

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

ATLAS CLOUD ENTERPRISES INC.
308 E. 5th Avenue, Vancouver, BC V5T 1H4
Tel: (778) 871-0357

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is a reporting issuer in British Columbia, Alberta and Ontario

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input checked="" type="checkbox"/> Industrial | <input type="checkbox"/> Other |

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report. **See Schedule 1**

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates. **June 29, 2016**

Item 6: For each security distributed:

- (a) describe the type of security: **Convertible Debentures**

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

\$1,002,000 convertible debentures (“Debentures”) at \$1,000 per Debenture. The Debentures (i) bear interest at a rate of 9% per annum, calculated and payable semi-annually, (ii) mature 36 months from the date of issuance (the “Term”), (iii) convertible during the Term, at the option of the holder, into common shares at a conversion price of \$0.25 per share.

- (c) state the exemption(s) relied on.

Sections 2.3 and 2.5 of NI 45-106

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder’s fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	15	\$1,000	\$892,000
Alberta	3	\$1,000	\$110,000
Total number of Purchasers	18		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$1,002,000.00

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				Total dollar value of compensation (Canadian \$)
		Cash (Canadian \$)	Securities			
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
Leede Jones Gable Inc. #1800 – 1140 W. Pender St. Vancouver, BC V6E 4G1	R	\$58,800	392,000 finder's warrants	\$0.15	2016-06-29 s. 2.3 of NI 45-106	\$58,800

Item 9: If a distribution is made in Ontario, please include the attached “Authorization of Indirect Collection of Personal Information for Distributions in Ontario”. The “Authorization of Indirect Collection of Personal Information for Distributions in Ontario” is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the ATLAS CLOUD ENTERPRISES INC., I certify that the statements made in this report are true.

Date: July 5, 2016

Atlas Cloud Enterprises Inc.

Name of issuer (please print)

Laurie Sadler, Director **T: (778) 871-0357**

Print name, title and telephone number of person signing

“Laurie Sadler”

Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.