

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. Name and Address of Company**

Hydro66 Holdings Corp. (the “**Company**”)  
736 Granville Street, Suite 1100,  
Vancouver, British Columbia, V6Z 1G3

**2. Date of Material Change**

March 31, 2020

**3. News Release**

A press release disclosing the material change was released on March 31, 2020, through the facilities of Newsfile Corp.

**4. Summary of Material Change**

The Company announced that, on March 31, 2020, it had entered into a secured convertible loan agreement with David Rowe, a significant shareholder and a director of the Company, and with Robert Keith, a significant shareholder of the Company (the “**Loan Agreement**”).

The maximum amount of the loan will be USD\$1,000,000 (the “**Loan**”) in the aggregate, convertible at the market price of the common shares at the date of conversion, with the initial advance of USD\$300,000 to be advanced on or before April 6, 2020 (using a Bank of Canada exchange rate on March 27, 2020 for conversion of amounts advanced in USD to Canadian dollars) (the “**Initial Advance**”). The remaining amounts of the Loan may be requested by the Company, if necessary, on or before December 31, 2021, in multiples of USD\$100,000 unless otherwise agreed by the lenders. The Company will request that any amount advanced be made in Canadian dollars, however, the Company acknowledges that the lenders may make advances in either British Sterling or USD.

The Loan will be evidenced by second ranking secured convertible promissory notes in favour of the lenders for each advance under the Loan (the “**Notes**”). The maturity date of the principal amount, interest and any fees of the Loan is seven (7) years from the date of the Initial Advance and the rate of interest is 10% per annum. The interest for the initial two (2) years of the Loan shall not be payable until such time as the Loan is repaid in full.

The Loan will be secured by a general security interest, ranking second to a previous secured loan granted by the Company in 2018, over all of the assets of the Company, and through a guarantee of the Company’s operating subsidiary in Sweden. Under the general security agreement, the Company will agree, among other things, to not pledge, sell, lease or otherwise dispose of its assets, other than in the normal course, without prior written consent of the Note holder.

The Notes issued pursuant to the transaction and any Common Shares issued on conversion of the Notes will be subject to a statutory hold period in Canada of four months and one day following the issuance of the Notes in accordance with applicable securities laws. Additional resale restriction may be applicable under the laws of other jurisdictions.

## 5. Full Description of Material Change

The material change is fully described in the Company’s press release dated March 31, 2020, which is attached as Schedule “A” and is incorporated herein.

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**”) completed the Initial Advance on April 2, 2020. The Company granted the Notes to the Related Parties on the same date.

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

The funds advanced under the Loan (including the Initial Advance) will be used for working capital and general corporate purposes.

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

The Loan (including the Initial Advance) will provide the Company with funds to be used 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 advanced an aggregate of USD\$300,000 as follows:

Name	Position	Initial Advance
David Rowe	Director and 10% holder	USD\$173,000
Robert Keith	10% holder	USD\$127,000

**(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:**

Immediately prior to the execution of the Loan Agreement, David Rowe had ownership and control over a total of 51,233,650 common shares of the Company, representing 39.21% of the issued and outstanding common shares. Assuming a conversion by Mr. Rowe of all of the amounts owing or potentially owing under the Loan Agreement, using a Bank of Canada exchange rate on March 27, 2020 and a conversion price for all amounts under the Loan Agreement of C\$0.09 per share being the trading price of the common shares on close of business day immediately prior to the entering of the Loan Agreement, Mr. Rowe would acquire ownership and control over a total of 8,995,840 common shares of the Company, representing 6.44% of the issued and

outstanding common shares. Immediately following such conversion, together with the common shares already owned by Mr. Rowe and assuming conversion of convertible securities of the Company held by Mr. Rowe, Mr. Rowe would have ownership and control over 85,197,019 common shares of the Company, representing 44.94% of the issued and outstanding common shares on a partially diluted basis.

Immediately prior to the execution of the Loan Agreement, Robert Keith had ownership and control over a total of 37,523,574 common shares of the Company, representing 28.72% of the issued and outstanding common shares. Assuming a conversion by Mr. Keith of all of the amounts owing or potentially owing under the Loan Agreement, using a Bank of Canada exchange rate on March 27, 2020 and a conversion price for all amounts under the Loan Agreement of C\$0.09 per share being the trading price of the common shares on close of business day immediately prior to the entering of the Loan Agreement, Mr. Keith would acquire ownership and control over a total of 6,621,937 common shares of the Company, representing 4.82% of the issued and outstanding common shares. Immediately following such conversion, together with the common shares already owned by Mr. Keith and assuming conversion of convertible securities of the Company held by Mr. Keith, Mr. Keith would have ownership and control over 60,215,505 common shares of the Company, representing 35.54% of the issued and outstanding common shares 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 March 31, 2020 approving the Loan Agreement. 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 Loan Agreement (and other documentation ancillary to the Loan Agreement), the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Loan. 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 Loan.

- (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 funds advanced by the Related Parties in connection with the Initial Advance 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 Alex Johnstone, CFO of the Company at +44 (0) 7801 576 149.

**9. Date of Report**

This report is dated at Toronto, this 3<sup>rd</sup> day of April, 2020.

## SCHEDULE “A”



### HYDRO66 ANNOUNCES ENTERING INTO OF CONVERTIBLE LOAN AGREEMENT

**March 31, 2020 – Toronto, Ontario** – Hydro66 Holdings Corp. (the “**Company**” or “**Hydro66**”) (CSE: SIX) is pleased to announce that today it has entered into a secured convertible loan agreement with David Rowe, a significant shareholder and a director of the Company, and with Robert Keith, a significant shareholder of the Company (the “**Loan Agreement**”).

The maximum amount of the loan will be USD\$1,000,000 (the “**Loan**”) in the aggregate, convertible at the market price of the common shares at the date of conversion, with the initial advance of USD\$300,000 to be advanced on or before April 6, 2020 (using a Bank of Canada exchange rate on March 27, 2020 for conversion of amounts advanced in USD to Canadian dollars) (the “**Initial Advance**”). The remaining amounts of the Loan may be requested by the Company, if necessary, on or before December 31, 2021, in the same amounts as advanced by such lender under the Initial Advance. The Company will request that any amount advanced be made in Canadian dollars, however, the Company acknowledges that the lenders may make advances in either British Sterling or USD.

The Loan will be evidenced by second ranking secured convertible promissory notes in favour of the lenders for each advance under the Loan (the “**Notes**”). The maturity date of the principal amount, interest and any fees of the Loan is seven (7) years from the date of the Initial Advance and the rate of interest is 10% per annum. The interest for the initial two (2) years of the Loan shall not be payable until such time as the Loan is repaid in full.

The Loan will be secured by a general security interest, ranking second to a previous secured loan granted by the Company in 2018, over all of the assets of the Company, and through a guarantee of the Company’s operating subsidiary in Sweden. Under the general security agreement, the Company will agree, among other things, to not pledge, sell, lease or otherwise dispose of its assets, other than in the normal course, without prior written consent of the Note holder.

The Notes issued pursuant to the transaction and any Common Shares issued on conversion of the Notes will be subject to a statutory hold period in Canada of four months and one day following the issuance of the Notes in accordance with applicable securities laws. Additional resale restriction may be applicable under the laws of other jurisdictions.

The transaction constituted a related party transaction within the meaning of Multilateral Instrument 61-101 (“**MI 61-101**”) as certain insiders of the Company agreed to advance USD\$1,000,000 in connection with the Loan (using a Bank of Canada exchange rate on March 27, 2020 for conversion of amounts advanced in USD to Canadian dollars). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the transaction by the insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the first advance of the Loan, which the Company deems reasonable in the circumstances in order to complete the transaction in an expeditious manner.

Immediately prior to the execution of the Loan Agreement, David Rowe had ownership and control over a total of 51,233,650 common shares of the Company, representing 39.21% of the issued and outstanding common shares. Assuming a conversion by Mr. Rowe of all of the amounts owing or potentially owing

under the Loan Agreement, using a Bank of Canada exchange rate on March 27, 2020 and a conversion price for all amounts under the Loan Agreement of C\$0.09 per share being the trading price of the common shares on close of business day immediately prior to the entering of the Loan Agreement, Mr. Rowe would acquire ownership and control over a total of 8,995,840 common shares of the Company, representing 6.44% of the issued and outstanding common shares. Immediately following such conversion, together with the common shares already owned by Mr. Rowe and assuming conversion of convertible securities of the Company held by Mr. Rowe, Mr. Rowe would have ownership and control over 85,197,019 common shares of the Company, representing 44.94% of the issued and outstanding common shares on a partially diluted basis.

Immediately prior to the execution of the Loan Agreement, Robert Keith had ownership and control over a total of 37,523,574 common shares of the Company, representing 28.72% of the issued and outstanding common shares. Assuming a conversion by Mr. Keith of all of the amounts owing or potentially owing under the Loan Agreement, using a Bank of Canada exchange rate on March 27, 2020 and a conversion price for all amounts under the Loan Agreement of C\$0.09 per share being the trading price of the common shares on close of business day immediately prior to the entering of the Loan Agreement, Mr. Keith would acquire ownership and control over a total of 6,621,937 common shares of the Company, representing 4.82% of the issued and outstanding common shares. Immediately following such conversion, together with the common shares already owned by Mr. Keith and assuming conversion of convertible securities of the Company held by Mr. Keith, Mr. Keith would have ownership and control over 60,215,505 common shares of the Company, representing 35.54% of the issued and outstanding common shares on a partially diluted basis.

The Note is intended to be acquired for investment purposes. Messrs. Rowe and Keith have a long-term view of the investment and may acquire additional securities of the Company either on the open market or through private acquisitions or sell securities of the Company either on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other relevant factors. A copy of Messrs. Rowe and Keith's early warning report will appear on the Company's profile on SEDAR within two days following the issuance of the Note and may also be obtained at such time by calling (416) 361-2817 (Suite 401, 217 Queen Street West, Toronto, Ontario, M5V 0R2).

### ***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.

For more information please visit: [www.hydro66.com](http://www.hydro66.com)

### **FOR MORE INFORMATION, PLEASE CONTACT:**

Paul Morrison  
Chief Commercial Officer of Hydro66 UK Limited  
[paul.morrison@hydro66.com](mailto:paul.morrison@hydro66.com)  
(+44) 7789 915 147

or

Jason Atkinson  
Director of Corporate Development  
[Jason.atkinson@hydro66.com](mailto:Jason.atkinson@hydro66.com)  
(647) 938-5266

*Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.*

***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](http://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.*

*Not for distribution to U.S. Newswire Services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. Securities laws.*