

## Fortress Technologies Inc. Announces Third Quarter 2019 Financial Results

VANCOUVER, British Columbia, Nov. 26, 2019 -- Fortress Technologies Inc. (“**Fortress**” or the “**Company**”) (TSXV: FORT), a well-capitalized company currently evaluating emerging opportunities in technology sectors, reports its results of operations for the third quarter and nine month period ended September 30, 2019 (“**Q3 2019**”). For the full condensed consolidated interim financial statements and management discussion & analysis for the nine month period ended September 30, 2019, please visit the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com).

### Third Quarter Financial Highlights

(All amounts are in Canadian dollars unless otherwise specified)

- The Company reported total revenue from the Sublease Amendment with WeHash for the three months ended September 30, 2019 of \$616,341 (\$439,836 for the three months period ended June 30, 2019; 262,980 for the three months period ended March 31, 2019), and a total of \$1,319,157 for the nine months ended September 30, 2019.
- For the three months ended September 30, 2019, WeHash Technology LLP (“**WeHash**”), on behalf of Fortress, has mined 44.50 Bitcoin as compared to 31.43 Bitcoin over 45 days (from the May 17, 2019 Sublease Amendment commencement until June 30, 2019).
- Production cost of US\$4,050 per Bitcoin mined (based on quantity of Bitcoin produced divided by incurred “**Monthly Cash Operating Expenses**”, which include lease, electrical cost, internet, insurance, staff and costs directly relating to operating the facility), which is one of the lowest per Bitcoin costs of production among digital currency mining companies listed on the TSX Venture Exchange (“**TSX-V**”).
- The average Bitcoin price for the Q3 mining period is US\$10,364. The average Bitcoin mined per day during Q3 2019 was 0.48 Bitcoin.
- WeHash mined, stored and sold the coins for the Company. The total cost of mining, storing, and selling Bitcoin to the Company was \$4,558 per Bitcoin including the Consulting Fee paid to WeHash for custody and sale of the coins.
- Fortress had gross mining margin of \$374,500 during the quarter. The Company defines gross mining margin (a non-IFRS measure) as the revenue generated from mining activities less operating costs. Operating costs include Monthly Cash Operating Expenses, as well as incidental or accrued expenses. 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. The table below reconciles gross mining margin for the respective periods to gross margin in the income statement.

Calculation of gross mining margin	Q3 2019 (\$)	Q2 2019 (\$)	Q1 2019 (\$)	Q4 2018 (\$)	Q3 2018 (\$)	Q2 2018 (\$)	Q1 2018 (\$)
Revenue	616,341	372,743	262,980	439,028	617,034	986,253	264,348
Less: Operating costs	241,841	130,431	199,441	258,652	232,760	245,381	61,169
<b>Gross mining margin</b>	<b>374,500</b>	<b>242,312</b>	<b>63,539</b>	<b>180,376</b>	<b>384,274</b>	<b>740,872</b>	<b>203,179</b>
<b>Gross mining margin (%)</b>	<b>61%</b>	<b>65%</b>	<b>24%</b>	<b>41%</b>	<b>62%</b>	<b>75%</b>	<b>77%</b>
Less: Depreciation	92,784	93,990	57,390	1,743,741	284,893	281,520	93,981
Less: B&O taxes	19,078	16,278	-	-	-	-	-
Less: WeHash Consulting fees	29,794	21,717	-	-	-	-	-
<b>Net mining margin</b>	<b>232,844</b>	<b>110,327</b>	<b>6,149</b>	<b>(1,563,365)</b>	<b>99,381</b>	<b>459,352</b>	<b>109,198</b>
Sublease revenue (April/May flat fee)	-	67,093	-	-	-	-	-
Total Sublease margin (%)	-	40%	-	-	-	-	-
<b>Gross margin per Income Statement</b>	<b>266,769</b>	<b>138,618</b>	<b>966</b>	<b>(1,563,365)</b>	<b>99,381</b>	<b>459,352</b>	<b>109,198</b>
Gross margin (%)	43%	31%	(0%)	(356%)	16%	47%	41%

- Fortress had a net loss of \$286,593 during the quarter. The largest expenses were non-cash costs for share based compensation \$36,388 and depreciation of \$93,312 and foreign exchange of \$473,827. The Company was well capitalized at the end of the quarter with cash balances of \$10,682,789. Total assets were \$11,588,260, primarily comprised of property and equipment at the Flagship Facility and cash balances.
- The Company has been EBITDA positive for the past 5 months with \$36,403 in May, \$52,520 June 2019, \$88,546 for July, \$62,211 for August, and \$54,394 for September 2019.

## Cash Position

As a result of the positive EBITDA from May through September 2019, with continued strength October and November to date, the Company maintains a strong cash position as of November 26, 2019 with over \$10,750,000 in cash and GICs.

“The Company has been actively evaluating technology projects that we believe could provide an accretive path forward for shareholders. We have continued to be a low-cost operator earning positive EBITDA in Q3, and we are glad to see this is reflected in the growth of our treasury,” said Aydin Kilic, CEO.

## About Fortress Technologies

Fortress Technologies Inc. (TSX-V: FORT) is a well-capitalized company currently evaluating emerging opportunities in technology sectors. Fortress is focused on developing projects where access to growth capital is highly valued.

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## Non-IFRS Measures:

***This news release contains non-IFRS financial measures; the Company believes that these measures provide investors with useful supplemental information about the financial performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business. Although management believes these financial measures are important in evaluating the Company's performance, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS. Moreover, presentation of certain of these measures is provided for year-over-year comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on the Company's operating results.***

## 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, as well as the Company's ability to successfully mine digital currency, revenue increasing as currently anticipated, 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 profitability 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 Count 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.

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