

Fortress Blockchain Corp. Announces Third Quarter Financial Results

VANCOUVER, British Columbia, Nov. 28, 2018 -- Fortress Blockchain Corp. ("**Fortress**" or the "**Corporation**") (TSXV:FORT), a blockchain mining company operating in a low cost North American green-energy region, reports its results of operations for the three months ended September 30, 2018. For the full condensed consolidated interim financial statements and management discussion & analysis for the third quarter ended September 30, 2018, please visit the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Third Quarter Financial Highlights:

(All amounts are in Canadian dollars unless otherwise specified)

- Revenue from the mining of digital currencies for the three months ended September 30, 2018 was \$617,034 (June 30, 2018: \$986,353). During the quarter ended June 30, 2018, the Corporation had other revenue of \$367,723 from the sale of coupons to purchase ASIC hardware (September 30, 2018: Nil);
- Gross mining margin of \$384,274 during the quarter (\$740,872 in the quarter ended June 30, 2018)¹;
- As at September 30, 2018 the Corporation had cash on hand of \$10,610,967 and digital currencies worth \$25,487 (June 30, 2018: \$9,181,127 in cash and \$1,024,455 in digital currencies);
- The share value of the Corporation's cash and digital currency holdings, after deducting liabilities, as at September 30, 2018 is \$0.15 per share based on 71,177,984 outstanding Fortress common shares (the "**Net Liquid Asset Value**"). This Net Liquid Asset Value does not include the asset value of the Flagship Facility or S9 ASIC Miners owned by the Corporation²;
- For the three months ended September 30, 2018, the Corporation mined 64.5 Bitcoins at an average price of \$6,794 (June 30, 2018: \$7,751). The average USD/CAD exchange rate was \$1.31 in the third quarter (June 30, 2018: \$1.29);
- For the three months ended September 30, 2018, Fortress mined 52.0 Bitcoin Cash (June 30, 2018: 31.1) at an average price of \$617 (June 30, 2018: \$1,049);
- Fortress sold 179.8 Bitcoin during the quarter at an average price of US\$6,505 for gross proceeds of US\$1,129,342 (\$Nil in Q2) for a 0.5% transaction fee of \$5,647 (\$Nil in Q2) and 82.2 Bitcoin Cash at an average price of US\$475 for gross proceeds of US\$35,309 (\$Nil in Q2) for a 0.5% transaction fee of \$176 (\$Nil in Q2);
- Loss before interest, tax, depreciation and amortization "EBITDA" (a non-IFRS measure) during the quarter was \$1,177,057;
- Net loss during the quarter was \$1,553,149. The largest expenses were non-cash costs for depreciation (\$387,815), share based compensation (\$263,750) and listing expenses (\$390,694).
- As at September 30, 2018, total assets were \$20,895,804, primarily comprised of assets deployed at the Flagship Facility and cash balances.
- Subsequent to September 30, 2018, the Corporation sold 35.33 Bitcoins at an average price of US\$4,794 for gross proceeds of US\$169,418 for a 0.5% transaction fee of \$847. Fortress has mined 37 Bitcoins and 16 Bitcoin Cash from October 1 to November 28, 2018.

Aydin Kilic, Co-Founder, CEO and Director of Fortress Blockchain Corp., states "we are pleased to report a 62% gross mining margin, one of the leading gross mining margins in the industry, despite the volatility in Bitcoin prices."

Mr. Kilic comments further, "the industry has gone through a corrective phase where mining difficulties are at an all time high while Bitcoin prices have declined. At press time, we have noticed the mining difficulty for Bitcoin has significantly decreased, however this has been outpaced by a significant decline in the price of Bitcoin."

Mr. Kilic continues, "we are glad to say that our 2MW Flagship Facility can still operate at a positive mining margin; with Bitcoin recently at USD \$3,824 and difficulty at 6.65E12, the Fortress Flagship Facility was still generating approximately USD \$750 per day gross mining margin excluding corporate SG&A." The Corporation notes that per day gross mining margin is a function of Bitcoin pricing, mining difficulty, and cost of operating the Flagship Facility, and accordingly can fluctuate on a daily basis with any of these variables.

Mr. Kilic continues, "while our mining operation still generates gross margins, we as a company also realize the need to manage on-going corporate SG&A costs. Accordingly, we have streamlined operations during this corrective phase of the market." The Corporation's reorganization of management, staff and consultants, including a voluntary reduction in compensation of the CEO, has resulted in a monthly reduction of SG&A of over \$35,000 per month from the September 30th SG&A. The Corporation is well poised to withstand these challenging market conditions.

The Corporation has also improved the efficiency of its current operations by successfully installing BitMain's Overt ASIC Boost firmware on all of the Corporation's S9 ASIC Miner hardware. As a result, Fortress has recorded an average of 14% less power consumption from the S9 mining hardware measured on site. Prior to the installation of Overt ASIC Boost, the average S9 measured power consumption was 1450W on average, and is now reduced to approximately 1250W. The Corporation is currently operating over 1400 S9 ASIC Miners at the 2MW Flagship Facility, generating an average operating hash rate of over 18.9 Petahash per second.

About Fortress Blockchain Corp.

Fortress Blockchain Corp. is a technology-oriented blockchain mining company committed to operating in low cost North American green-energy regions. Fortress's resources are currently dedicated to achieving peak operational efficiency in industrial scale Bitcoin mining, to ultimately deliver an industry leading competitive advantage in performance. Fortress has strategically acquired a state-of-the-art mining facility in Washington state which has been in continuous operation since 2014, which serves as an R&D facility to optimize and build out the next generation of highly scalable blockchain mining infrastructure.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Forward Looking Statements:

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities laws that are based on expectations, estimates and projections as at the date of this news release. The information in this release about future plans and objectives of the Company, are forward-looking information. Other forward-looking information includes but is not limited to information concerning: the intentions, plans and future actions of the Company, the status and impact of new electrical power rates and the status of deliberations by the Grant County Public Utility District, as well as the Company's ability to successfully mine digital currency, revenue increasing as currently anticipated, the ability to profitably liquidate current and future digital currency inventory, volatility in digital currency prices and the resulting significant negative impact on the Company's operations, the construction and operation of expanded blockchain infrastructure, and the regulatory environment of cryptocurrency in the United States and other jurisdictions where the Company may operate.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on reasonable assumptions and estimates of management of the Company at the time it was made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others: the status and impact of new electrical power rates and the status of deliberations by the Grant County Public Utility District, risks relating to the global economic climate; dilution; the Company's limited operating history; future capital needs and uncertainty of additional financing; the competitive nature of the industry; currency exchange risks; the need for the Company to manage its planned growth and expansion; the effects of product development and need for continued technology change; protection of proprietary rights; the effect of government regulation and compliance on the Company and the industry; network security risks; the ability of the Company to maintain properly working systems; reliance on key personnel; global economic and financial market deterioration impeding access to capital or increasing the cost of capital; and volatile securities markets impacting security pricing unrelated to operating performance. In addition, particular factors which could impact future results of the business of the Company include but are not limited to: the impact of new electrical power rates which could impair profitably and operating performance; deliberations by the Grant County Public Utility District which could limit the ability of the Company to carry on business on a profitable basis or at all; the construction and operation of blockchain infrastructure may not occur as currently planned, or at all; expansion may not materialize as currently anticipated, or at all; the digital currency market; the ability to successfully mine digital currency; revenue may not increase as currently anticipated, or at all; it may not be possible to profitably liquidate the current digital currency inventory, or at all; a decline in digital currency prices may have a significant negative impact on operations; the volatility of digital currency prices; the anticipated growth and sustainability of hydroelectricity for the purposes of cryptocurrency mining in the Grant County of the State of Washington, the ability to complete current and future financings, any regulations or laws that will prevent the Company from operating its business; historical prices of digital currencies and the ability to mine digital currencies that will be consistent with historical prices; and there will be no regulation or law that will prevent the Company from operating its business. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

¹ The Corporation defines "gross mining margin" (a non-IFRS measure) as the revenue generated from mining activities less direct costs related to mining digital currencies – including rent for the Flagship Facility, power, internet, on-site technicians and costs directly relating to running the mine. Depreciation, being a non-cash cost, is not deducted to arrive at the gross

mining margin. Gross mining margin is a non-standard measure of mining efficiency and should not be considered as a substitute for other IFRS operating and profitability measures of performance.

2 The Corporation defines the Flagship Facility assets as the infrastructure which includes the transformers, the electrical distribution system (breakers, wiring, and power distribution units), proprietary cooling systems, racks and network systems. The S9 ASIC Miners refer to the Bitmain S9 AntMiner hardware operated in the Flagship Facility.

For further information, please contact:

Aydin Kilic
Chief Executive Officer
604 477 9997

Investor Relations
ir@fortressblockchain.io