

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

The Alkaline Water Company Inc. (the “Company”)
8541 E. Anderson Drive, Suite 100/101
Scottsdale, AZ 85255

Item 2 Date of Material Change

July 6, 2021

Item 3 News Release

The news release dated July 6, 2021 was disseminated through Businesswire.

Item 4 Summary of Material Change

On July 6, 2021, the Company completed a private placement of 4,757,381 subscription receipts at a price of US\$1.05 per subscription receipt for total gross proceeds of US\$4,995,250.05.

In the event of the occurrence of the escrow release condition (as defined below), each subscription receipt will automatically convert into one unit consisting of one share of our common stock and one transferable share purchase warrant, for no additional consideration. Each warrant will entitle the holder thereof to acquire one share of our common stock for a period of three years from the date of issuance thereof at a price of US\$1.25 per share.

The subscription amounts will be held by an escrow agent until the escrow release condition occurs. The escrow release condition is the receipt by the Company of an ordinary resolution of its stockholders approving the private placement and the issuance of the securities thereunder. In the event that the escrow release condition is satisfied prior to 5:00 p.m. (Vancouver time) on September 30, 2021, the Company will deliver a notice to the escrow agent confirming the escrow release condition has been satisfied. Upon receipt of the notice, the escrow agent will, as soon as practicable thereafter, release the subscription amounts to the Company and each subscription receipt will automatically convert into one unit without payment of any additional consideration. If the escrow release condition is not satisfied by 5:00 p.m. (Vancouver time) on September 30, 2021 or if we deliver a written default notice to the escrow agent that the escrow release condition will not be satisfied by that time, the subscription receipts will expire and be of no further force and effect, effective as of the earlier of (i) 5:00 p.m. (Vancouver time) on September 30, 2021 (ii) the date of the receipt of the default notice, and the subscribers will be entitled to receive from the escrow agent a refund of the subscription amounts held in escrow, without interest and less applicable expenses.

The proceeds of the private placement are expected to be used to fund the Company's general working capital and expansion of production capacity.

In connection with the private placement, the Company agreed with each subscriber who purchased these subscription receipts to prepare and file a registration statement with respect to (i) the shares of the Company's common stock comprising these subscription receipts and (ii) the shares of the Company's common stock issuable upon exercise of the share purchase warrants comprising these subscription receipts with the Securities and Exchange Commission within 30 days following the satisfaction of the Release Condition and agreed to use commercially reasonable efforts to have the registration statement declared effective by the Securities and Exchange Commission as soon as possible.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

A full description of the material change is described in Item 4 above and in the news release which was filed on SEDAR.

Disclosure Required by MI 61-101

Klutch Financial Corp., a company wholly-owned by Aaron Keay, a director of our company, subscribed for 1,000,000 subscription receipts and Frank Lazaran, a director of our company, subscribed for 50,000 subscription receipts in the private placement, each of which constituted a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

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 Company entered into a subscription agreement with Klutch Financial Corp., whereby Klutch Financial Corp. purchased 1,000,000 subscription receipts at a price of US\$1.05 per subscription receipt for proceeds of US\$1,050,000. Aaron Keay, a director of the Company, wholly owns Klutch Financial Corp.

The Company entered into a subscription agreement with Frank Lazaran, whereby Mr. Lazaran purchased 50,000 subscription receipts at a price of US\$1.05 per subscription receipt for proceeds of US\$52,500.

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

Proceeds of the private placement are expected to be used for working capital and expansion of production capacity.

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

See item (b).

(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:*

See item (a).

(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:*

Since the subscription receipts beneficially owned or controlled by any of the insiders will not be converted into shares and warrants within 60 days, there will be no material change in the respective percentage of shares beneficially owned or controlled by such insider.

(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:*

Messrs. Key and Lazaran abstained on the resolution of the board of directors approving the private placement. A special committee was not established in connection with the approval of the private placement, 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 related 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:*

See item (a).

(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 issuance to the insiders is exempt from the valuation requirement and the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the securities issued to the related parties did not exceed 25% of the Company's market capitalization.

As this current report on Form 8-K is being filed less than 21 days before the closing of the private placement, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of our company, it was necessary to immediately close the private placement and therefore, such shorter period was reasonable and necessary in the circumstances to improve our company's financial position.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Richard A. Wright, Chief Executive Officer, 480.656.2423

Item 9 Date of Report

July 6, 2021