

Oriana Resources Corporation Announces Proposed Qualifying Transaction with Hut 8 Mining Corp.

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TORONTO, Dec. 21, 2017 /CNW/ - Oriana Resources Corporation (TSXV-NEX: OUP.H) ("**Oriana**" or the "**Company**"), a capital pool company, is pleased to announce that it has entered into a letter of intent dated December 20, 2017 (the "**LOI**") with Hut 8 Mining Corp. ("**Hut 8**"), a corporation existing under the laws of British Columbia. The LOI outlines the general terms and conditions pursuant to which Oriana and Hut 8 will effect a business combination and reverse takeover transaction that will result in Oriana acquiring all of the issued and outstanding securities of Hut 8 in exchange for equity in Oriana (the "**Proposed Transaction**"). The transaction will constitute Oriana's "Qualifying Transaction" under the policies of the TSX Venture Exchange (the "**Exchange**").

All amounts referred herein are in Canadian dollars unless otherwise indicated.

Terms of the Proposed Transaction

Pursuant to the terms of the LOI, Oriana and Hut 8 will negotiate and enter into a definitive agreement incorporating the principal terms of the LOI.

The Proposed Transaction is currently structured as a three-cornered amalgamation whereby: (i) Hut 8 will amalgamate (the "**Amalgamation**") with a newly incorporated company under the laws of British Columbia (and a direct, wholly-owned subsidiary of Oriana) to form an amalgamated corporation ("**Amalco**"); (ii) the holders of Hut 8's common shares will receive one common share of Oriana ("**Common Shares**"), post-consolidation of the Common Shares as described herein, for each common share of Hut 8; and (iii) Amalco will become a wholly-owned subsidiary of Oriana. The final structure for the Proposed Transaction is subject to satisfactory tax, corporate and securities law advice on the part of both Oriana and Hut 8.

Completion of the Proposed Transaction is subject to a number of conditions, including completion of the QT Financing (as defined below), closing of the Data Centres Acquisition (as defined below), completion of the Debt Conversion (as defined below), receipt of applicable regulatory approvals, including the approval of the Exchange for the Proposed Transaction, completion of satisfactory due diligence and the execution of a definitive agreement and related transaction documents.

The Proposed Transaction is not a "Non-Arm's Length Qualifying Transaction" within the meaning of Policy 2.4 of the Exchange and, as such, shareholder approval is not required (unless otherwise mandated by the Exchange).

A filing statement in respect of the Proposed Transaction will be prepared and filed on SEDAR at www.sedar.com in accordance with Policy 2.4 of the Exchange no less than seven business days prior to the closing of the Proposed Transaction. A press release will be issued once the filing statement has been filed.

Name Change

In connection with the Proposed Transaction, the resultant entity (the "**Resulting Issuer**") intends to effect, among other items of special business, a change of its name to "Hut 8 Mining Corp." and will also apply to change its stock symbol.

Capitalization

Oriana currently has 9,500,000 Common Shares issued and outstanding.

In conjunction with the closing of the Proposed Transaction, it is expected that \$200,000 of the \$236,000 existing debt (work in progress) owing to counsel to Oriana as at the date hereof will have been acquired by another party or parties and will have been converted into such number of common shares of Oriana (the "**Debt Conversion**") based on a conversion price for the debt that is equal to the offering price for the subscription receipts pursuant to the QT Financing (as defined below).

Under the terms of the LOI, the issued and outstanding shares of Oriana will be consolidated on such basis which yields on or above 220,000 common shares for Oriana immediately prior to the completion of the Amalgamation. The Proposed Transaction is being completed with an ascribed value of \$550,000 for Oriana.

Hut 8 currently has, following the completion of its most recent private placement financing, 63,760,000 common shares outstanding on a fully-diluted basis. Each Hut 8 common share will be exchanged on the Amalgamation for one Common Share, such that, following the Amalgamation, but excluding the effect of the QT Financing, the shareholders of Hut 8 will hold, in the aggregate, 63,760,000 Common Shares.

Assuming completion of the Proposed Transaction, but excluding the effect of the QT Financing, the Resulting Issuer will have 63,980,000 common shares outstanding, with the largest shareholder being Bitfury Holding BV (or its affiliates) ("**Bitfury**") with approximately 47%. Oriana shareholders would hold an aggregate of 220,000 common shares of the Resulting Issuer, being approximately 0.34%.

Proposed Private Placement

It is a condition of the LOI that Hut 8 will complete a brokered private placement of subscription receipts (the "**QT Financing**"). Hut 8 has engaged GMP Securities L.P. as lead agent to assist in the QT Financing. Details of the QT Financing will be outlined in a future press release.

Hut 8 will use the proceeds of the QT Financing to acquire approximately 35 proprietary data centres located in Western Canada (the "**Data Centres**") from Bitfury, which Data Centres will be used for the purpose of running diverse cryptographic hash functions in connection with the mining of cryptocurrency (the "**Data Centres Acquisition**") and for general working capital purposes.

Sponsorship of the Qualifying Transaction

Sponsorship of a "Qualifying Transaction" of a capital pool company is required by the Exchange unless exempt therefrom in accordance with the Exchange's policies. Oriana intends to apply for an exemption from the sponsorship requirements pursuant to the policies of the Exchange. If the exemption is not granted by the Exchange, then Oriana would be required to engage a sponsor.

Trading Halt

Oriana has requested a halt in the trading of its Common Shares until the Proposed Transaction is completed. While halted, the Common Shares may only trade upon Exchange approval and the filing of required materials with the Exchange, as contemplated by the policies of the Exchange.

About Oriana

Oriana was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2011. The Company is listed as a capital pool company on the NEX Board of the Exchange. The Common Shares were listed for trading on the Exchange on October 3, 2012 and commenced trading at the opening of trading on October 4, 2012 under the symbol OUP.P. Oriana's business objective is to identify and evaluate assets or businesses with a view to a potential acquisition by completing a Qualifying Transaction (like the Proposed Transaction).

About Hut 8

Hut 8 was incorporated on November 15, 2017 pursuant to the *Business Corporations Act* (British Columbia).

Hut 8 is a cryptocurrency mining and Blockchain infrastructure company established through an exclusive partnership with Bitfury, one of the world's leading Blockchain technology companies. Hut 8 currently owns bitcoin mining datacenters representing 24.2 MW and 165 PH/s that are in operation or construction, with a pipeline of acquisition and development opportunities across North America. Through its partnership with Bitfury, Hut 8 has access to a proprietary mix of hardware, software, and operational know-how to construct, optimize, and manage datacenters in low-cost and attractive jurisdictions. Hut 8 is led by a team of industry experts and intends to provide investors with exposure to Blockchain processing infrastructure and technology along with underlying cryptocurrency rewards and transaction fees.

About the Resulting Issuer

The Resulting Issuer's business objective will be to build a leading listed Blockchain company through the development and ownership of cryptocurrency mining infrastructure and other related Blockchain businesses.

Upon completion of the Proposed Transaction, the current directors and officers of Oriana will resign and it is currently expected that the proposed board of directors and senior management of the Resulting Issuer will include the following individuals:

- Valery Vavilov (Director)
- Bill Tai (Director)
- Michael Novogratz (Director)
- Dennis Mills (Director)
- Jeffrey Mason (Director)
- Gerri Sinclair (Director)
- Sean Clark (Chief Executive Officer)
- Kyle Appleby (Chief Financial Officer)

Further Information

A comprehensive press release with further particulars relating to the Proposed Transaction will follow in accordance with the policies of the Exchange.

All information contained in this news release with respect to Oriana and Hut 8 was supplied by the parties respectively, for inclusion herein, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, completion of satisfactory due diligence, completion of the QT Financing, completion of the Data Centres Acquisition, completion of the Debt Conversion, execution of a definitive agreement in respect of the Proposed Transaction, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The Exchange has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved of the contents of this release.

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

This press release does not constitute and the subject matter hereof is not, an offer for sale or a solicitation of an offer to buy, in the United States or to any "U.S Person" (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "1933 Act")) of any equity or other securities of Oriana or Hut 8. The securities of Hut 8 or the Resulting Issuer to be issued in connection with the QT Financing have not been registered under the 1933 Act and may not be offered or sold in the United States (or to a U.S. Person) absent registration under the 1933 Act or an applicable exemption from the registration requirements of the 1933 Act.

Forward-Looking Statements:

This release includes forward-looking statements regarding Oriana, Hut 8 and their respective businesses. Such statements are based on the current expectations of the management of each entity. The forward-looking events and circumstances discussed in this release, including completion of the QT Financing, the Data Centres Acquisition, the Amalgamation and the Proposed Transaction, may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the companies, including risks affecting the companies, economic factors and the equity markets generally. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Oriana and Hut 8 undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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