

**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**

November 14, 2016

3. **News Release**

A press release disclosing the material change was released on November 11, 2016, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

The Company announced that it has closed the first tranche (the “**First Tranche**”) of a non-brokered private placement (the “**Offering**”), issuing 12,723,636 units (the “**Units**”) at a price of \$0.055 per Unit (the “**Purchase Price**”) for gross proceeds of \$699,799.98. 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 until November 11, 2017 (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 after March 12, 2017, 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.

Mr. Tim Jewell, Chief Executive Officer and a director of the Company, and Mr. Robert Smuk, a director of the Company (together, the “**Related Parties**”) subscribed for all of the Units issued pursuant to the closing of the First Tranche, which participation constitutes a “related party transaction” as defined by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

5. **Full Description of Material Change**

A full description of the material change is described in the Company’s press release dated November 11, 2016, which is attached as Schedule “A” hereto.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

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

The closing of the First Tranche of a non-brokered private placement, consisting of 12,723,636 Units at the Purchase Price for gross proceeds of \$699,799.98, all of which was subscribed for by the Related Parties.

The material terms of the “related party transaction” are described under Item 4.

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

Gross proceeds raised from the Offering 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 Offering 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 Parties’ participation in the First Tranche consisted of their collective subscription for 12,723,636 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 First Tranche, Mr. Jewell directly and indirectly, owned 2,866,668 Common Shares and stock options exercisable for 750,000 Common Shares, representing approximately 8.0% of the issued and outstanding Common Shares prior to completion of the First Tranche on a non-diluted basis, and 9.9% of the issued and outstanding Common Shares prior to completion of the First Tranche on a partially-diluted basis.

Upon completion of the First Tranche, Mr. Jewell owns, directly and indirectly, 9,226,668 Common Shares, 6,360,000 Warrants and stock options exercisable for 750,000 Common Shares, representing approximately 19.0% of the Common Shares on a non-diluted basis and 29.4% on a partially diluted basis.

Prior to the completion of the First Tranche, Mr. Smuk owned stock options exercisable for 250,000 Common Shares, representing nil% of the issued and outstanding Common Shares prior to completion of the First Tranche on a non-diluted basis, and approximately 0.7% of the issued and outstanding Common Shares prior to completion of the First Tranche on a partially-diluted basis.

Upon completion of the First Tranche, Mr. Smuk owns 6,363,636 Common Shares, 6,363,636 Warrants and stock options exercisable for 250,000 Common Shares, representing approximately 13.1% of the Common Shares on a non-diluted basis and 23.5% 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 Offering, and the Related Parties abstained from voting in respect of their respective participation. 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 Offering constituted a related party transaction within the meaning of MI 61-101 as related parties of the Company subscribed for an aggregate of 12,723,636 Units. The Company is relying on the exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in subsections 5.5(c) and 5.7(1)(b), of MI 61-101,

respectively, as neither the Company nor, to the knowledge of the Company after reasonable inquiry, either of the Related Parties has knowledge of any material information concerning the Company or its securities that has not been generally disclosed, and (i) no securities of the Company are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc, (ii) at the time the transaction was agreed to, neither the fair market value of the securities to be distributed in the transaction nor the consideration to be received for those securities, insofar as the transaction involves the Related Parties, exceeded \$2,500,000, (iii) the Company has three independent directors in respect of the transaction who are not employees of the Company, and (iv) at least two-thirds of the directors described in subparagraph (iii) approved the transaction.

The participants in the First Tranche and the extent of such participation were not finalized until shortly prior to the completion of the First Tranche. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the First Tranche pursuant to a material change report at least 21 days prior to the completion date.

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: (1-416) 361-2516

9. **Date of Report.**

This report is dated at Toronto, this 14<sup>th</sup> day of November, 2016.

**DATA DEPOSIT BOX INC.**

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

**SCHEDULE "A"**



## DATA DEPOSIT BOX ANNOUNCES PRIVATE PLACEMENT AND FIRST CLOSING

November 11, 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 a non-brokered private placement financing (the “Offering”) of up to 45,454,545 units (each, a “Unit”) at a price of \$0.055 per Unit for gross proceeds of up to \$2,500,000.

Each Unit 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 twelve (12) 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.

The Company is pleased to announce that it has completed the first tranche (“First Tranche”) of the Offering effective today, issuing 12,723,636 Units raising gross proceeds of \$699,799.98. Proceeds raised from the Offering will be used for marketing, product development, debt reduction and general operating expenses. All securities issued pursuant to the closing of the First Tranche are subject to a statutory hold period expiring on March 12, 2017 in accordance with applicable securities legislation.

The First Tranche was subscribed for entirely by two directors of the Company (the “Related Parties”), 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 Parties have knowledge of any material information concerning the Company or its securities that has not been generally disclosed. The participants in the First Tranche and the extent of such participation were not finalized until shortly prior to the completion of the First Tranche. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the First Tranche pursuant to a material change report filed at least 21 days prior to the completion of the First Tranche.

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# DATA DEPOSIT BOX

So Simple, So Smart

Pursuant to closing of the First Tranche, Tim Jewell, who is located c/o Data Deposit Box Inc., 1 Eglinton Avenue East, Suite 703, Toronto, ON M4P 3A1, acquired direct ownership over 6,360,000 Common Shares and 6,360,000 Warrants. Prior to the completion of the First Tranche, Mr. Jewell owned, directly and indirectly, 2,866,668 Common Shares and stock options exercisable for 750,000 Common Shares, representing approximately 8.0% of the issued and outstanding Common Shares on a non-diluted basis and 9.9% of the issued and outstanding Common Shares on a partially-diluted basis. Upon completion of the First Tranche, Mr. Jewell directly and indirectly owns an aggregate of 9,226,668 Common Shares, 6,360,000 Warrants and stock options exercisable for 750,000 Common Shares, representing approximately 19.0% of the Common Shares on a non-diluted basis and 29.4% on a partially diluted basis.

Pursuant to closing of the First Tranche, Robert Smuk, who is located at 170 Avenue Road, Apt. 1010, Toronto, ON M5R 0A4, acquired direct ownership over 6,363,636 Common Shares and 6,363,636 Warrants. Prior to the completion of the First Tranche, Mr. Smuk owned stock options exercisable for 250,000 Common Shares, representing Nil% of the issued and outstanding Common Shares on a non-diluted basis, and approximately 0.7% of the issued and outstanding Common Shares on a partially-diluted basis. Upon completion of the First Tranche, Mr. Smuk directly and indirectly owns an aggregate of 6,363,636 Common Shares, 6,363,636 Warrants and stock options exercisable for 250,000 Common Shares, representing approximately 13.1% of the Common Shares on a non-diluted basis and 23.5% on a partially diluted basis.

The securities were acquired by the Related Parties for investment purposes. Each of the Related Parties has a long-term view of the investment and may, depending on market and other conditions, or as future circumstances may dictate, from time to time, on an individual or joint basis, increase or dispose of some or all of the existing or additional securities he holds or will hold, or may continue to hold his current position. Depending on market conditions, general economic and industry conditions, the Company's business and financial condition and/or other relevant factors, either of the Related Parties may develop such plans or intentions in the future. A copy of the two Early Warning Reports filed under applicable Canadian securities legislation in connection with the shareholdings in the Company of the Related Parties may be found at [www.sedar.com](http://www.sedar.com) under the Company's profile or by contacting the Company at the contact information set out below.

## 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

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# DATA DEPOSIT BOX

So Simple, So Smart

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](http://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.*

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