without charge provided that the customer signs up for the Company's Limitless VPN. The created email courses are delivered by scheduled emails to the user's inbox. The product is offered to encourage entrepreneurs, especially those interested in the decentralized web space, to create an online brand through an email course, build relationships and educate customers on innovative products and services.

Designed using the following steps:

- Easy to use - Choose your email course topic.
- No design needed - Just add links to your selected resources and hit publish.
- Fully ready - Your course comes with a landing page and a signup form.
- Create more - You can create as many email courses as you need.
- Generate leads - Build your customer list.
- Build your brand - Share your courses online and invite people to sign up.

This product is currently available through the Company's website and through various marketing channels and landing pages that the Company markets through such as social media advertising, search engine advertisements, newsletter advertisements and strategic partnerships.

12 month Business Objectives and Anticipated Cost

The Company anticipates pursuing the following business objectives in the next 12 month period for the corresponding anticipated cost:

Business Objectives	Anticipated Time Period	Anticipated Costs (\$)
Commencement of monetization activities (after growing Company's userbase to 50,000 registered active users)	6 months	430,000 ⁽¹⁾
Growth of Company's userbase to 100,000 registered and optimized active users	12 months	430,000 ⁽¹⁾
Limitless VPN Enhancements – 2G	12 months	3,650,000
		4,510,000

⁽¹⁾ The Company anticipates allocating approximately \$250,000 of the amount set out in the table below under the sub-heading "Investor Relations Generally" and all of the amount (\$610,000) set out in the table below under the sub-heading "Limitless VPN" towards the first and second Business Objectives noted above with an allocation of 50% of such amounts allocated to each objective.

The Company anticipates spending \$6,150,000 in the next 12 month period to fund its business operations and achieve its business objectives as set out in the table above.

	\$
General and Administrative	
Wages and Benefits (executive management totaling \$270,000)	430,000
Rent	87,000
Office Expenses	23,000
Legal	150,000
Audit, Tax, and Advisory	100,000
Consulting	240,000
Director and Officer Insurance	80,000
Regulatory and Transfer agent	90,000
	1,200,000
Investor Relations, Marketing and Brand Awareness	
Investor Relations Generally: social media and email newsletters that relate to the Company overall and not specifically covered under the product marketing for the Limitless VPN, ESL Education Program, EdTech content and Email Education Courses noted below	500,000
Limitless VPN: Co-marketing and referral system to grow user base, Launch special events and marketing promotions, Revenue partnerships and dashboard for revenue partners, Closed Beta for Decentralized Storage platform, offer Limitless VPN (Computer, Storage, Network) to third parties	610,000
ESL Education Program: Marketing and branding (including trade shows, brochures, social media, email newsletters, video production of ESL program and search engine optimization)	50,000
EdTech Content: Marketing and branding (including social media, email newsletters, content sponsorship)	60,000
Email Education Courses: Marketing and branding (social media, email newsletters, and content sponsorship)	30,000
	1,250,000

Product Development Limitless VPN	
Full time staff additions	1,260,000
Software licenses and acquisitions	500,000
Security Audits and contractors	300,000
Contingency	181,500
Hardware for new locations	82,500
Design work (hourly)	72,000
Initial Miner inventory	750,000
Peer to Peer networking upgrades	250,000
Storage App overseas team (dropbox clone)	200,000
Network / Storage Miner design	54,000
	3,650,000
Metaverse presence development	50,000
Total Funds Required	6,150,000

Specialized Skill and Knowledge

Many of the necessary specialized skill and knowledge required by the Company as a technology company are available from the Company's directors, officers and advisors. To the extent additional specialized skill and knowledge are required, the Company retains outside consultants.

Competition

The Company's business, including the growth of its userbase and the monetization strategies thereof, is primarily driven by its Limitless VPN. As such, we do not generally compete with third parties on our ESL education program, EdTech Content and Email Course Platform.

Given the size and expected growth rate for VPNs, the industry is very competitive with the number of competitors growing rapidly. Increased competition was expected to result in a higher cost of customer acquisition. The Company is competing with small, regional competitors and large corporations such as Microsoft Corporation, Cisco Systems Inc., IBM, Symantec Corporation, McAfee Inc., Google and Adobe Captivate Prime, to name a few as well as the following smaller to mid-size competitors: Absorb; Cyber Ghost; Express VPN; IP Vanish; LearnUpon; SurfShark; and Nord VPN.

The Company believes that its products are distinguishable from those offered by its competitors in a number of ways, including, but not limited, to the following:

- Cloud Nine owns its network with 100 gbps dedicated servers (top 0.01% of servers worldwide);
- Cloud Nine utilizes Tier 1 IXP Enterprise Class Data Centers;
- Cloud Nine is able to offer services and products without charge or on a reduced fee basis;
- Cloud Nine's focus on emerging technologies; and
- Cloud Nine offers a peer-to-peer feature to provide for more efficient international streaming.

Intangible Properties

Through the acquisition from Victory Square, Cloud Nine obtained the IP Assets, which include the Limitless VPN and related decentralized storage technologies.

Cloud Nine's website is <https://cloud9web3.com/>. The Company also owns the following domains, under the "Limitless Technologies" brand: limitlessvpn.com.

Cycles

The Company does not expect the market for its products to experience cyclical or seasonal changes.

Economic Dependence

The development team of Cloud Nine's educational technology platform consists of independent contractors, who are paid to develop and maintain Limitless VPN.

Changes to Contracts

The Company does not reasonably expect any material changes to contracts or business relationships in the current financial year.

Employees and Consultants

As of the date of this AIF, the Company employed four employees, of which two were full-time employees, and 2 consultants. Cloud Nine's technology platform is being developed by various consultants who serve as independent contractors to the Company.

Lending

The Company's operations generally do not include any lending operations. The Company does not have a formal policy with respect to lending activities, nor does it have any lending or investment restrictions. Invoices to customers must be paid in a reasonable time period.

Bankruptcy and Similar Procedures

There were no bankruptcies, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or its subsidiaries, within the three most recently completed financial years, or during or proposed for the current financial year.

Reorganizations

There have been no material reorganizations of the Company or any of its subsidiaries within the three most recently completed financial years or are currently proposed for the current financial year.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the Common Shares. Due to the nature of Cloud Nine's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Cloud Nine is subject to significant risks. The risks described herein are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties of which management is not currently aware or that management currently believes to be immaterial may also materially adversely affect Cloud Nine's business and financial condition and the future trading price of the Common Shares.

This AIF also contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors. See "*Cautionary Note Regarding Forward-Looking Statements*" for additional information on the risks, assumptions and uncertainties found in this AIF.

Reliance on Management

The success of Cloud Nine is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Cloud Nine's business, operating results or financial condition.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop and execute its business strategies and manage its ongoing operations. Furthermore, the Company's continued growth will depend on its ability to identify, recruit and retain key management and technical personnel. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical staff as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future which may adversely impact operations.

Cybersecurity

The Company relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data. As a result, the Company and/or its customers are exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including confidential private information), corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom the Company outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Company's business even if the Company does not control the service that is attacked.

The Company's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, damage to hardware, computer viruses, hacking and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Company's information technology or confidential information, or that of the Company's userbase and third parties with whom the Company interacts, may result in negative consequences, including the inability to onboard new users, reputational harm affecting customers and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Company's business, financial position, results of operations or cash flows. As the Company has access to sensitive and confidential information, including personal information, and since the Company may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information, may be disclosed through improper use of Company systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. The Company's ongoing risk and exposure to these

matters is partially attributable to the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. There could also be elevated risk associated with cybersecurity matters as a result of COVID-19.

Privacy Laws

Cloud Nine is subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Any failure by the Company to comply with privacy related laws and regulations could result in proceedings against Cloud Nine by governmental authorities or others, which could harm the Company's business. In addition, the interpretation of data protection laws, and their application is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from province to province, state to state, country to country or region to region, and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying requirements could cause Cloud Nine to incur additional costs and change the Company's business practices. Further, any failure by the Company to adequately protect partner or consumer data could result in a loss of confidence in Cloud Nine's platform which could adversely affect its business.

Third Parties

The Company relies heavily on third parties such as its IT and cryptocurrency mining service providers to provide some of its services. If these third parties were unable or unwilling to provide these goods and services in the future due to COVID-19 or other events that cause an anomalous in supply or demand of such services, the Company would need to obtain such services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these services are replaced if possible.

Regulatory Risks

The Company is subject to a variety of laws, regulations and guidelines in the jurisdictions in which it operates and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions or additional changes to the jurisdictions in which it operates. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the business of the Company. In addition, the Company's failure to comply with laws and regulations or obtain any required approvals thereunder could also have a material adverse effect on its business. Such laws and regulations are subject to change, including as a result of unforeseen events such as the current COVID-19 pandemic. Accordingly, it is impossible for the Company to predict the cost or impact of changes to such laws and regulations on its respective future operations. Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the education or technology industries. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition. Operation in the education or technology industries may carry significantly higher risks of litigation or regulatory oversight than operations in other industries.

Dependence on Internet Infrastructure

The success of any developer of VPN technology will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. It cannot be assured that the infrastructure will continue to be able to support the demands placed upon it by Cloud Nine's technology or that the performance or reliability of the technology will not be adversely affected by continued growth.

Technological change

The Company operates in a highly competitive environment where its software and other products and services are subject to rapid technological change and evolving industry standards. The Company's future success partly depends on its ability to acquire, design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry and its customers' increasingly sophisticated needs. There is a risk that similar products which may include features more appealing to customers may be developed after the Limitless VPN has established itself in the North American markets; and that other products competing with the Company's Limitless VPN may use technologies not yet incorporated in the Company's business.

Limited Operating History

The Company has a limited history of operations. As such, the Company will be subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment. There can be no assurance that the Company will be able to develop any of its projects profitably or that any of its activities will generate positive cash flow.

Liquidity and Additional Financing

Additional funds, by way of private placement offerings, may need to be raised to finance the Company's future activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Going-Concern Risk

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Operating Losses

The Company is in the growth phase of its business and is subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability, and the need to raise additional funding. Cloud Nine's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development, particularly companies in relatively new and evolving markets.

The Company has a very little history of earnings, cash flow or profitability. The Company has had negative operating cash flow since the Company's inception and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations on acceptable terms or at all.

Conflicts of Interest

The Company may be subject to potential conflicts of interest as some of its directors and officers may be engaged in a range of other business activities. The Company's executive officers and directors are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations.

The Company may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, the Company's directors are required to act honestly, in good faith and in the Company's best interests.

Risks Related to Insurance

The Company intends to insure its operations and intellectual property assets in accordance with technology industry practice. However, such insurance may not be available, may be uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance coverage. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the Company.

The Company may become subject to liability for risks against which it is uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

Litigation, Mediation, and/or Arbitration

The Company may become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business, financial condition and operations. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause it to incur significant expenses. In addition, legal fees and costs incurred in connection with

such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While Cloud Nine has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact Cloud Nine's business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of the Company.

Share Price Volatility

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to several factors, many of which are beyond the Company's control including actual or anticipated fluctuations in the Company's results of operations; changes in the economic performance or market valuations of companies in the same industry in which the Company operates; sales or perceived sales of additional Common Shares; release or expiration of transfer restrictions on outstanding Common Shares; operating and share price performance of other companies that investors deem comparable to the Company; addition or departure of the Company's executive officers and other key personnel; announcements of developments and other material events by the Company or its competitors; sentiments toward technology sector stocks; recommendations by securities research analysts; operating and financial performance that varies significantly from the expectations of management, securities analysts and investors; regulatory changes affecting the Company's industry, business and operations; news reports relating to trends, concerns, technological or competitive developments, and other related issues in the Company's industry or target markets; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility.

These factors may have a significant impact on the market price of the Common Shares. Global stock markets, including the CSE, have, from time-to-time, experienced extreme price and volume fluctuations. The same applies to companies in the technology sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

Finally, as a result of the COVID-19 pandemic, global equity and capital markets have experienced significant volatility and weakness. The extent to which the COVID-19 pandemic impacts the Company's future business, including Cloud Nine's operations and the market for securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the COVID-19 pandemic and the actions taken to contain or treat the COVID-19 pandemic. It is not possible to reliably estimate the length and severity of these developments or the negative impact on our financial results, Common Share price and financial position in future periods. Many of the risks, uncertainties and other risk factors identified in this AIF are, and will be, amplified by the COVID-19 pandemic.

Intellectual Property

Cloud Nine's success depends in part on its ability to protect its ideas and technology. Even if it moves to protect its technology with trademarks, patents, copyrights or by other means, Cloud Nine is not assured that competitors will not develop similar technology and business methods or that it will be able to exercise its legal rights. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact in its ability to successfully grow its business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property

rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect Cloud Nine's business, financial condition and operations.

Defects or Disruptions in Technology Platforms

Defects or disruptions in the technology platforms and network infrastructure Cloud Nine relies on could materially harm the Company's business and operating results. The Company's operations are dependent upon its ability to protect its computer equipment and stored information against damage that may be caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, and other similar events. Although the Company has redundant and back-up systems for some of Cloud Nine's solutions and services, these systems may be insufficient or may fail and result in a disruption of availability of the Company's solutions or services. Cloud Nine also relies on third-party Internet providers and developers, and such third parties and their technology platforms, services and operations may also be vulnerable to similar defects and disruptions, which could in turn affect the Company's operations. Any disruption to the Company's services could impair Cloud Nine's reputation and cause it to lose partners, customers or revenue, or face litigation, necessitate service or repair work that would involve substantial costs and distract management from operating the business. The Company may not be indemnified by third parties for any disruptions to our services that are outside of our direct control.

Confidentiality Risk

Personal information collected by the Company in the ordinary course of business may be vulnerable to breach, theft or loss. This could subject the Company to liability or negatively impact the Company's reputation and operations. The Company collects, uses and retains large amounts of personal information from its student base, including personal and financial data. The Company also collects and maintains personal information of its employees. Although the Company uses security controls to limit access and use of personal information, a third party or internal errors within the Company may circumvent these controls, which could result in a breach of student or employee privacy. A violation of any laws or regulations relating to the collection or use of personal information could result in the Company incurring fines. While the Company believes it takes appropriate precautions and safety measures, there is still a possibility that a breach, theft or loss of personal information may occur. Any breach, theft or loss of such personal information could negatively impact the Company's financial condition, reputation, and may result in the Company incurring liability.

Future Acquisitions or Dispositions

The Company has completed certain acquisitions, including the recent IP Assets acquisition (as described in the AIF). Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of its ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of its operations; and (vi) loss or reduction of control over certain of its assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to Cloud Nine at the time of acquisition could have a material adverse effect on its business, financial condition and operations. A strategic transaction may result in a significant change in the nature of Cloud Nine's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into its existing operations.

The Company may write-off intangible assets

The carrying value of the Company's intangible assets is subject to periodic impairment testing. Under current accounting standards, intangible assets are tested for impairment on a recurring basis and the Company may be subject to impairment losses as circumstances change after an acquisition. The circumstances leading to an impairment loss may also have a material adverse impact on the Company's business, financial condition, results of operations, or cash flows. If the Company records an impairment loss related to its intangible assets, it could have a material adverse effect on the trading price of the Common Shares.

COVID-19 Pandemic and Other Global Pandemics and Events

Cloud Nine's business, results of operations and financial position may be affected by the COVID-19 pandemic. The efforts to contain it have negatively impacted the global economy, disrupted manufacturing operations as well as global supply chains and created significant volatility and disruption of financial markets. Businesses in many countries around the globe, including Canada, the United States and other countries have been required to close, or materially alter their day-to-day operations due to government-ordered or recommended shut-downs or equivalent restrictions on individuals and businesses, which may prevent many businesses from operating. A pandemic poses the risk that the Company's employees and partners may be prevented from conducting business activities for an indefinite period due to the transmission of the disease or due to emergency measures or restrictions that may be requested by governmental authorities. These emergency measures and restrictions, and future measures and restrictions taken in response to the COVID-19 pandemic or other pandemics, have caused and may cause, material disruptions to businesses globally. The COVID-19 pandemic may affect the financial viability of Cloud Nine's partners and customers, and could cause them to exit certain business lines, or change the terms on which they are willing to purchase the Company's products and solutions. Further, the impact of the COVID-19 pandemic has resulted in a significant reduction in global advertising expenditures for many brands. The duration of the recovery period is uncertain, and it is challenging to accurately forecast spending recovery and regional and category growth over the coming quarters, which may impact the Company's revenue projections. Any of these events could cause or contribute to risk and uncertainty and could adversely affect Cloud Nine's business, results of operations and financial position.

DIVIDENDS

Cloud Nine has not declared nor paid any cash dividends on any of its issued Common Shares since its inception. The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future. Other than requirements imposed under applicable corporate law, there are no other restrictions on Cloud Nine's ability to pay dividends under the Company's constating documents. Subject to the BCBCA, payment of any dividends, if any, will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, and current and anticipated cash needs. All of the Common Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized share capital consists of an unlimited number of Common Shares without par value and without special rights or restrictions. As of the date of this AIF, 66,595,653 Common Shares are issued and outstanding, 370,000 stock options are outstanding, each exercisable for one Common Share and 23,322,861 warrants are outstanding, each exercisable for one Common Share. See "*Market for Securities*" for more information.

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares of Cloud Nine are listed and posted for trading on the CSE under the symbol “CNI”. The following table describes the price range and trading volume of the Common Shares, for the periods indicated:

Month	High (\$)	Low (\$)	Volume Traded
October 2020	0.08	0.06	26,000
November 2020	0.08	0.06	82,855
December 2020	0.08	0.06	2,397,248
January 2021	0.64	0.055	7,609,940
February 2021	2.28	0.51	10,285,497
March 2021	2.60	1.28	10,110,373
April 2021	2.47	1.45	12,709,183
May 2021	1.89	0.61	8,342,633
June 2021	0.97	0.61	7,011,065
July 2021	0.74	0.39	5,285,498
August 2021	0.59	0.395	3,294,996
September 2021	0.50	0.32	4,143,763
October 2021	0.485	0.26	3,705,213
November 2021	0.74	0.40	4,800,124
December 2021	0.52	0.275	2,548,329
January 1, 2022 – January 28, 2022	0.53	0.305	2,791,269

Prior Sales

The following table sets forth Cloud Nine's securities convertible into Common Shares that are not listed or quoted on a marketplace, that were issued during the financial year ended September 30, 2021 and up to the date of this AIF:

Date of Issuance	Number of Securities Issued or Granted	Type of Security	Issue/Exercise Price Per Security (\$)
January 18, 2021	19,993,333 ⁽¹⁾	Convertible Debentures	\$0.06
February 2, 2021	3,158,441 ⁽²⁾⁽⁵⁾	Warrants	\$0.75
February 5, 2021	1,613,009 ⁽²⁾⁽⁵⁾	Warrants	\$0.75
February 8, 2021	200,000 ⁽²⁾⁽⁹⁾	Stock options ⁽⁴⁾	\$1.08
February 19, 2021	1,660,000 ⁽⁸⁾	Warrants	\$0.07
March 17, 2021	2,600,000 ⁽³⁾	Warrants	\$0.07
May 3, 2021	40,000 ⁽²⁾⁽⁹⁾	Stock options ⁽⁴⁾	\$1.79
May 6, 2021	475,000 ⁽²⁾	Warrants	\$0.07
May 11, 2021	100,000 ⁽⁷⁾	Stock options ⁽⁴⁾	\$1.75
May 12, 2021	466,827 ⁽²⁾⁽⁶⁾	Warrants	\$1.75
May 14, 2021	91,250 ⁽²⁾⁽⁶⁾	Warrants	\$1.75
June 24, 2021	1,000,000 ⁽²⁾	Warrants	\$0.07
August 18, 2021	8,333,333 ⁽²⁾	Warrants	\$0.07
August 23, 2021	1,925,000 ⁽²⁾	Warrants	\$0.07
January 18, 2022	4,000,000 ⁽²⁾	Warrants	\$0.07

Notes:

- (1) The Company issued convertible debentures in the principal amount of \$1,199,600, which were convertible into 19,993,333 Common Shares at a conversion price of \$0.06 per Common Share. As of the date of this AIF, the debentures were fully converted.
- (2) All of these securities remain outstanding as of the date of this AIF.
- (3) Of these warrants, 1,600,000 remain outstanding as of the date of this AIF.
- (4) Stock options granted to directors, officers, employees and consultants pursuant to Cloud Nine's Stock Options Plan.
- (5) On February 2, 2021, the Company closed the first tranche of a non-brokered private placement issuing 6,235,666 units at a price of \$0.30 per unit for gross proceeds of \$1,870,700. Each unit consisted of one Common Share and one-half of one transferable Common Share purchase warrant of the Company. Each whole warrant is exercisable into one Common Share at a price of \$0.75 per Common Share for a period of one year from the date of issuance. 40,608 non-transferable finder's warrants were issued in connection with the first tranche and are exercisable on the same terms as the warrants issued under the private placement. On February 5, 2021, the Company closed the second tranche of the non-brokered private placement, issuing 3,211,641 units for gross proceeds of \$963,492. 7,188 non-transferable finder's warrants were issued in connection with the second tranche and are exercisable on the same terms as the warrants issued under the private placement. In January 2022 the warrants originated in February 2021 were extended to August 31, 2022.
- (6) On May 12, 2021, the Company closed the first tranche of a non-brokered private placement, issuing 933,655 units at a price of \$1.37 per unit, for gross proceeds of \$1,279,107. Each unit consisted of one Common Share and one-half of one transferable Common Share purchase warrant of the Company. Each whole warrant is exercisable into one Common Share at a price of

\$1.75 per Common Share for a period of 12 months from the date of issuance, subject to accelerated expiry if the Common Shares have a closing price on the CSE of greater than \$2.50 for ten consecutive trading days. On May 14, 2021, the Company closed the second tranche of the non-brokered private placement, issuing 182,500 units for gross proceeds of \$250,025. In January 2022 these warrants were repriced from \$1.75 to \$0.40.

- (7) All of these securities were cancelled in August 2021.
 (8) As of the date of this AIF, 660,000 warrants remained outstanding.
 (9) All of these securities were cancelled in December 2021.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, none of the securities of the Company are held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Securityholding

The table below sets forth certain summary information in respect of the directors and executive officers of the Company as of the date of this AIF. The directors of the Company are elected at each annual general meeting of shareholders and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's articles or until such director's earlier death, resignation or removal.

Name, Province, and Country of Residence	Current Positions and Offices Held	Principal Occupations for the Preceding Five Years	Director or Officer Since	Number and Percentage of Voting Securities ⁽¹⁾
Allan Larmour <i>British Columbia, Canada</i>	CEO and Director	Strategic business planning and investment consultant since 2009; CEO of Norsemont Mining Inc. since June 2017; CFO of Norsemont Mining Inc. from June 2017 to April 2018.	July 2017	568,974 – 0.85%
Sefton Fincham <i>British Columbia, Canada</i>	President	President of Cloud Nine; Film Producer of Look to the Sky Films since 2013.	April 2021	271,700 – 0.41%
Nilda Rivera <i>British Columbia, Canada</i>	CFO and Corporate Secretary	CFO and Corporate Secretary of Cloud Nine; Consultant (Accounting and Finance) from November 2019 to February 2021; CFO and Corporate Secretary of Fiore Cannabis Ltd. from March 2019 to November 2019; Vice-President of Finance of Aurora Cannabis Inc. from July 2017 to February 2019; Controller of Aurora Cannabis Inc. from August 2015 to July 2017; Corporate Secretary of Aurora Cannabis Inc. from August 2015 to February 2019.	February 2021	150,000 – 0.23%

Kulwant Sandher ⁽²⁾⁽³⁾ <i>British Columbia, Canada</i>	Director	President and owner of Hurricane Corporate Services Ltd. since 2006; CFO of Norsemont Mining Inc. since April 2018; CFO of Vision Marine Technologies, Inc. since July 2018; CFO of Tevva Motors Ltd. from November 2020 to December 2021; CFO of Indrocorp Inc. since October 2020; CFO of Avarone Metals Inc. since July 2018; CFO of Cloud Nine Web3 Technologies Inc. from July 2019 to February 2021; Director & CFO of Delta Oil & Gas from October 2008 to August 2016; CFO of Intigold Mines Ltd. from December 2011 to April 2017; CFO of Electrameccanica Vehicles Corp from July 2016 to November 2018; CFO of Alba Minerals from June 2017 to April 2018; CFO of Astorius Resources from June 2017 – April 2018.	December 2015	252,000 – 0.38%
Peter Lee <i>British Columbia, Canada</i>	Director	CEO of Cloud Nine College since July 2019; CFO of Cloud Nine from May 2014 to July 2019. Director and CFO of Atoro Capital Corp since May 2011.	July 2019	5,000 – 0.01%
Kant Trivedi ⁽²⁾ <i>British Columbia, Canada</i>	Director	President and Chief Operating Officer of Blockfusion Technologies Inc. since 2017.	February 2021	290,000 – 0.44%

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, or over which control or discretion is exercised, is based on information furnished to the Company by the respective directors and officers as of the date of this AIF and calculated using 66,595,653 total Common Shares issued and outstanding.
- (2) Member of Audit Committee.
- (3) Member of Governance and Compensation Committee.

As of the date of the AIF, directors and officers of the Company as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 1,537,674 Common Shares, representing approximately 2.31% of the issued and outstanding Common Shares as of the date of this AIF.

Biographies

Allan Larmour, CEO and Director

Mr. Larmour was the founder of Mobidia Technology, Inc., a mobile measurement and analytics provider. He has experience in Fortune 500 and start-up technology companies including positions in international sales and executive management. Over the past decade, Mr. Larmour managed and raised capital for both public and private companies with three successful exits. In addition, his consulting practice that specialized in strategic business planning and go to market strategies assisted many start-up companies to quickly expand in their markets. Mr. Larmour holds a Bachelor of Commerce degree from the University of British Columbia.

Sefton Fincham, President

Mr. Fincham is the founder of Look to the Sky Films and Thirty Six Financial Group, an investment firm focused on small-cap and special situation investing. Under his leadership, Thirty Six Financial Group successfully raised and deployed funds into the small cap space over the past few years, which were primarily focused on earlier staged companies with a go public strategy. These strategic investments have been into select private and public companies in the technology, health, education and clean energy sectors. Through Look to the Sky Films, Fincham worked with Hollywood notables and closed several transactions with companies in the entertainment space.

Nilda Rivera, CFO and Corporate Secretary

Ms. Rivera has over 20 years of experience in corporate and operational finance and managed publicly listed companies in the areas of accounting, finance, regulatory compliance and corporate governance. She was involved in IPOs, RTOs and mergers and acquisitions in several industries including cannabis, hemp, resource and technology, and assisted various start-up companies in achieving public listings on the CSE, TSXV and OTC, and their uplisting to the TSX and NYSE. Prior to joining Cloud Nine, Ms. Rivera served as Vice President of Finance and Corporate Secretary at Aurora Cannabis Inc. (ACB) where she was instrumental in building its finance team and involved in completing its early equity and debt financings and its uplisting to the TSX and NYSE. She has also served as CFO, Corporate Secretary and a director for several public mining and exploration companies.

Kulwant Sandher, Director

Mr. Sandher is a Chartered Professional Accountant with over 25 years of experience in business and finance. He is currently President of Hurricane Corporate Services Ltd., a private consulting firm providing accounting and finance services. He is a member of the Canadian Institute of Chartered Accountants and a member of the Institute of Chartered Accountants in England & Wales. Mr. Sandher has public company experience and serves as a director and CFO for various public and private companies.

Peter Lee, Director

Peter Lee is a Chartered Professional Accountant with several years of experience in both public practice and industry experience with specific expertise in financial reporting, management and corporate finance. He has been involved with diverse business start-ups and has experience with day-to-day management as well as operations. He earned his B.Sc. (double major in Biochemistry and Chemistry) at the University of British Columbia and obtained his Chartered Accountant designation while articling at PricewaterhouseCoopers LLP, Vancouver in 2006. Mr. Lee is currently CEO of Cloud Nine College and CFO and a director of Aoro Capital Corp.

Kant Trivedi, Director

Mr. Trivedi has over 20 years of experience building and managing customer operations within the technology, telecommunications, financial services and blockchain sectors. He is a director and co-founder of Blockfusion Technologies Inc., a technology company building blockchain and AI infrastructure. Mr. Trivedi was Chief Operating Officer & Managing Director (Partner) at Greenwich Associates, a consulting firm that works with a large number of banks and Fintech firms globally, which he successfully led to an exit. He also held senior leadership positions with Rogers Communications Inc. where he led a team accountable for all B2B customer touch points across all market segments. Prior to Rogers, he was General Manager at Look Communications Inc. and was accountable for the operations and technology teams, supporting its growth. Mr. Trivedi holds an MBA from Queen's University. He currently

sits on the board of several public companies.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as disclosed herein, to the knowledge of the Company, no director or executive officer of the Company, is, as of the date of this AIF, or was within 10 years before the date of this AIF, a director, CEO or CFO of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Mr. Larmour was a director of EmerGeo Solutions Worldwide Inc. ("**EmerGeo**") when it became the subject of a cease trade order issued by the British Columbia Securities Commission dated August 7, 2013, for its failure to file a comparative financial statement for the financial year ended March 31, 2013, and a management's discussion and analysis for the period ended March 31, 2013. On November 6, 2013, EmerGeo became the subject of a cease trade order issued by the Alberta Securities Commission for its failure to file annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended March 31, 2013, and interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended June 30, 2013. As of the date of this AIF, both cease trade orders remain in effect.

Bankruptcies

Except as disclosed herein, to the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Larmour was a director of EmerGeo Solutions Inc., a subsidiary of EmerGeo incorporated on July 2, 2002, and in the business of providing emergency and crisis management software and services, when it filed an Assignment in Bankruptcy on February 16, 2012. The assets of EmerGeo Solutions Inc. were subsequently sold and recovered amounts paid to creditors.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a security's regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies, or are engaged in or may engage in other activities in the industries in which the Company operates and, as a result of these and other activities, the directors and officers of the Company may become subject to conflicts of interest.

To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

PROMOTERS

No person or company has been, within the two most recently completed financial years or during the current financial year, a promoter of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

To the knowledge of the Company, there were no material legal proceedings that the Company is or was a party to, or that any of its property is or was subject of, during the year ended September 30, 2021, and from October 1, 2021, to the date of this AIF.

Regulatory Actions

There have not been any:

- (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended September 30, 2021, and from October 1, 2021, to the date of this AIF;
- (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely to be considered important to a reasonable investor in making an investment decision; and

(c) settlement agreements that the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the year ended September 30, 2021, and from October 1, 2021, to the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF, no director or executive officer of the Company, or shareholder holding more than 10% of the Common Shares, or any known associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's Registrar and Transfer Agent is Odyssey Trust Company, located at 323 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

MATERIAL CONTRACTS

Cloud Nine has not entered into any material contracts, outside of the ordinary course of business, prior to the date hereof, other than the following:

- Definitive Share Purchase Agreement dated July 19, 2018, between BHR and 1166338. Pursuant to the agreement, 1166338 acquired all of the issued and outstanding shares of Cloud Nine College, a wholly-owned subsidiary of BHR, for a total consideration of \$750,000. See "*General Development of the Business – Three Year History*".
- Asset Purchase Agreement between Cloud Nine and Victory Square dated March 15, 2021, pursuant to which Cloud Nine purchased the IP Assets from Victory Square. See "*General Development of the Business – Three Year History - Events subsequent to the financial year ended September 30, 2020*".
- SPA between Cloud Nine and Next Decentrum dated June 28, 2021. See "*General Development of the Business – Three Year History - Events subsequent to the financial year ended September 30, 2020*".
- Strategic Alliance Agreement dated June 28, 2021, between Cloud Nine and Next Decentrum.
- Investors Rights Agreement dated June 28, 2021, between Cloud Nine, Next Decentrum, and all of the shareholders of the Company.
- Content License Agreement dated October 28, 2021, between Cloud Nine and Next Decentrum.
- White Label Platform License Agreement dated October 28, 2021, between Cloud Nine and Next Decentrum.
- Virtual office services agreement dated November 8, 2021, between Cloud Nine and TerraZero Technologies.
- Crypto mining services agreement dated January 20, 2022, between Cloud Nine and Argent Crypto Inc.

INTEREST OF EXPERTS

Names of Experts

The following are the persons or companies who were named as having prepared or certified a report, valuation, statement, or opinion in this AIF, either directly or in a document incorporated by reference and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

Smythe LLP, the Company's independent auditors, have prepared an independent audit report dated January 28, 2022, in respect of the Company's audited consolidated financial statements for the years ended September 30, 2021 and 2020.

Interests of Experts

Smythe LLP, auditors of the Company, have confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Chartered Professional Accountants of British Columbia. There is no interest, directly or indirectly, in any securities or property of the Company, or of an Associate or Affiliate of the Company, received or to be received by an expert.

AUDIT COMMITTEE

The Audit Committee is a standing committee of the Board of Directors, the primary function of which is to assist the Board of Directors in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board of Directors and the Company's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

Audit Committee Charter

The text of the Company's Audit Committee Charter is attached hereto as Schedule A to this AIF.

Composition of Audit Committee

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

As of the date of this AIF, the members of the Audit Committee are Kulwant Sandher (Chair), Peter Lee and Kant Trivedi.

Kulwant Sandher was the CFO of the Company and did not resign from that position until the last financial year; therefore, he is not considered independent. Peter Lee and Kant Trivedi are not executive officers or employees of the Company and, therefore, are considered independent members of the Audit Committee.

All members of the audit committee are considered to be financially literate. All of the Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

All of the Audit Committee members are senior level business people with experience in financial matters. Each has an understanding of accounting principles used by the Company to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour.

Each member also has an understanding of the education technology business in which the Company is engaged in and has an appreciation of the financial issues and accounting principles that are relevant in assessing the Company's financial disclosures and internal control systems.

In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors or officers of public companies other than the Company.

For additional details regarding the relevant education and experience of each member of the Audit Committee, see the relevant biographical experiences for each of the directors under the heading "*Directors and Officers*".

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than Smythe LLP for the financial year ended September 30, 2021.

Reliance on Certain Exemptions

At no time has the Company relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, other than as set out in the audit committee charter.

External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the audit services provided by Smythe LLP to the Company to ensure auditor independence. The aggregate fees billed by the Company's external auditor during the financial years ended September 30, 2021 and September 30, 2020, are as follows:

Financial Period Ending	Audit Fees (\$) ⁽¹⁾	Audit Related Fees (\$) ⁽²⁾	Tax Fees (\$) ⁽³⁾	All Other Fees (\$) ⁽⁴⁾
2021	54,500	13,500	2,500	-
2020	22,300	-	2,500	-

Notes:

- (1) "Audit Fees" relate to professional services rendered for audits of annual financial statements and reviews of interim financial statements of the Company.
- (2) "Audit-Related Fees" relate to assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not included under the heading "Audit Fees".
- (3) "Tax Fees" relate to fees for tax compliance, tax planning, tax structuring and tax advice.
- (4) "All Other Fees" refer to fees for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

ADDITIONAL INFORMATION

Additional information relating to the Company, including financial information in the Company's audited consolidated financial statements and management's discussion and analysis for the year ended September 30, 2021, is available on SEDAR at www.sedar.com under the Company's profile.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its most recent annual meeting of securityholders.

**SCHEDULE A
AUDIT COMMITTEE CHARTER**

CLOUD NINE WEB3 TECHNOLOGIES INC.

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board of Directors in lieu thereof (the "**Audit Committee**"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

1. Composition

- (a) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company.
- (b) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "**Chair**") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financial Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

2. Meetings

- (a) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (b) *Notice to Auditors.* The Company's auditors (the "**Auditors**") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.
- (d) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

Roles and Responsibilities

The roles and responsibilities of the Audit Committee include the following:

External Auditor

The Audit Committee will:

- (a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.
- (b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.
- (c) *Compensation.* Recommend to the Board the compensation to be paid to the external auditors.

- (d) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board of Directors.
- (e) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) *Responsibility for Oversight.* Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) *Resolution of Disputes.* Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices.* Review management plans regarding any changes in accounting practices or policies and the financial impact thereon.
- (d) *Litigation.* Review with the Auditor and legal counsel and litigation, claims, or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.
- (e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

Complaints

- (a) *Accounting, Auditing and Internal Controls.* The audit Committee must establish a procedure for the receipt,

retention, and treatment of complaints received by the Company regarding accounting, internal controls and auditing matters.

(b) *Employee Complaints.* The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

3. Authority

(a) *Auditor.* The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.

(b) *Independent Advisors.* The Audit Committee may, at the Company's expense and without the approval of management, retain, the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

4. Reporting

The Audit Committee will report to the board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other matters dealt with by the Audit Committee.