

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Cloud Nine Web3 Technologies Inc. (the “Company”)
Suite 1080 – 789 West Pender Street
Vancouver, BC V6C 1H2

Item 2 Date of Material Change

February 7, 2022

Item 3 News Release

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated through the news dissemination services of Stockwatch on February 7, 2022.

Item 4 Summary of Material Change

The Company announced that it has amended and restated its consolidated financial statements for the years ended September 30, 2020 and 2019 in connection with a change in accounting policy and correction of certain material classification errors (the “Restated Financial Statements”). The Restated Financial Statements were filed on Sedar on January 28, 2022.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See the attached news release for a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Sefton Fincham
President
Telephone: (604) 669-9788

Item 9 Date of Report

February 7, 2022.



CLOUD NINE WEB3 TECHNOLOGIES

RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

News Release - Vancouver, British Columbia, January 7, 2022 - Cloud Nine Web3 Technologies Inc. (CSE: CNI) (OTC: CLGUF) (FRANKFURT: 1JI0) ("Cloud Nine" or the "Company"), a leading decentralized network and data storage technology company, announced today that its audited consolidated financial statements for the year ended September 30, 2021 (the "2021 Annual Financial Statements") included amended and restated comparative figures for the years ended September 30, 2020 and 2019 (the "2020 and 2019 Annual Financial Statements") in connection with a change in accounting policy and correction of certain material classification errors (the "Restated Financial Statements"). The full effects of the restatement are outlined in Note 3 to the 2021 Annual Financial Statements filed on Sedar on January 28, 2021.

The Restated Financial Statements reflect the following change in accounting policy and corrections of errors:

- (a) Effective October 1, 2020, the Company elected to change its accounting policy for share-based compensation in accordance with IFRS 2, *Share-based Payment*, where it has elected to recognize a transfer within equity for expired vested equity instruments. Previously, the value of all expired vested options and warrants remained in reserves. Management determined that the reclassification of expired equity instruments within equity would provide a more relevant information as it better reflects the fair value of awards that are expected to vest. As a result, the opening 2019 shareholders' equity was restated to reclassify expired options and warrants of \$395,596 from reserves to deficit.
- (b) In the 2015 annual consolidated financial statements, the fair value of \$1,342,249 for 27,209,210 common shares issued as consideration in a reverse takeover transaction (the "RTO") was erroneously accounted for in reserves at the date of transaction. The Company restated the opening 2019 shareholders' equity to properly reflect the exchange of common shares in the RTO in share capital.
- (c) In the 2020 annual consolidated financial statements, the Company did not account for the modification of the 2017 Debentures under IAS 32, *Financial Instruments: Presentation*, related to the reduction of the conversion price of the 2017 Debentures from \$0.70 per share to \$0.10 per share (Note 9(a)). The Company restated the 2020 annual consolidated financial statements to reflect the modification and recognized a loss on modification of convertible debentures of \$224,000.

The Restated Financial Statements replace and supersede the previously filed 2020 and 2019 Annual Financial Statements. The 2020 and 2019 Annual Financial Statements should be disregarded and no longer be relied upon.

ON BEHALF OF THE BOARD,
Cloud Nine Education Group Ltd.

Nilda Rivera
CFO
(604) 669-9788

About Cloud Nine Web3 Technologies Inc.

Cloud Nine is a diversified technology company focused on leveraging its proprietary Web 3.0 technology products to

enable the decentralized movement among consumers and business alike. Web 3.0 enables a sustainable world where decentralized users and machines are able to interact with data, value and other counterparties via a substrate of peer-to-peer networks without the need for third parties creating many benefits such as giving each user full control and ownership of all personal and corporate data.

For further information, please contact:

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Citygate Capital Corp
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Neither the Exchange nor its regulation services provider accepts responsibility for the adequacy of accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contain herein.

Disclaimer for Forward-Looking Information

Certain statements contained in this press release constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to Cloud Nine. All statements other than statements of historical fact may be forward-looking information. Such statements reflect Cloud Nine's current views and intentions with respect to future events, and current information available to Cloud Nine, and are subject to certain risks, uncertainties and assumptions. Material factors or assumptions were applied in providing forward-looking information. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize. Should any factor affect Cloud Nine in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, Cloud Nine does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release and Cloud Nine undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.