

FORM 51-102F3
MATERIAL CHANGE REPORT
(Amended)

1. **Name and Address of Company**

Hydro66 Holdings Corp. (the “**Company**”)
Suite 401, 217 Queen Street West
Toronto, Ontario M5V 0R2

2. **Date of Material Change**

July 12, 2019

3. **News Release**

A press release disclosing the material change was released on July 12, 2019 through the facilities of GlobeNewswire.

4. **Summary of Material Changes**

The Company announced the completion of its previously announced private placement of 3,649,950 units (the “**Units**”) at a price of C\$0.50 per Unit (the “**Issue Price**”) for gross proceeds of C\$1,824,975 (the “**Offering**”). Each Unit is comprised of one common share in the capital of the Company (a “**Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder to purchase one additional Share at an exercise price of C\$0.75 per Share until July 12, 2021. EMD Financial Inc. acted as finder in the Offering.

5. **Full Description of Material Change**

A full description of the material change is described in the Company’s press release dated July 12, 2019, which is attached as Schedule “A” hereto.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

(a) a description of the transaction and its material terms:

Certain related parties of the Company (the “**Related Parties**”), subscribed for an aggregate of 1,907,520 Units issued pursuant to the Offering.

(b) the purpose and business reasons for the transaction:

The net proceeds of the Offering will be used to expand the Company’s operations and for working capital and general corporate purposes.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

The completion of the Offering provided the Company with funds to be used to expand the Company’s operations and for working capital and general corporate purposes.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

The Related Parties' participation in the Offering consisted of subscriptions for an aggregate of 1,907,520 Units as follows:

| Name | Position | Number of Units | Aggregate Price |
|--------------|-------------------------|------------------------|------------------------|
| David Rowe | Director and 10% holder | 1,318,200 | \$659,100 |
| Robert Keith | Director and 10% holder | 589,320 | \$294,660 |

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Prior to the completion of the Offering, Mr. Rowe held 49,915,450 Shares, representing approximately 39.30% of the issued and outstanding Shares on an undiluted basis, 12,478,863 Warrants and convertible securities entitling him to acquire additional Shares of the Company which, if converted, in the aggregate would represent 45.66% of the issued and outstanding Shares of the Company. After completion of the Offering, Mr. Rowe holds an aggregate of 51,233,650 Shares, representing approximately 39.21% of the issued and outstanding Shares on an undiluted basis, 13,797,063 Warrants and convertible securities entitling him to acquire additional Shares of the Company which, if converted (and assuming the conversion of Mr. Rowe's outstanding USD\$600,000 convertible loan into 1,782,409 Shares, using the closing price of the Company's shares on July 11, 2019 and the Bank of Canada exchange rate on July 11, 2019 for conversion to Canadian dollars), he would hold an aggregate of 67,413,122 Shares or approximately 45.91% of the issued and outstanding Shares of the Company, on a partially diluted basis.

Prior to the completion of the Offering, Mr. Keith held 36,934,254 Shares, representing approximately 29.08% of the issued and outstanding Shares on an undiluted basis, 9,233,563 Warrants and convertible securities entitling him to acquire additional Shares of the Company which, if converted, in the aggregate would represent 34.53% of the issued and outstanding Shares of the Company. Following completion of the Offering, Mr. Keith holds an aggregate of 37,523,574 Shares, representing approximately 28.72% of the issued and outstanding Common Shares on an undiluted basis, 9,822,883 Warrants and convertible securities entitling him to acquire additional Shares of the Company which, if converted (and assuming the conversion of Mr. Keith's outstanding USD\$450,000 convertible loan into 1,336,806 Shares, using the closing price of the Company's shares on July 11, 2019 and the Bank of Canada exchange rate on July 11, 2019 for conversion to Canadian dollars), he would hold an aggregate of 48,683,263 Shares or approximately 34.33% of the issued and outstanding Shares of the Company, on a partially diluted basis.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed on July 12, 2019 approving the Offering, with the Related Parties, as applicable, abstaining from voting in respect of their respective participation in the Offering. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than the subscription agreements to purchase the Units pursuant to the Offering, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The participation in the Offering by the Related Parties is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the Related Parties nor the consideration being paid by the Related Parties exceeded 25% of the Company's market capitalization.

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

The report is not being filed on a confidential basis.

7. **Omitted Information**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

For further information, contact Richard Patricio, Director of the Company at (416) 479-4094.

9. **Date of Report.**

This report is dated at Toronto, this 17th day of July, 2019.

SCHEDULE "A"



Hydro66 Holdings Corp. | 365 Bay Street, Suite 400 Toronto, Ontario, M5H 2V1 | investors@hydro66.com | CSE Symbol: SIX

NEWS RELEASE

July 12, 2019

Hydro66 Closes Private Placement Financing for Gross Proceeds of \$1.8 Million and Withdraws from Merger with Whinstone

Boden, Sweden, July 12, 2019 - **Hydro66 Holdings Corp. ("Hydro66" or the "Company") (CSE: SIX) (OTCQB:HYHDF)** is pleased to announce that it has closed its previously announced non-brokered private placement, raising gross proceeds of \$1,824,975 through the issuance of 3,649,950 units ("**Units**") of the Company at a price of C\$0.50 per Unit (the "**Offering**"). Each unit is comprised of one common share (a "**Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder to purchase one additional Share of the Company at an exercise price of C\$0.75 until July 12, 2021.

The Company intends to use the net proceeds from the Offering to purchase additional ASIC + GPU equipment to expand the Company's blockchain services operations at its award-winning data centre as well as for general working capital and corporate purposes.

Certain insiders (the "**Insiders**") of the Company subscribed for an aggregate of 1,907,520 Units pursuant to the Offering. The participation by such Insiders in the Offering constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related parties nor the consideration being paid by the related parties will exceed 25% of the Company's market capitalization. The participants in the Offering and the extent of such participation were not finalized until shortly prior to the closing of the Offering. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the Offering pursuant to a material change report at least 21 days prior to the completion date.

On closing of the Offering, the Company paid to EMD Financial Inc. (the "**Finder**") a cash commission of \$36,900, equal to 6% of the proceeds raised from subscribers introduced to the Company by such Finder, and issued 73,800 finder warrants (the "**Finder Warrants**"), equal to 6% of the Units purchased by such subscribers pursuant to the Offering. Each Finder Warrant entitles the holder to acquire one Share of the Company exercisable at a price of \$0.75 per Share until July 12, 2021.

All securities issued in connection with the Offering are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Furthermore, Hydro66 also announces that they have notified Whinstone US Inc. (“**Whinstone**”) today that they are withdrawing from the current process as they are unable to complete the merger as initially proposed. Hydro66 will continue to pursue further strategic long-term blockchain infrastructure opportunities to enhance and scale its current footprint.

David Rowe, Chairman, said, “Although we were unable to complete the transaction as we initially envisaged, we would like to thank Whinstone for their cooperation and wish them every success in achieving their goals.” We will continue to focus on driving revenue from Blockchain and HPC activities in our award-winning Swedish Datacenter and look for further growth opportunities in the sector.”

FOR MORE INFORMATION, PLEASE CONTACT:

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About Hydro66

Hydro66 owns and operates an award-winning colocation data centre in Sweden specializing in High Performance Computing (“HPC”) hosting. The Company hosts third party IT infrastructure, utilizing 100% green power, at amongst the EU’s lowest power prices and within an ISO27001 accredited facility.

Hydro66 is uniquely positioned to capitalize on opportunities in blockchain infrastructure as well as the traditional Enterprise colocation data centre market. The Company provides truly green power at a leading price, purpose-built space and cooling, telecoms, IT support services and 24/7 physical security in their facility in Boden, Sweden. www.hydro66.com

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. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and co-operations, budgets, cost and plans and objectives of or involving the Company. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “predicts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. 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 impact of general economic conditions, industry conditions and dependence upon regulatory approvals. *Certain material assumptions regarding such forward-looking statements may be discussed in this news release and the Company’s annual and quarterly management’s discussion and analysis filed at www.sedar.com.* 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. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.