

May 12, 2016

NEWS RELEASE - #16-1

CSE: AKE

ATLAS CLOUD PROVIDES SHAREHOLDER UPDATE

Atlas Cloud Enterprises Inc. (the "Company", "Atlas Cloud")(CSE: AKE) is pleased to announce the substantial completion of its Tier 2 data centre at 308 East 5th Ave. Vancouver. Atlas Cloud, in parallel to the build out, started on-boarding clients in June 2015. Since that time Atlas Cloud has completed a major power upgrade, added a generator and transfer switch. It has also completed the second phase power distribution and cooling connections.

In December 2014, Atlas Cloud acquired the assets of "The Cranium" a technology co-working space. It has operated at near capacity, with clients that include Mango New Edit, and Vitality Vfx. Management believes that the pipeline of current and potential clients is adequately substantial and warrants the completion of the second phase of the data centre to maximize capacity. Additions include 30 high density racks, state-of-the-art fire suppression, a security system, and a redundant cooling condenser.

The Company is now investigating the acquisition of a secondary site for another urban data centre that is easily accessible to the downtown core. Management believes that the current site will reach capacity during Q1 2017. Management is targeting the acquisition of a site with up to 400% greater power and capacity.

In order to support the second phase build-out at the current site and have sufficient capital to secure a secondary site, Atlas Cloud is plans to issue between \$1.0 to \$1.25 million in convertible debentures under the following terms:

- 1) Term : 3 years
- 2) Coupon 9%
- 3) Interest: Paid semi-annually, in arrears.
- 4) Conversion: Into common shares of the Company at \$0.25 per share
- 5) Redemption: After 6 months with 30 days' notice
- 6) Redemption Premium: 105% of the face value if called in the first 18 months
- 7) Size: Minimum \$1,000,000 – Maximum \$1,250,000
- 8) Non-brokered offering, paying commission of up to 7% cash and 7% brokers warrants.

On behalf of the Board,

"Fred W. Stearman"

Fred W. Stearman
Chief Executive Officer

About Atlas Cloud

Atlas Cloud is a start-up company which will carry on the active business of providing co-location and back-up/redundancy IT and telecom equipment, and Cloud computing, to small and medium businesses in Western Canada. Atlas Cloud will provide customers with secure power supply, cooling and bandwidth to ensure that their

co-location, back-up or Cloud systems have minimum risk of failure. It intends to become a leader in hybrid co-location and has defined its expansion plan for doing so with a focus on safe, secure, flexible data hosting.

The Cranium ("Cranium"), an entity in the business of providing a co-working office for technology growth companies, is a wholly-owned business segment. Cranium provides committed space to startup technology companies, providing desks, chairs, high-speed internet, meeting rooms, relevant workshops and other office infrastructure required by such companies to grow and compete in the technology sector. The Company will continue to run and build Cranium, which is co-located with the Company at 308 E. 5th Ave., Vancouver, British Columbia.

For further information, contact the Company's CEO, Fred Stearman at (778) 871-0357 or at info@atlascloud.ca.

FORWARD LOOKING INFORMATION

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company, including but not limited to, the future business operations of Atlas Cloud. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

The forward-looking statements contained in the news release are made as of the date of this news release, and the Company does not undertake any obligations to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.