

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Issuer:**

BellRock Brands Inc. ("**BellRock**" or the "**Company**")
4880 Havana Street, Suite 300-S
Denver, Colorado 80239
U.S.A

2. **Date of Material Change:**

April 20, 2021 and April 23, 2021

3. **News Release:**

The news releases announcing the material change were issued and disseminated on April 20, 2021 and April 23, 2021 and each subsequently filed on SEDAR.

4. **Summary of Material Change:**

The Company has arranged for a bridge financing (the "**Bridge Loan**") of up to US\$4,000,000 from a consortium of insiders and a strategic institutional investor (the "**Investor**"). The Bridge Loan is connected to a potential, separate transaction with the same Investor that could result in an equity financing of US\$30,000,000 (the "**Equity Financing**").

5. **5.1 – Full Description of Material Change:**

On April 20, 2021, the Company announced that it had arranged for the Bridge Loan with a group of insiders and the Investor, which could lead to a potential Equity Financing with the same Investor.

In accordance with the terms of the Bridge Loan, investors are providing the Company with an initial financing in the amount of up to US\$4,000,000 at an annual interest rate of 15%, with quarterly interest payments. The Bridge Loan is secured against the Company's assets. The Company has the right to prepay the Bridge Loan without penalty or premium provided that in the event of any such prepayment the investors receive a minimum yield equal to 6 months' interest on the principal amount of the Bridge Loan. BellRock intends to use the net proceeds from the Bridge Loan for funding additional working capital, as the parties finalize the Equity Financing.

The Equity Financing is expected to be structured as an initial US\$30,000,000 investment into BellRock by the investors in the form of equity units at a price per unit of US\$0.0685 with each unit comprised of one (1) common share and one (1) common share purchase warrant exercisable within 48 months following the date of issuance at a price of US\$0.10 per share.

If the warrants are fully exercised, the total gross proceeds from the Equity Financing would be US\$75,000,000. Completion of the Equity Financing is subject to satisfaction of numerous conditions, including execution of definitive agreements and receipt of all applicable third party and regulatory approvals. In the event BellRock chooses not to consummate the Equity Transaction, the Company will be responsible to pay the Investor's legal fees, up to a maximum of US\$175,000,

subject to certain exceptions, as well as a break-fee, tied to the Bridge Note, in the amount of US\$200,000.

Certain directors, officers or other insiders of the Company (collectively, "**Related Parties**") invested in the Bridge Loan. As a result of the participation of such Related Parties in the Bridge Loan, the Bridge Loan constitutes a related party transaction for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Notwithstanding such participation, however, the Bridge Loan is exempt from the formal valuation and minority approval requirements of MI 61-101 by virtue of Sections 5.5(b) and 5.7(1)(a) of MI 61-101 on the basis that (i) no securities of the Company are listed or quoted on the markets specified in Section 5.5(b) of MI 61-101, and (ii) at the time the terms of the Bridge Loan were agreed upon, neither the fair market value of, nor the fair market value of the consideration for, the portion of the Bridge Loan invested by the Related Parties exceeded 25% of the Company's market capitalization (as determined in accordance with MI 61-101). In addition, participation in the Bridge Loan by the Related Parties will not have an effect on the percentage of equity securities of the Company beneficially owned or controlled by any such Related Parties.

The terms of the Bridge Note were negotiated with arm's length investors rather than with the Related Parties. As a result, the board of directors of the Company determined that it was not necessary to establish a special committee in connection with the Bridge Loan or the participation of the Related Parties in the Bridge Loan as each such Related Party disclosed its participation in the Bridge Loan. No materially contrary view or abstention was expressed or made by any director of the Company in relation thereto. A formal valuation was not obtained by the Company in connection with the Bridge Loan, and there is no prior valuation in respect of the Company that relates to or is otherwise relevant to the Bridge Loan.

The Company did not file this material change report more than 21 days before the expected closing date of the Bridge Loan as the details of the Bridge Loan and the total amounts to be invested by the Related Parties were not settled until shortly prior to the completion of the Bridge Loan, and the Company wished to complete the Bridge Loan on an expedited basis for sound business reasons.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

7. **Omitted Information:**

No significant facts remain confidential in, and no information has been omitted from, this report.

8. **Executive Officer:**

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

C.J. Chapman, General Counsel; cchapman@dixiebrands.com.

9. **Date of Report**

April 26, 2021.