

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby within the United States or to, or for the benefit of, U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Atlas Cloud Enterprises Inc., 308 East 5th Avenue, Vancouver, British Columbia, V5T 1H4, Telephone: 1-778-871-0357, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

December 27, 2017



ATLAS CLOUD ENTERPRISES INC.

\$3,000,000

**49,999,997 Common Shares and 49,999,997 Warrants issuable
upon exercise of 49,999,997 Special Warrants**

This preliminary short form prospectus (the "**Prospectus**") qualifies the distribution of 49,999,997 common shares (the "**Underlying Shares**") and 49,999,997 common share purchase warrants (the "**Underlying Warrants**") and, together with the Underlying Shares, the "**Underlying Securities**") of Atlas Cloud Enterprises Inc. (the "**Company**" or "**Atlas**") issuable upon deemed exercise of 49,999,997 special warrants (the "**Special Warrants**") previously issued on October 30, 2017 (the "**Closing Date**"), at a price of \$0.06 per Special Warrant (the "**Offering Price**") to purchasers resident in British Columbia (in addition to offshore purchasers) on a private placement basis pursuant to prospectus exemptions under applicable securities legislation (the "**Offering**"). The Special Warrants were issued pursuant to the terms of special warrant certificates (the "**Special Warrant Certificates**") issued by the Company.

There is no market through which the Special Warrants may be sold and investors may not be able to resell the Special Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the extent of issuer regulation. See "Risk Factors".

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Units upon deemed exercise of the Special Warrants.

Each Special Warrant entitles its holder to receive, upon deemed exercise on the Deemed Exercise Date (as defined below), one underlying unit to be comprised of one Underlying Share and one Underlying Warrant (an “**Underlying Unit**”), at no additional cost. Each Special Warrant shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, on the earlier of (the “**Deemed Exercise Date**”): (i) the date which is four months and a day after the Closing Date; and (ii) the date on which a receipt for the final prospectus of the Company qualifying the distribution of the Underlying Shares and Underlying Warrants is received by the Company.

The Company’s common shares (the “**Common Shares**”) are listed and posted for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**AKE**”. On October 17, 2017, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was \$0.08. On December 22, 2017, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was \$1.19.

	<u>Price to the Public</u>	<u>Net Proceeds to the Company⁽¹⁾</u>
Per Special Warrant	\$0.06	\$0.056
Total	\$3,000,000	\$3,000,000

(1) Before deducting the expenses of the Offering and the expenses of qualification for distribution of the Underlying Securities, which will be paid by the Company out of the gross proceeds of the Offering.

An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Risk Factors” and “Cautionary Statement Regarding Forward Looking Information”. Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

The CSE has approved the Offering, including the listing of the Underlying Shares. See “*Plan of Distribution*”.

Investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company has not authorized anyone to provide investors with information different from that contained or incorporated by reference in this Prospectus. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus.

Investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Special Warrants, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Special Warrants.

Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars.

The Company's head office is located at 308 East 5th Avenue, Vancouver, British Columbia, V5T 1H4. The Company's registered office is located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contains certain statements, which may constitute “forward-looking information” within the meaning of Canadian securities law requirements (“**forward-looking statements**”). These forward-looking statements are made as of the date of this Prospectus and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including “may”, “future”, “expected”, “intends” and “estimates”. By their very nature forward-looking statements involve 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 the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Certain forward- looking statements in this Prospectus include, but are not limited to the following:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business expansion into bitcoin mining services;
- the Company’s plans to grow sales and offer new products and services;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technologies companies specifically;
- the expected demand for the Company’s services;
- the Company’s future cash requirements; and
- the timing, pricing, completion, regulatory approval of proposed financings.

The above and other aspects of the Company’s anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward- looking statements are estimates reflecting the Company’s best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Company’s ability to obtain the necessary financing and the general impact of financial market conditions, the demand for the Company’s services, the success of the Company’s current and future development efforts, changes in prices of required commodities, competition, government regulations and other risks as set out under “Risk Factors” below.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the Provinces of Alberta, British Columbia and Ontario, are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the year ended May 31, 2017 dated December 8, 2017 (the “**Annual Information Form**”);
- the audited consolidated financial statements of the Company, and the notes thereto for the years ended May 31, 2017 and 2016, together with the auditors’ report thereon;
- the management’s discussion and analysis of financial condition and results of operations for the year ended May 31, 2017;
- the unaudited condensed interim consolidated financial statements of the Company for the three months ended August 31, 2017, and the notes thereto;
- the management’s discuss and analysis of financial condition and results of operations for the three months ended August 31, 2017;
- the management information circular of the Company dated May 26, 2017 distributed in connection with the Company’s annual and special general meeting of shareholders to be held on June 30, 2017;
- material change report dated December 22, 2017 with respect to the private placement of units of the Company completed on December 13 and 15, 2017;
- material change report dated December 22, 2017 with respect to the resignation of Martin Burian as a director of the Company and the appointment of Sean Bromley as a director of the Company; and
- material change report dated December 22, 2017 with respect to the acquisition of MKH Electric City Holdings LLC.

Material change reports (other than confidential reports), business acquisition reports, annual financial statements, interim financial statements, the associated management’s discussion and analysis of financial condition and results of operations and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion or withdrawal of the Offering, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may also be obtained on request without charge from charge from Atlas Cloud Enterprises Inc., 308 East 5th Avenue, Vancouver, British Columbia, V5T 1H4, Telephone: 1-778-871-0357.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under the Company’s profile on SEDAR at www.sedar.com after the date of this Prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated by reference into this Prospectus.

THE COMPANY

The Company was incorporated under the *Business Corporations Act* (Alberta) (the “**ABCA**”) on January 21, 2010 as “Sypher Resources Ltd.”. On July 23, 2014, in connection with a reverse takeover transaction with Atlas Cloud Enterprises (2013) Ltd. (“**ACE**”), the Company changed its name to “Atlas Cloud Enterprises Inc.” The Company is a reporting issuer in Canada in the Provinces of British Columbia, Alberta and Ontario.

The head office of the Company is located at 308 East 5th Avenue, Vancouver, British Columbia, V5T 1H4. The registered office of the Company is located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3.

The Company operates through its’ wholly-owned subsidiary, ACE, a company incorporated on August 15, 2013 under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), which carries on business in Vancouver, British Columbia. The Company’s primary business is the provision of co-location and back-up/redundancy IT and telecom equipment, and cloud computing, to small and medium businesses in Western Canada. The Company’s secondary business is the rental of software manufacturing facilities to technological start-up businesses. The Company intends to expand its business into the bitcoin mining services.

Co-Location and Cloud Services:

The Company is in the business of providing co-location and back-up/redundancy IT and telecom equipment, and cloud computing, to small and medium businesses in Western Canada.

There is a growing trend in the computing and information storage sectors towards cloud computing. Many businesses and non-profit organizations are moving away from the capital investment required to set up a network computer system and the on-going operating costs of maintaining a computer system, and are opting instead to use and pay only for the equipment and storage that they need, via the Internet, which is the essence of cloud computing. There is also a growing trend of businesses using off-site backup of their computer files, known as co-location. Co-location operates on the basis of having a second set of files or information stored on another computer at another location, which can be accessed if the business’s primary computers fail. The Company plans to capitalize upon both of these trends by offering both cloud computing services and co-location services.

To ensure security of its services, the Company invested in upgraded power supply, backup power supplies through batteries and generators, reinforced premises in case of earthquakes, emergency plans in case of floods or other natural disasters, and high-speed fibre optic access.

The co-location and cloud services business now has fully developed capabilities and growth opportunities exist by selling cloud and other services to existing and new information technology related businesses.

Software Manufacturing Rental Facilities:

In early December 2014, the Company executed an agreement to acquire the assets of The Cranium (“**Cranium**”), an entity providing software manufacturing rental facilities for startup and growth information technology companies. Cranium provides committed space to startup and growth IT 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 information technology sector. The Company is continuing to run and expand Cranium’s clientele base.

Blockchain Mining Services

The Company announced on November 15, 2017 its interest to expand its business to provide blockchain mining services. As of the date of this Prospectus, the Company has not provided any blockchain mining services but it has raised sufficient funds to develop the infrastructure to support such services.

For more information on the business of the Company, see “*General Description of the Business*” in the Annual Information Form.

RECENT DEVELOPMENTS

There have been no material developments in the Company’s business since December 8, 2017, the date of the Company’s Annual Information Form, which have not been disclosed in this Prospectus or the documents incorporated by reference therein, except as follows:

Bitcoin Mining Services

On November 15, 2017, the Company announced its interest to expand its business to provide blockchain mining services.

Board of Directors Changes

On December 19, 2017, the Company announced the appointment of Mr. Sean Bromley to the Board of Directors and the resignation of Mr. Martin Burian from the Board of Directors.

Equity Financing

On December 13 and 15, 2017, the Company completed a non-brokered private placement offering of 39,999,978 units at a price of \$0.35 per unit for gross proceeds of approximately \$14 million (the “**December Offering**”). Each unit consists of one Common Share and one transferable Common Share purchase warrant. Each Common Share purchase warrant entitles the holder thereof to acquire one additional Common Share at a price of \$0.75 per Common Share for 24 months following the date of issuance. All Common Shares issued in connection with the December Offering is subject to a voluntary hold period until May 15, 2018.

To date, proceeds from the December Offering have been used, or are intended to be used as follows:

- \$5,000,000 will be used for the acquisition of a geophysical redundancy facility for backup and archiving that is two seismic grids away with access to sub-\$0.03/kWh electricity;
- \$2,000,000 will be used for R&D for secure blockchain storage and backup/archiving products;
- \$1,000,000 will be used for secure, traceable media hosting and streaming products;
- \$2,000,000 will be used for production and development servers;
- \$1,000,000 will be used for hiring operational, security, and network teams; and
- the remaining amount will be used for general corporate purposes and future working capital.

MKH Acquisition

On December 20, 2017, the Company announced the intention to acquire MKH Electric City Holdings, LLC, a Washington State company which owns a 6,600-square-foot location, which the Company believes will be ideal for digital currency mining (the “**MKH Acquisition**”). The facility is currently being converted to host cryptocurrency mining servers. The Company intends to dedicate the facility to mining bitcoin.

The facility, located in Electric City, Washington, is less than five kilometres from the Grand Coulee dam, which impounds a sizable portion of the Columbia River. Due to its location, the facility significantly benefits from electrical provisioning at approximately three cents per kilowatt-hour, one of the least expensive commercial rates in the world. The Company’s energy consumption dedicated to digital currency mining for this individual location is

3.0 Mw, supplied by the Grant County Public Utility Department with the ability to upgrade to 5.0 Mw.

The cost of the facility is USD\$300,000, and the Company is expected to spend up to USD\$2.6 million in facility infrastructure costs and related expenses to retrofit the existing warehouse into a data centre. Completion of the MKH Acquisition is subject to a number of conditions, including but not limited to, approval of the CSE.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to the Offering, on the share and loan capital of the Company since August 31, 2017, the date of the Company's most recently filed financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at August 31, 2017 before giving effect to the Offering	As at August 31, 2017 after giving effect to the Offering	As at August 31, 2017 after giving effect to the Offering and the exercise of the Special Warrants
Share Capital (Common Shares - Authorized: unlimited)	\$1,955,868 22,068,481 Common Shares	\$1,955,868 22,068,481 Common Shares	\$4,955,867 72,068,478 Common Shares
Warrants	9,800	9,800	50,009,797
Special Warrants	-	49,999,997	-
Stock Options	2,200,000	2,200,000	2,200,000
Convertible debentures	\$112,857	\$112,857	\$112,857

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since August 31, 2017 except the following:

- (a) Subsequent to August 31, 2017, the Company reached a settlement agreement with the holders of the convertible debentures. All of the convertible debentures, plus outstanding interest owing, were converted into an aggregate of 4,217,647 Common Shares on October 30, 2017;
- (b) Subsequent to August 31, 2017, the Company issued a total of 39,999,978 units of the Company at \$0.35 per unit on December 13 and 15, 2017 for total gross proceeds of \$13,999,992.30. Each unit consists of one Common Share and one Common Share purchase warrant of the Company (see "*Prior Sales*"); and
- (c) Subsequent to August 31, 2017, a total of 3,775,000 stock options were granted (see "*Prior Sales*").

USE OF PROCEEDS

The net proceeds to the Company from the Offering is approximately \$2,888,000 after deducting the expenses in connection with the Offering and the estimated expenses of the Company in connection with the qualification for distribution of the Underlying Securities.

The Company intends to use the net proceeds from the Offering to acquire new computer hardware, to expand its current operations, and for general working capital.

Although the Company intends to use the proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events.

Pending the use of proceeds outlined above, the Company intends to invest the net proceeds of the Offering in investment grade, short-term, interest bearing deposits. The Chief Financial Officer is responsible for executing the Company's investment policies.

The Company had negative cash flow from operating activities for the interim period ended August 31, 2017. The Company will not use proceeds from the distribution under this Prospectus to fund negative cash flow, if any, from operating activities.

PLAN OF DISTRIBUTION

This Prospectus is being filed in the province of British Columbia to qualify the distribution of 49,999,997 Underlying Shares and 49,999,997 Underlying Warrants issuable upon the deemed exercise of 49,999,997 Special Warrants.

On October 30, 2017, the Company completed the Offering pursuant to prospectus exemptions under applicable securities legislation of 49,999,997 Special Warrants issued in the province of British Columbia (and in jurisdictions outside of Canada in compliance with laws applicable therein) on a private placement basis at a price of \$0.06 per Special Warrant.

Pursuant to the subscription agreement between the Company and the purchasers, the Company has agreed to prepare and file this Prospectus under applicable securities laws in the Province of British Columbia, where the Special Warrants were sold, to use all commercially reasonable efforts to satisfy all comments from the BCSC with respect to this Prospectus and to obtain a final receipt from the BCSC, as principal regulator, qualifying the distribution of the Special Warrants in British Columbia.

Any Underlying Securities issued upon the exercise of Special Warrants prior to the issuance of a receipt for the final prospectus of the Company qualifying the distribution of the Underlying Shares and Underlying Warrants will be subject to relevant hold periods under applicable securities legislation. Since the Closing Date, no Special Warrants have been exercised.

The Common Shares are listed and posted for trading on the CSE under the trading symbol "AKE". On October 17, 2017, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was \$0.08. On December 22, 2017, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was \$1.19. The CSE has approved the Offering, including the listing of the Underlying Shares and the Common Shares issued upon the exercise of the Underlying Warrants in accordance with the terms of the certificates representing the Underlying Warrants.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within any state of the United States of America, its territories, possessions or the District of Columbia (the "U.S.") or to, or for the account or benefit of, U.S. Persons. None of the Underlying Securities have been or will be registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Special Warrants may not be exercised by or on behalf of a U.S. Person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Underlying Securities will bear, or will be deemed to bear, appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

This Prospectus qualifies for distribution Underlying Units, consisting of: 49,999,997 Underlying Shares and 49,999,997 Underlying Warrants of the Company issuable for no additional consideration upon deemed exercise of 49,999,997 Special Warrants. The Special Warrants Certificates were issued on the Closing Date.

Underlying Shares

The Underlying Shares are Common Shares of the Company. The Company is authorized to issue an unlimited number of Common Shares without par value and without special rights or restrictions attached. As of December 27, 2017 there were 62,068,459 Common Shares issued and outstanding.

All of the Common Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No Common Shares have been issued subject to call or assessment. There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions applicable thereto; nor are there any sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring shareholders to contribute additional capital.

Underlying Warrants

Each Underlying Warrant is exercisable into one Common Share of the Company until October 30, 2019 at an exercise price of \$0.08. The holding of Underlying Warrants does not make the holder thereof a shareholder of the Company or entitle the holder to any right or interest in respect thereof except as expressly provided in the Special Warrant Certificates.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities exercisable or convertible into Common Shares:

<u>Date of Issuance</u>	<u>Number of Securities Issued</u>	<u>Issue/Exercise Price</u>
October 30, 2017	4,217,647 Common Shares ⁽¹⁾	\$0.25
November 29, 2017	1,800,000 Options ⁽²⁾	\$1.00
December 13, 2017	39,580,836 Units ⁽³⁾	\$0.35
December 13, 2017	1,475,000 Options ⁽⁴⁾	\$1.00
December 15, 2017	419,142 Units ⁽⁵⁾	\$0.35
December 19, 2017	500,000 Options	\$1.00

⁽¹⁾ Issued pursuant to the Company's settlement of convertible debentures in the principal amount of \$1,023,000 plus accrued interest of \$31,361.72 outstanding as of October 30, 2017.

⁽²⁾ Expire November 29, 2022 and vest immediately upon grant.

⁽³⁾ Each unit consists of one Common Share and one Common Share purchase warrant entitling the holder thereof to acquire one additional Common Share at a price of \$0.75 per Common Share until December 13, 2019.

⁽⁴⁾ Expire December 13, 2022 and vest immediately upon grant.

⁽⁵⁾ Each unit consists of one Common Share and one Warrant entitling the holder thereof to acquire one additional Common Share at a price of \$0.75 per Common Share until December 15, 2019.

TRADING PRICE AND VOLUME

Up to July 25, 2014, the Common Shares of the Company were traded on the CSE under the trading symbol "SYP". On July 16, 2014, the Company changed its name to "Atlas Cloud Enterprises Inc." and thereafter on July 25, 2014, its Common Shares began trading on the CSE under the trading symbol "AKE".

The table below summarizes the range and volume of trading prices of Common Shares on the CSE for each of the months stated:

Month	Price Range (\$)		Total Volume
	High	Low	
December 1 - 27, 2017	1.49	0.91	11,028,242
November 2017	1.25	0.30	19,222,447
October 2017	0.50	0.125	5,681,700
September 2017	-	-	-
August 2017	0.08	0.08	4,000
July 2017	0.12	0.08	36,000
June 2017	0.12	0.12	11,000
May 2017	-	-	-
April 2017	-	-	-
March 2017	0.13	0.09	6,500
February 2017	0.13	0.11	3,000
January 2017	0.13	0.11	44,000
December 2016	0.15	0.13	5,000

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "Risk Factors" in the Annual Information Form, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "Cautionary Statement Regarding Forward-Looking Information", before deciding to purchase the Units. Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

The market price of the Underlying Shares and Underlying Warrants may be volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors included macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Underlying Shares and Underlying Warrants is also likely to be significantly affected by changes in the financial condition or results of operations as reflected in the Company's financial reports. As a result of any of these factors, the market price of the Underlying Shares and Underlying Warrants at any given point in time may not accurately reflect the long-term value of the Company.

Market for the Special Warrants, the Underlying Securities and the Common Shares

There is no market through which the Special Warrants may be sold and purchasers may not be able to resell the Special Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity and the extent of issuer regulation. An investment in the Special Warrants and the Underlying Securities should only be made by those persons who can afford the loss of their entire investment.

Future sales or issuances of Common Shares could, dilute investors' voting power and reduce the Company's earnings per share.

The Company may sell additional Common Shares in subsequent offerings (including through the sale of Common Shares or securities convertible into Common Shares). It may also issue Common Shares to finance future acquisitions and other projects. The Company cannot predict the size of future issuances of Common Shares or the effect, if any, that future issuances and sales of Common Shares will have on the market price of the Common Shares. Sales or issuances of a substantial number of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

Completion of the MKH Acquisition

The closing of the MKH Acquisition is expected to occur subsequent to the date of this Prospectus. See "*Recent Developments – MKH Acquisition*" for expected closing date. There can be no assurance that the Company will complete the MKH Acquisition on the basis described herein or on the expected closing date, or at all. If the Company does not complete the MKH Acquisition or any part thereof, it could have a material adverse effect on the Company.

Use of proceeds

The Company intends to allocate the net proceeds received from the Offering as described under the section entitled "*Use Of Proceeds*" in this Prospectus. However, management will have discretion in the actual application of the net proceeds, and the Company may elect to allocate proceeds differently from that described in "*Use Of Proceeds*" if the Company believes it would be in its best interests to do so. The failure by management to apply these funds effectively could have a material adverse effect on the Company's business.

The Company has discretion in the use of net proceeds

The Company intends to use the net proceeds from this Offering as set forth under "Use of Proceeds"; however, the Company maintains broad discretion to use the net proceeds from this Offering in ways that it deems most efficient. The failure to apply the net proceeds as set forth under "Use of Proceeds" and other financings could adversely affect the Company's business and, consequently, could adversely affect the price of the Common Shares on the open market.

Negative Cash Flow from Operations

During the fiscal year ended May 31, 2017 and the three month period ended August 31, 2017, the Company had negative cash flow from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities, if any.

The Company has no record of paying dividends.

The Company has paid no dividends on the Common Shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including operating results, financial condition, capital requirements, business opportunities and restrictions contained in any financing agreements.

If any of the foregoing events, or other risk factor events not described herein occur, the Company's business, financial condition or results of operations could suffer. In that event, the market price of our securities could decline and investors could lose all or part of their investment.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The Company encourages each security holder to consult with its own tax or professional advisor to understand the tax considerations generally applicable with purchasing or owning the Underlying Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are MNP LLP, Chartered Professional Accountants, Vancouver, British Columbia. MNP LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by McMillan LLP, on behalf of the Company. As at the date hereof, the partners and associates of McMillan LLP, as a group beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some provinces, revisions of the price or damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF RESCISSION

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires the Underlying Securities on the exercise or deemed exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this prospectus or an amendment to this prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise or deemed exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired,
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant, and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

CERTIFICATE OF THE COMPANY

Dated: December 27, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the province of British Columbia.

“Frederick Stearman”

Frederick Stearman
Chief Executive Officer and President

“Yana Popova”

Yana Popova
Chief Financial Officer and Director

On Behalf of the Board of Directors

“Dr. John Veltheer”

Dr. John Veltheer
Director

“Sean Bromley”

Sean Bromley
Director