FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **CLOUD NINE EDUCATION GROUP LTD.** (the "Issuer").

Trading Symbol: **CNI**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

Unaudited condensed consolidated interim financial statements for the six month period ended March 31, 2020, as filed with the securities regulatory authorities are attached to this Form 5 as Schedule A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

All related party transactions have been disclosed in Note 4 in the Issuer's unaudited condensed consolidated interim financial statements for the six month period ended March 31, 2020, attached hereto as Schedule "A". For information supplementary to that contained in the notes to the unaudited condensed consolidated interim financial statements for the six month period ended March 31, 2020 with respect to related party transactions, please refer to the Management's Discussion and Analysis for the six month period ended March 31, 2020, as filed with the securities regulatory authorities and attached to this Form 5 as Schedule "B".

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

All securities issued and options granted, if any, have been disclosed in the Issuer's unaudited condensed consolidated interim financial statements for the six month period ended March 31, 2020, attached hereto as Schedule "A".

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
No Securities Were Issued During The Period of January 1, 2020 to March 31, 2020								

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
No Stock Options Were Issued During The Period of January 1, 2020 to March 31, 2020						

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

A summary of securities as at the end of the reporting period have been disclosed in the Issuer's unaudited condensed consolidated interim financial statements for the six month period ended March 31, 2020, attached hereto as Schedule A.

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Description	Number Authorized	Par Value
Common Shares	Unlimited	NPV

(b) number and recorded value for shares issued and outstanding,

Description	Number Issued and Outstanding	Value
Common Shares	16,857,047	$2,467,958

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Description	Number Outstanding	Exercise Price	Expiry Date
Warrants	4,320,273	$0.15	March 28, 2021
Warrants	4,320,273	$0.30	March 28, 2021
Total:	**8,640,546**		

Description	Number Outstanding	Exercise Price	Expiry Date
Stock Options	4,000	$0.50	April 22, 2020
Stock Options	50,000	$0.70	April 4, 2022
Stock Options	20,000	$0.70	July 26, 2022
Stock Options	100,000	$0.30	December 8, 2022
Stock Options	50,000	$0.50	May 23, 2023
Stock Options	90,000	$0.70	May 23, 2023
Stock Options	570,000	$0.145	April 16, 2024
Stock Options	720,000	$0.12	October 25, 2024
Total:	**1,604,000**		

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Description	Number	Number Released During the Period
Not applicable		

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position
Allan Larmour	President, CEO and Director
Kulwant Sandher	CFO, Corporate Secretary and Director
Peter Lee	Director
Dalton Larson	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion and Analysis for the six month period ended March 31, 2020, is attached to this Form 5 as Schedule "B".

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Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 26, 2020.

Kulwant Sandher
Name of Director or Senior Officer

Signed: *"Kulwant Sandher"*
Signature
Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Cloud Nine Education Group Ltd.	For Quarter Ended March 31, 2020	Date of Report YY/MM/DD 2020/05/26
Issuer Address Suite 610 - 700 West Pender Street		
City/Province/Postal Code Vancouver, BC V6C 1G8	Issuer Fax No. (604) 669-9768	Issuer Telephone No. (778) 240-7724
Contact Name Allan Larmour	Contact Position CEO	Contact Telephone No. (778) 240-7724
Contact Email Address alarmour@c9eg.com	Web Site Address www.c9eg.com	

CLOUD NINE EDUCATION GROUP LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2020 and March 31, 2019

(Unaudited – Prepared by Management)

The accompanying notes are an integral part of these consolidated financial statements.

CLOUD NINE EDUCATION GROUP LTD.
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

		March 31, 2020		September 30, 2019
ASSETS				
Current				
Cash	**$**	**-**	$	227,456
Available-for-sale investment		**1**		1
		1		227,457
Non-current assets				
Intangible assets (Note 3)		**88,403**		121,199
TOTAL ASSETS	**$**	**84,404**	$	348,656
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**318,764**	$	210,751
Bank indebtedness		**2,414**		-
Income taxes payable		**18,140**		18,140
Payroll taxes payable		**1,505**		-
Loans payable (Note 4)		**129,500**		126,000
Convertible debenture (Note 5)		**274,000**		274,000
		744,323		628,891
Non-current liabilities				
Long-term liabilities (Note 6)		**174,265**		174,265
		174,265		174,265
TOTAL LIABILITIES		**918,588**		803,156
DEFICIENCY				
Share capital (Note 7)		**2,467,958**		2,451,016
Reserves		**1,852,108**		1,811,500
Subscriptions received (Note 7)		**27,000**		27,000
Deficit		**(5,177,250)**		(4,744,016)
TOTAL DEFICIENCY		**(830,184)**		(454,500)
TOTAL LIABILITIES AND DEFICIENCY	**$**	**88,404**	$	348,656

Going concern (Note 1)
Subsequent events (Note 12)

These consolidated financial statements were authorized for issuance by the Board of Directors on May 26, 2020.

They are signed on behalf of the Board of Directors by:

"Allan Larmour" (Signed)
Director

"Dalton Larson" (Signed)
Director

The accompanying notes are an integral part of these consolidated financial statements.

CLOUD NINE EDUCATION GROUP LTD.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three months ended March 31, 2020	Three months ended March 31, 2019	Six months ended March 31, 2020	Six months ended March 31, 2019
Revenue				
Tuition fees	$ -	$ -	$ -	$ -
Curriculum sales	-	-	9,870	-
Other income	-	-	-	-
	-	-	9,870	-
Direct costs	(16,995)	(16,202)	(34,536)	(35,167)
	(16,995)	(16,202)	(24,666)	(35,167)
Expenses				
Consulting fees	4,000	-	218,000	-
Exchange and filing fees	7,458	9,450	11,127	15,750
Investor relations	-	7,676	12,109	10,746
Professional fees	11,270	17,091	18,661	25,114
Salaries and benefits	36,082	58,874	85,277	118,527
Stock based compensation	-	-	47,400	-
Travel	-	-	692	-
	58,810	93,091	393,266	170,137
Loss before other expenses	(78,805)	(109,293)	(417,932)	(205,304)
Other expenses				
Interest expense	(7,609)	(7,500)	(15,302)	(15,192)
Net loss and comprehensive loss for the period	(83,414)	(116,793)	(433,234)	(220,496)
Basic and diluted loss per share	(0.00)	(0.1)	(0.03)	(0.03)
Weighted average number of shares outstanding	16,843,279	8,100,641	16,843,279	8,100,641

The accompanying notes are an integral part of these consolidated financial statements.

CLOUD NINE EDUCATION GROUP LTD.
Consolidated Statements of Changes in Deficiency
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share capital			Subscriptions		
	Number	**Amount**	**Reserves**	**received**	**Deficit**	**Total**
Balance at September 30, 2018	8,056,504	$ 1,757,975	$ 1,749,400	$ 27,000	$ (4,133,610)	$ (599,235)
Common shares issued for cash	90,000	45,000			-	45,000
Net loss for the period					(220,496)	(220,496)
Balance at March 31, 2019	**8,146,504**	**$ 1,802,975**	**$ 1,749,400**	**$ 27,000**	**(4,354,106)**	**(774,731)**
Private placement	8,640,546	648,041	-	-	-	648,041
Share-based payments			83,100		-	83,100
Net loss for period					(244,932)	(244,932)
Balance at June 30, 2019	16,787,050	2,451,016	1,832,500	27,000	(4,599,038)	(288,522)
Net loss for period	-	-	-	-	(144,978)	(144,978)
Balance at September 30, 2019	16,787,047	$ 2,451,016	$ 1,811,500	$ 27,000	$ (4,744,016)	$ (454,500)
Options exercised	70,000	16,492	(6,792)		-	10,150
Share-based payments			47,400		-	47,400
Net loss for the period					(433,234)	(433,234)
Balance at March 31, 2020	**16,857,047**	**$ 2,467,958**	**$ 1,852,108**	**$ 27,000**	**(5,177,250)**	**(830,184)**

The accompanying notes are an integral part of these consolidated financial statements.

CLOUD NINE EDUCATION GROUP LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

		Period ended March 31, 2020		Period ended March 31, 2019
Cash flows from operating activities				
Net loss for the period	**$**	**(433,234)**	$	(220,496)
Items not affecting cash:				
Depreciation of intangible assets		**32,796**		30,000
Share-based payments		**47,400**		-
Accrued interest		**7,693**		10,300
Changes in non-cash working capital items:				
Accounts receivable		**-**		22,429
Prepaid expenses		**-**		-
Inventory		**-**		-
Accounts payable and accrued liabilities		**101,825**		41,244
Deferred revenue		**-**		-
		(243,520)		(116,523)
Cash flows from investing activities				
Digital curriculum development costs		**-**		-
		-		-
Cash flows from financing activities				
Proceeds from issuance of common shares		**10,150**		45,000
Net proceeds from (repayment of) loans payable		**3,500**		(10,000)
		13,650		35,000
Increase (decrease) in cash		**(229,870)**		(81,523)
Cash, beginning of year		**227,456**		89,161
Cash indebtedness, end of year	**$**	**(2,414)**		7,638
Supplemental cash flow information				
Cash paid for interest	**$**	**-**		-
Non-cash financing activities				
Shares issued for debt	**$**	**-**	$	-

The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND GOING CONCERN

a) Description of the business

Cloud Nine Education Group Ltd. (the "Company") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia. Effective March 30, 2016, the Company changed its name from Anterior Education Holdings Ltd. to Cloud Nine Education Group Ltd. The Company's principal business focuses on Canadian English as a Second Language ("ESL") education and licensing of its digital curriculum called the Cloud Nine Curriculum to ESL providers including independent schools, universities and high schools. Effective June 10, 2015, the Company completed a Plan of Arrangement with BHR Capital Corp. ("BHR") and Cervantes Capital Corp. ("Cervantes"), whereby the Company became a reporting issuer, and BHR, and its wholly-owned subsidiaries, became wholly-owned subsidiaries of the Company. As the Plan of Arrangement was deemed to be a recapitalization of BHR, these financial statements are presented as a continuation of BHR, in which its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. On November 25, 2016, the Company completed its initial public offering (the "Offering") of 2,035,000 units of the Company at a price of $0.25 per unit for aggregate gross proceeds of $508,750. The common shares of the Company were listed on the Canadian Securities Exchange (the "CSE") on November 24, 2016 and started trading on December 1, 2016, under the symbol "CNI". The Company's registered office is at 610-700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

b) Going concern

The Company incurred a net loss of $433,234 (2019 - $220,496) during the six months ended March 31, 2020. As at March 31, 2020, the Company had a working capital deficiency of $744,323 (September 30, 2019 - $401,434) and an accumulated deficit of $5,177,250 (September 30, 2019 - $4,744,016). The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended September 30, 2019.

The condensed consolidation interim financial statements do not include all the information for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2019, which have been prepared in accordance with IFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, theses condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Certain comparative figures have been reclassified to conform to the current year's presentation.

b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following entities:

BHR Capital Corp. ("BHR")	Wholly-owned subsidiary of the Company
English Canada World Organization Inc. ("EC")	Wholly-owned subsidiary of BHR Capital Corp.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances are eliminated on consolidation.

c) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant areas requiring the use of estimates include the useful life and depreciation of property and equipment, carrying value of intangible assets and goodwill, measurement of share-based payments, and deferred income tax asset valuation allowances. Judgements made by management in the application of IFRS that have a significant effect on the financial statements include the factors supporting the capitalization and recoverability of property and equipment, intangible assets and goodwill, and inputs into the calculation of the fair value of share-based payments.

(Expressed in Canadian dollars)

3. INTANGIBLE ASSETS

The changes in the carrying amount of intangible assets are shown below:

		Digital curriculum
Balance, September 30, 2019	$	121,199
Additions		-
Depreciation		(32,796)
Balance, March 31, 2020	**$**	**88,403**

4. RELATED PARTY TRANSACTIONS

a) During the period ended March 31, 2020, the Company incurred $60,000 (2019 - $60,000) in management fees to the CEO of the Company. The Company also incurred $13,125 in professional fees to a company controlled by the CFO of the Company.

b) As at March 31, 2020, the Company was indebted to a former director of the Company for $100,000 (2019 - $100,000), pursuant to a promissory note dated September 30, 2014. The amount is non-interest bearing, unsecured and was due on September 30, 2015. On November 3, 2015, the Company entered into an agreement to extend the maturity date to December 1, 2016 for a one-time interest charge of $20,000. The Company is in negotiation on revising the terms of the promissory note.

c) As at March 31, 2020, the Company was indebted to a director of the Company for $26,000 (September 30, 2019 - $26,000), pursuant to a promissory note dated August 12, 2015. The amount is unsecured and is due on demand. Pursuant to the promissory note, a one-time interest charge of $1,000 is payable as the amount was not paid by the original maturity date on September 12, 2015. In addition, interest of 1% compounded monthly is due on the outstanding principal and interest. At March 31, 2020, the Company recognized accrued interest of $14,207 (September 30, 2019 - $12,642).

d) As at March 31, 2020, the Company recorded share-based payments of $9,875 (2019 - $nil) related to stock options granted to directors and officers of the Company.

5. CONVERTIBLE DEBENTURE

On July 10, 2017, the Company signed a 12% secured convertible debenture agreement with shareholders in the amount of $274,000. The convertible debentures (the "2017 Debentures") are due on February 28, 2019 and are repayable in full with accrued interest at 12% per annum on maturity. The Holder may at any time during the term convert all or part of the 2017 Debentures into Units at a conversion price of $0.70 per Unit, where each Unit consists of one common share of the Company. At March 31, 2020, accrued interest of $25,373 (September 30, 2019 - $11,636) on the Debentures was included in accrued liabilities.

On April 22, 2016, the Company signed a 10% secured convertible debenture agreement with a shareholder in the amount of $300,000. The convertible debenture is due on October 22, 2016 and is repayable in full with accrued interest at 10% per annum on maturity and the Company has signed a General Security Agreement. The Holder may at any time during the term convert all or part of the Debenture into Units at a conversion price of $1.25 per Unit, where each Unit consists of one common share of the Company, and one-half common share purchase warrant, where each whole warrant gives the Holder the right to purchase one common share of the Company at $2.50 per share for 18 months. On July 7, 2017, the Company paid back $75,000 principal and the remaining $225,000 was due. On July 19, 2018, the Company paid back the full amount of $225,000 plus accrued interest and the General Security Agreement was released related to the sale of Cloud Nine College Ltd.

(Expressed in Canadian dollars)

6. LONG-TERM LIABILITIES

The Company is in dispute with the British Council as a result of loss of business opportunity and related revenues after the sale of the Company's domain IELTS.ca to the British Council. The Company is currently reviewing legal advice regarding how much monetary compensation the Company should be seeking to meet the requirement of sufficient remedy. In the interim, management is of the opinion that any liability which may exist should be classified as long-term due to the British Council's failure to meet the terms and conditions associated with their acquisition of the IELTS.ca domain from the Company. As at March 31, 2020, $174,265 (2019 - $174,265) were owing to the British Council and the Company does not intend to pay the amounts owing in the next 12 months until the dispute is settled.

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

i. On April 3, 2019, the Company closed a non-brokered private placement, issuing a total of 8,640,546 units at 7.5 cents per unit for gross proceeds of $648,040.96.

ii. On November 5, 2019, the Company issued 70,000 shares at $0.145 per share through the exercise of stock options for gross proceeds of $10,150.

8. SHARE PURCHASE WARRANTS

The following table summarizes information about the warrants issued for the period ended March 31, 2020:

	Number of warrants	Weighted average exercise price
Outstanding, September 30, 2019	8,640,546	$ 0.23
Expired	-	
Outstanding, March 31, 2020	**8,640,546**	**$ 0.23**

As at March 31, 2020, the weighted average contractual life of the share purchase warrants was 0.99 years and the weighted average exercise price was $0.23.

The following table summarizes information about warrants outstanding as at March 31, 2020:

Exercise Price	Expiry date	Warrants outstanding
$0.15	March 28, 2021	4,320,273
$0.30	March 28, 2021	4,320,273
	Total	8,640,546

(Expressed in Canadian dollars)

9. STOCK OPTIONS

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares and no one person may receive in excess of 5% of the outstanding common shares of the Company. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than $0.10 per share or the market price (less permissible discounts) on the Canadian Stock Exchange. Options can have a maximum term of five years. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price
Outstanding, September 30, 2019	1,114,000	0.318
Granted	720,000	0.054
Cancelled	(25,000)	0.70
Cancelled	(60,000)	0.40
Cancelled	(5,000)	0.50
Cancelled	(70,000)	0.70
Exercised	(70,000)	0.145
Outstanding, March 31, 2020	1,604,000	$ 0.21

The following table summarizes information about options outstanding and exercisable as at March 31, 2020:

Exercise Price	Expiry date	Options outstanding
$ 0.50	April 22, 2020	4,000
$ 0.70	April 4, 2022	50,000
$ 0.70	July 26, 2022	20,000
$ 0.30	December 8, 2022	100,000
$ 0.50	May 23, 2023	50,000
$ 0.70	May 23, 2023	90,000
$ 0.145	April 16, 2024	570,000
$ 0.12	October 25, 2024	720,000
	Total	1,604,000

As at March 31, 2020, the weighted average contractual life of the stock options was 4.03 years and the weighted average exercise price was $0.21.

(Expressed in Canadian dollars)

9. STOCK OPTIONS (continued)

The fair value of stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2020
Risk-free interest rate	**1.57%**
Expected life	**5 years**
Expected volatility	**88%**

The fair value of stock options granted on October 25, 2019 was $47,400.

10. SHARES IN ESCROW

Pursuant to an escrow agreement dated January 21, 2016, 2,245,822 common shares held by directors and officers of the Company were placed in escrow. Pursuant to the agreement, upon the listing date of the common shares on the CSE, 10% of the shares subject to the escrow agreement will be released, and every 6 months thereafter, 15% of the original shares taken to escrow will be released. During the period ended March 31, 2020, 423,457 common shares were released from escrow, the balance remaining in Escrow was nil (September 30, 2019 – 423,457).

11. RISK MANAGEMENT

i) Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk, and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

ii) Fair value of financial instruments

The fair values of cash, available-for-sale investment, accounts receivable, accounts payables and accrued liabilities, and loans payable approximate their carrying values due to the short-term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

iii) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, and accounts receivables. The Company's maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by maintaining its bank accounts at large financial institutions, and monitoring accounts receivables. The Company has no past due or impaired receivables.

(Expressed in Canadian dollars)

iv) Liquidity risk

v) Liquidity risk is the risk of the Company's inability to meet its financial obligations as they come due. As at March 31, 2020, the Company had a working capital deficiency of $744,323 (September 30, 2019 - $401,434). The Company is focused on generating more revenue and is actively pursuing additional sources of financing to ensure that it can meet its on-going operating requirements and planned capital expenditures. The Company has no current commitments for capital expenditures as of the date hereof. There is no assurance that the Company will be successful in these initiatives.

vi) Currency risk

The Company is not currently exposed to the financial risk related to the fluctuation of foreign exchange rates.

vii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at March 31, 2020, the Company did not have any financial instruments subject to significant interest rate risk.

viii) Capital management

The Company defines capital as share capital, reserves, subscriptions received and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. The Company does not pay out dividends.

12. DIRECT COSTS

		Period ended March 31, 2020		Period ended March 31, 2019
Depreciation of curriculum	**$**	**32,797**	$	30,000
Bank and credit card charges		**1,101**		193
Other		**637**		4,974
Total	**$**	**34,535**	$	35,167

13. SUBSEQUENT EVENT

On April 23, 2020, the Company received a $40,000 loan through the Bank of Montreal from the federal government's Canada Emergency Business Account due to the Covid-19 pandemic.

CLOUD NINE EDUCATION GROUP LTD.
Form 51-102F1 Management's Discussion & Analysis
For the Six months ended March 31, 2020

1.1.1 Date May 26, 2020

Introduction

The following management's discussion and analysis, prepared as of May 26, 2020, is a review of operations, current financial position and outlook for Cloud Nine Education Group Ltd. (the "Company") and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2019 and the notes thereto. The reader should also refer to the annual audited financial statements for the year ended September 30, 2019. Amounts are reported in Canadian dollars based upon financial statements prepared in accordance with International Financial Reporting Standards. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis (MD&A) constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Risks and Uncertainties

A going concern assessment is outlined in Note 1 of the financial statements.

1.2 Overall Performance

Description of Business

Cloud Nine Education Group Ltd. (the "Company") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia. Effective March 30, 2016, the Company changed its name from Anterior Education Holdings Ltd. to Cloud Nine Education Group Ltd. The Company's principal business focuses on the licensing and sale of its proprietary, digitally based English as a second language (ESL) curriculum called the Cloud Nine ESL Program ("Cloud Nine Program or Cloud Nine curriculum") to technical schools, universities, high schools and ESL providers in Canada and internationally.

Effective June 10, 2015 the Company completed a Plan of Arrangement with BHR Capital Corp. ("BHR") and Cervantes Capital Corp. ("Cervantes"), whereby the Company became a reporting issuer, and BHR, and its wholly-owned subsidiaries, became a wholly-owned subsidiary of the Company. The Company's registered office is at Suite 610, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

The consolidated financial statements include the accounts of the Company and the following entities:

BHR Capital Corp. (“BHR”)	Wholly-owned subsidiary of the Company
English Canada World Organization Inc. (“EC”)	Wholly-owned subsidiary of BHR Capital Corp.

The head office and principal address of the Company are located at 610 – 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8.

Overview

The Company’s principal business is the development, marketing and sale of its proprietary, cloud-based digital English as a Second Language (ESL) curriculum, designed to be used by teachers to teach beginners to advanced English to students aged 15 years and older. The digital curriculum can be used by universities, schools, and English learning centers to replace or augment textbook learning systems. A digital curriculum has the advantage of supporting a multi-media delivery platform that is much more engaging for both the teacher and the student, and, improves learning outcomes. The ESL market is still a textbook dominated market. However, this is rapidly changing. Market analysts have estimated the ESL market to be in the range of $30 billion to $45 billion in annual revenues and the preferred digital methodology being one that supports teacher lead learning.

Cloud Nine’s digital curriculum has been developed and is supported by a team with deep experience in teaching English as a Second Language. This experience includes a combined 40+ years teaching experience with TESOL (“Teaching English to Speakers of Other Languages”), CELTA (“Certificate in Teaching English to Speakers of Other Languages”) and DELTA (“Diploma in English Language Teaching Association”) teaching certifications, Masters in Adult education and Ph.D. in linguistic e-learning methodologies. This experience has enabled the company to develop one of the most comprehensive, detailed and engaging digital curriculums on the market today. Most of the large textbook publishers realize that digital curriculums will take over as the method of teaching a language, however, today they are only providing smaller, supplemental digital content to support their textbooks.

To provide a competitive product and deliver a product that meets the demanding needs of ESL learning centers the company’s value proposition is built on the following four pillars:

1. **CEFR Support:** It was critical that the company adhere to an international standard and best practices processes to teach and learn a language. CEFR, the Common European Framework of Reference built by linguistic academics with the European Union, is a comprehensive guideline on how to teach and learn any language. All English curriculum textbooks now follow this guideline. Few digital ESL curriculums adhere to this international standard. The CEFR guideline is a long and tedious process to follow, however, it is essential if you are going to sell to universities and schools. It will take years for the competition to properly implement this into their systems. Cloud Nine has implemented 5 of the 6 CEFR levels, A1 to C1 (from beginner to advanced). Level C2 is more directed at specific industries (such as medical, aeronautics, etc.). Each of our Levels has 8 thematic Modules and each Module has 3 lessons and a Module review and test, providing 104 hours of teaching per Level.

2. **Comprehensive Lesson Plans:** Cloud Nine is the only company to implement a standard teaching methodology ahead of each lesson. Finding certified English teachers and consistent quality teaching have been major issues for schools around the world. Using the most comprehensive English teaching Methodology, CELTA from Cambridge, we provide a comprehensive, step-by-step teaching plan for every lesson in our curriculum.

3. **Flipped Classroom:** The flipped classroom methodology has been very successful in improving learning outcomes in schools around the world. Cloud Nine has implemented this process in the digital curriculum by giving assignments to students the day before the material is taught in class. A short quiz after the assignment is analyzed and results are provided to the teachers immediately so they can better manage their classroom activities the next day.

4. **Google Classroom:** Google Classroom is a Learning Management System (LMS) from Google and is used by universities and schools around the world. We chose it because it is easy to use, flexible and effective. The system will also enable teaching institutions to easily add their own text and multi-media materials.

Cloud Nine's digital curriculum has gone through rigorous testing and updates over the past year, adding more material and providing superior compliance to the CEFR and CELTA standards. This places Cloud Nine in a strong competitive position to secure large opportunities around the world. Our go-to-market strategy continues to employ resellers, referral agents and selling direct to teaching institutions. We are currently working on large opportunities in Mexico, South Korea, the Philippines and Brazil. We are also in discussion with a potential partner that will expand our opportunities all through Asia. Every prospect that we are having discussions with have been looking for a digital curriculum that will provide a strong competitive position for their institution, while improving the learning process for their students. Cloud Nine is now well positioned with our world class, cloud-based digital curriculum to take advantage of this growing demand in the ESL market.

Additional information related to the Company is available on SEDAR at www.sedar.com.

Performance Summary

The following is a summary of significant events and transactions that occurred during the 6-months ended March 31, 2020:

Financings

During the 6-months ended March 31, 2020, the Company raised gross proceeds of $16,942 from the exercise of stock options comprising of the following;

Issuance of Shares	**Number of Shares Issued**	**Cash Proceeds**
Stock Options	70,000	$ 10,150

Incentive Stock Options

During the 6-months ended March 31, 2020, the Company granted 720,000 additional stock options with an exercise price of $0.12 per share, which options will expire on October 25, 2024. The following table represents the number of stock options that are outstanding as at March 31, 2020.

Date of Grant	Number of Options	Price Per Option	Expiry Date
December 8, 2017	100,000	$0.30	December 8, 2022
May 23, 2018	54,000	$0.50	May 23, 2023
May 23, 2018	160,000	$0.70	May 23, 2023
April 16, 2019	570,000	$0.145	April 16, 2024
October 25, 2019	720,000	$0.12	October 25, 2024

1.2 Selected Annual Financial Information

	Year Ended September 30, 2019	Year Ended September 30, 2018
	$	$
Revenue	-	14,160
Gross Profit	(72,051)	(54,749)
Expenses:		
Consulting Fees	20,600	975
Exchange & Filing Fees	41,583	21,634
Insurance	-	-
Investor Relations	47,880	106,540
Professional Fees	83,602	52,361
Salaries & benefits	224,146	296,915
Share-based payments	62,100	198,000
Travel	8,744	-
Subtotal	488,655	676,425
Gain on sale of subsidiary	-	724,535
Interest Expense	(33,053)	(89,372)
Loss from discontinued Operations	-	(325,245)
Net loss and comprehensive loss for the year	(610,406)	(421,256)
Basic & Diluted Loss per Share	(0.05)	(0.01)
Balance Sheet		
Working Capital	(401,434)	(611,764)
Total Assets	348,656	298,385
Total Long Term Liabilities	174,265	174,265

1.3 Results of Operations

Three months ended March 31, 2020

Revenue for the three months ended March 31, 2020 and 2019 was nil. The cost of revenue was $16,995 (2019: $16,202) providing a gross loss of $16,995, (2019: $(16,202)). The Company has challenging times in trying to market its products with limited capital reserves.

During the three months ended March 31, 2020, the Company incurred a comprehensive loss of $83,414 compared to $116,793 loss for the corresponding period in 2019. The largest expense items that resulted in an increase in net comprehensive loss for the three months ended March 31, 2020 were;

- Professional fees were $11,270, (2019: $17,091) for the three months ended March 31, 2020. The reduction was caused by a reduction in corporate secretarial services.
- Salaries and employee related expenses decreased to $36,082 for the three months ended March 31, 2020, compared to $58,874 for the corresponding quarter ended March 31, 2020. The decrease is related to a reduction in the number of employees.

The Company incurred an interest expense for the three months ended March 31, 2020 of $7,609 (2019: $7,500), relating to a promissory note and convertible loan.

Net loss and comprehensive loss of the three months ended March 31, 2020 was $83,414 (2019: $(116,793)). The decrease in comprehensive loss was caused by the aforementioned items.

Six months ended March 31, 2020

Revenue for the six months ended March 31, 2020 was $9,870 (2019: $nil). The cost of revenue was $34,536 (2019: $35,167) providing a gross loss of $24,666, (2019: $(35,167)). The Company has challenging times in trying to market its products with limited capital reserves.

During the six months ended March 31, 2020, the Company incurred a comprehensive loss of $433,234 compared to $220,496 loss for the corresponding period in 2019. The largest expense items that resulted in an increase in net comprehensive loss for the six months ended March 31, 2020 were;

- Consulting fees increased to $218,000, for the six months ended March 31, 2020, from $nil for the six months ended March 31, 2019. The increase was caused by the addition of a consultant to provide marketing services.
- Investor relations expenses, increased to $12,109 for the six months ended March 31, 2020, from $10,746 for the corresponding period ended March 31, 2020. The increase relates to a increases in costs for issuing news releases.
- Share-based payments were $47,400, (2018: $nil) for the six months ended March 31, 2020. The increase was caused by the issuance of 720,000 stock options at an exercise price of $0.12 per stock option. The Company calculates its stock option expense using the Black-Scholes method.
- Salaries and employee related expenses decreased to $85,277 for the six months ended March 31, 2020, compared to $118,527 for the corresponding six months ended March 31, 2019. The decrease is related to a reduction in the number of employees.

The Company incurred an interest expense for the six months ended March 31, 2020 of $15,302 (2019: $15,192), relating to a promissory note and convertible loan.

Net loss and comprehensive loss of the six months ended March 31, 2020 was $433,234 (2019: $(220,496)). The decrease in comprehensive loss was caused by the aforementioned items.

1.5 Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Quarter Ending	Note	Expenses $	Net Loss $	Basic and diluted net loss per share $
March 31, 2020		58,810	(83,414)	(0.00)
December 31, 2019	3	334,457	(349,821)	(0.02)
September 30, 2019		90,799	(144,978)	(0.01)
June 30, 2019		220,219	(244,932)	(0.01)
March 31, 2019		100,591	(116,793)	(0.01)
December 31, 2018		77,046	(103,703)	(0.01)
September 30, 2018	1	118,837	510,578	0.01
June 30, 2018	2	219,894	(454,640)	(0.04)

1. *Gain on sales of subsidiary, Cloud Nine College Ltd was $724,535 for the three months ended September 30, 2018. Also includes a loss from discontinued operations of $153,577 for the three months ended September 30, 2018.*
2. *Includes a loss from discontinued operations of $159,264 for the three months ended June 30, 2018.*
3. *Includes a marketing development costs of $214,000.*

1.6 Liquidity and Capital Resources

The Company's principal business is the continued development, marketing and sale of its dynamic, interactive and proprietary ESL curriculum that instructors will 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 Company's historical capital needs have been met by the sale of the Company's stock. There is no assurance that equity funding will be possible at the times required by the Company. If no funds can be raised and sales of its products do not produce sufficient net cash flow, then the Company may require a significant curtailing of operations to ensure its survival.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss and comprehensive loss of $433,234 during the six months ended March 31, 2020 and has a cash balance and a working capital deficit of $nil and $744,322, respectively, as at March 31, 2020. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of the creditors and the shareholders. In the past, the Company has relied on sales of its equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue its operations. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. Failure to obtain such financing on a timely basis could cause the Company to reduce or terminate its operations. The above indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As of March 31, 2020, the Company had 16,857,047 issued and outstanding shares and 27,101,596 shares on a fully diluted basis.

The Company had $744,322, of working capital deficit as at March 31, 2020 compared to $401,434 working capital deficit as at September 30, 2019. The increase in working capital deficit resulted from the cash used in operations of $243,520, (2019: $116,523); cash from financing activities of $13,650 (2019: $35,000); due to the issuance of 70,000 common shares for net cash proceeds of $10,150 (2019: $45,000) and net proceeds from loans of $3,500 (2019: $(10,000)).

1.7 Capital Resources

As at March 31, 2020, the Company had cash and cash equivalents of $nil (2019: $227,456). The Company will continue to aggressively pursuing equity financing and there can be no guarantees that the Company will be successful in its endeavors.

As of the date of this MD&A, the Company has no outstanding commitments, other than rent commitments.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

Related party transactions

a) During the period ended March 31, 2020, the Company incurred $60,000 (2019 - $60,000) in management fees to the CEO of the Company. The Company also incurred $13,125 in professional fees to a company controlled by the CFO of the Company.

b) As at March 31, 2020, the Company was indebted to a former director of the Company for $100,000 (2019 - $100,000), pursuant to a promissory note dated September 30, 2014. The amount is non-interest bearing, unsecured and was due on September 30, 2015. On November 3, 2015, the Company entered into an agreement to extend the maturity date to December 1, 2016 for a one-time interest charge of $20,000. The Company is in negotiation on revising the terms of the promissory note.

c) As at March 31, 2020, the Company was indebted to a director of the Company for $26,000 (September 30, 2019 - $26,000), pursuant to a promissory note dated August 12, 2015. The amount is unsecured and is due on demand. Pursuant to the promissory note, a one-time interest charge of $1,000 is payable as the amount was not paid by the original maturity date on September 12, 2015. In addition, interest of 1% compounded monthly is due on the outstanding principal and interest. At March 31, 2020, the Company recognized accrued interest of $14,207 (September 30, 2019 - $12,642).

d) As at March 31, 2020, the Company recorded share-based payments of $9,875 (2019 - $nil) related to stock options granted to directors and officers of the Company.

1.10 Critical Accounting Estimates.

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenue and expenses.

Research costs are expensed when incurred and are stated net of government grants. Development costs including direct material, direct labour and contract service costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development.

The Company accounts for all stock-based payments and awards using the fair value-based method. Under the fair value-based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity estimates issued, or liabilities incurred, whichever is more reliably measurable.

From time to time, the company must make accounting estimates. These are based on the best information available at the time, utilizing generally accepted industry standards.

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1.11 Changes in Accounting Policies including Initial Adoption

See Note 1 of the Company's financial statements for the year ended September 30, 2019.

Going concern issue

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at March 31, 2020, the Company had not insufficient revenue from the sales of its products and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon revenue generating activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance its operations over the next twelve months through private placement and/or public offerings of equity capital. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

Internal control over financial reporting and disclosure controls and procedures

Management is responsible for the design and maintenance of both internal control systems over financial reporting and disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Current disclosure controls include meetings with the Chief Executive Officer, Chief Financial Officer and members of the Board of Directors and audit committee through e-mails, on telephone conferences and informal meetings to review public disclosure. All public disclosures are reviewed by certain members of senior management and the board of directors and audit committee of the Board of Directors has delegated the duties to the chief executive officer who is primarily responsible for financial and disclosure controls.

Management and the board of directors continue to work to mitigate the risk of material misstatement.

Risk and uncertainties

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivable. Cash and cash equivalents balances are held with a reputable financial institution, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivable is remote.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had a cash balance of $nil to settle current liabilities of $677,308. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

c) Future Financing Risk

The Company is in the early stages of business and has not generated a significant amount of revenue. The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional Shares, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

d) 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.

e) Technology Risk

The Company’s products and services are partially dependent upon advanced technologies which are susceptible to rapid technological changes. There can be no assurance that the Company’s products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company’s services and products are currently under development and there can be no assurance that the Company’s development efforts will result in viable results as conceived by the Company or at all.

There is a risk that technologies similar to the Company’s Cloud Nine ESL Program could reach the market before its own; that similar products may be developed after the Cloud Nine ESL Program which may include features more appealing to customers; and that other products competing with the Company’s Cloud 9 ESL Program may use advanced technology not yet incorporated in the Company’s Cloud Nine ESL Program. There is also a risk that certain consumers may not accept or adopt the Company’s Cloud Nine ESL Program. The occurrence of any of these events could negatively impact the level of interest generated in the Cloud Nine ESL Program and thus limit the potential revenues to be generated by the Cloud Nine ESL Program.

1.14 Financial Instruments and Other Instruments

See Note 11 to the Company's financial statements for the six months ended March 31, 2020.

Subsequent Events

Please see Note 13 to the Company’s financial statements for the six months ended March 31, 2020.

1.15 Additional Information

HEAD OFFICE

610 – 700 West Pender Street

Vancouver, BC

V6C 1G8

Tel: (604) 669 - 9788

OFFICERS & DIRECTORS

Al Larmour,
CEO and Director

Kulwant Sandher CPA, CA

CFO and Director

Dalton Larson

Director

Peter Lee

Director

CAPITALIZATION

(as at May 26, 2020)

Shares Authorized: Unlimited

Shares Issued: 16,857,047

Share Purchase Warrants outstanding: 8,640,546

Stock Options outstanding: 1,604,000

REGISTRAR TRANSFER AGENT

Computershare

510 Burrard Street
Vancouver, BC, V6C 3B9

AUDITORS

Morgan & Company LLP

1630 – 609 Granville Street

Vancouver, BC, V7Y 1A1

LEGAL COUNSEL

DuMoulin Black LLP

10 – 595 Howe Street

Vancouver, BC, V6C 2T5