

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

1. **Name and Address of Company**

Data Deposit Box Inc. (the “**Company**”)
1 Eglinton Avenue East, Suite 703
Toronto, Ontario, M4P 3A1

2. **Date of Material Change**

December 28, 2016

3. **News Release**

A press release disclosing the material change was released on December 28, 2016, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

The Company announced that it has closed the second and final tranche (the “**Second Tranche**”) of a non-brokered private placement (the “**Offering**”), issuing 14,469,498 units (the “**Units**”) at a price of \$0.055 per Unit (the “**Purchase Price**”) for gross proceeds of \$795,822. Each Unit consists of one common share of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share at a price of CDN \$0.07 per Common Share for a period of twenty-four (24) months from the date of issuance (the “**Warrant Term**”), provided, however, that should the closing price at which the Common Shares trade on the Canadian Securities Exchange (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed \$0.15 for 20 consecutive trading days at any time following the date that is four months and one day after the date of issuance, the Company may accelerate the Warrant Term (“**Reduced Warrant Term**”) such that the Warrants shall expire on the date that is 30 calendar days following the date a press release is issued by the Company announcing the Reduced Warrant Term. Gross proceeds raised from the Offering will be used for marketing, product development, debt reduction and general operating expenses.

5. **Full Description of Material Change**

A full description of the material change is described in the Company’s press release dated December 28, 2016, 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:**

Chris Irwin, a director and Secretary of the Company (the “**Related Party**”), subscribed for 363,636 Units issued pursuant to the closing of the Second Tranche.

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

Gross proceeds raised from the Second Tranche will be used for marketing, product development, debt reduction and general operating expenses.

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

The Completion of the Second Tranche will provide the Company with funds to be used for marketing, product development, debt reduction and general operating expenses.

(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 Party participation in the Second Tranche consisted of a subscription for 363,636 Units at the Purchase Price.

(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 Second Tranche, Mr. Irwin held 250,000 Common Shares, 250,000 Warrants and 250,000 stock options. Upon closing of the Second Tranche, Mr. Irwin will hold an aggregate of 613,636 Common Shares, representing approximately 0.97% of the issued and outstanding Common Shares on an undiluted basis, and an aggregate of 613,636 Warrants. In the event that Mr. Irwin exercises his Warrants and stock options, he would hold an aggregate of 1,477,272 Common Shares, or approximately 2.3% of the issued and outstanding Common 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 November 11, 2016 approving the Second Tranche. 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 Second Tranche, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Second Tranche. 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 Second Tranche.

(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 Second Tranche constituted a related party transaction within the meaning of MI 61-101 as an insider of the Company subscribed for 363,636 Units. Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the Company nor, to the knowledge of the Company after reasonable inquiry, the Related Party have knowledge of any material information concerning the Company or its securities that has not been generally disclosed. The participants in the Second Tranche and the extent of such participation were not finalized until shortly prior to the completion of the Second Tranche. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the Second Tranche pursuant to a material change report filed at least 21 days prior to the completion of the Second Tranche.

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 Troy Cheeseman, President and Chief Operating Officer of the Company at Toronto: (647) 725-0307.

9. **Date of Report.**

This report is dated at Toronto, this 5th day of January, 2017.

DATA DEPOSIT BOX INC.

Per: “Chris Irwin” (Signed)
Chris Irwin
Secretary

SCHEDULE "A"



DATA DEPOSIT BOX

So Simple, So Smart

**DATA DEPOSIT BOX ANNOUNCES COMPLETION
OF PRIVATE PLACEMENT RAISING
AGGREGATE GROSS PROCEEDS OF \$1,495,622**

December 28, 2016

TORONTO, CANADA, Data Deposit Box Inc. (the "Company") (CSE: **DDB**, OTCQB: **DDBXF**, Frankfurt: **2DD**), a global provider of cloud backup and recovery technology, is pleased to announce, further to its press release dated November 11, 2016, the completion of its non-brokered private placement financing (the "Offering").

The Company is pleased to announced that it has completed the second and final tranche (the "**Second Tranche**") of the Offering effective today, issuing 14,469,498 units (each, a "**Unit**") at a price of \$0.055 per Unit for gross proceeds of \$795,822. The aggregate gross proceeds raised pursuant to the Offering was \$1,495,622 through the issuance of 27,193,134 Units.

Each Unit issued pursuant to the Second Tranche consists of one common share in the capital of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"), entitling the holder thereof to purchase one Common Share at a price of \$0.07 per Common Share for a period of twenty-four (24) months from the date of issuance (the "**Warrant Term**"), provided, however, that should the closing price at which the Common Shares trade on the Canadian Securities Exchange (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed \$0.15 for 20 consecutive trading days at any time following the date that is four months and one day after the date of issuance, the Company may accelerate the Warrant Term ("**Reduced Warrant Term**") such that the Warrants shall expire on the date which is 30 calendar days following the date a press release is issued by the Company announcing the Reduced Warrant Term.

Certain eligible persons (the "**Finders**") were paid a cash commission equal to 6% of the proceeds raised from subscribers introduced to the Company by such Finder and also issued an aggregate of 255,188 finder warrants (the "**Finder Warrants**") to Finders, each Finder Warrant entitling the holder to acquire one Common Share at a price of \$0.055 for a period of twenty-four (24) months from the date of issuance, subject to the Reduced Warrant Term.

The aggregate net proceeds from the raised from the Offering will be used for marketing, product development, debt reduction and general operating expenses. All securities issued pursuant to the Second Tranche are subject to a statutory hold period expiring on April 29, 2017 in accordance with applicable securities legislation.

One director of the Company (the “**Related Party**”) participated in the Second Tranche, which participation 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 Company nor, to the knowledge of the Company after reasonable inquiry, the Related Party have knowledge of any material information concerning the Company or its securities that has not been generally disclosed. The participants in the Second Tranche and the extent of such participation were not finalized until shortly prior to the completion of the Second Tranche. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the Second Tranche pursuant to a material change report filed at least 21 days prior to the completion of the Second Tranche.

About Data Deposit Box

Data Deposit Box, a pioneer of cloud backup and recovery technology, has set a new industry standard by providing the SMB market with the same level of security and protection that is available to large enterprises. Data Deposit Box patented backup technology, known for its Exabyte scalability, advanced data reduction capabilities and ease-of-use, has won prestigious industry awards and has been featured in many key industry publications.

Data Deposit Box technologies and solutions are currently used daily by over 200,000 customers, 1,000 resellers, 25 MSPs and private label partners for online backup and recovery, archiving, disaster readiness, secure file sharing and remote access.

Visit the Company’s website at: www.datadepositbox.com

For More Information contact:

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This news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management at the date the information is provided, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. For a description of the risks and uncertainties facing the Company and its business and affairs, readers should refer to the Company’s Management’s Discussion and Analysis. The Company undertakes no obligation to update forward-looking information if circumstances or management’s estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking information.