HUT 8 MINING CORP.
(formerly Oriana Resources Corporation)

Management's Discussion and Analysis

For the three and nine months ended September 30, 2018

Introduction

This Management's Discussion and Analysis ("MD&A") is dated November 8, 2018, unless otherwise indicated, and should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 ("Q3 2018") and the audited financial statements of Hut 8 Mining Corp. ("Hut 8" or the "Company") for the year ended December 31, 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for Q3 2018 are not necessarily indicative of the results that may be expected for any future period.

The Company applies International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors referenced in Part VI – "*Risk Factors*" of the Filing Statement of the Company dated February 26, 2018. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Company

Hut 8 is a cryptocurrency mining company with industrial scale bitcoin mining operations in Canada. Hut 8 has an exclusive North American partnership with the Bitfury Group Limited, inclusive of Bitfury Holding BV, ("Bitfury"), one of the world's leading full-service hardware and software blockchain technology company.

Hut 8 provides investors with direct exposure to bitcoin, without the technical complexity or constraints of purchasing the underlying cryptocurrency. Investors avoid the need to create online wallets, wire money offshore and safely store their bitcoin. Hut 8 provides a secured and simplified way to invest.

Manufactured by Bitfury, the BlockBox Data Center ("BlockBox") is regarded as one of the most powerful and cost-effective bitcoin mining solutions available on the market. The BlockBox is based on cutting-edge hardware and software and are fully configurable and upgradeable to the next generation of silicon technology.

The Company was incorporated under the laws of the Province of British Columbia on June 9, 2011. The registered office of the Company is located at Suite 1700 Park Place 666 Burrard Street, Vancouver BC, Canada, V6C 2X8. The Company's financial year ends on December 31. The Company's common shares are listed under the symbol "HUT" on the TSX Venture Exchange and as "HUTMF" on the OTCQX Exchange. On March 2, 2018, the Company closed its "Qualifying Transaction" with Hut 8 Holdings Inc. ("Hut 8 Holdings"). The Company was a capital pool company prior to the Qualifying Transaction. In connection with the Qualifying Transaction, the Company changed its name to "Hut 8 Mining Corp.".

Non-GAAP Measures

This MD&A presents certain non-GAAP ("GAAP" refers to Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management uses these non-GAAP measures to supplement the analysis and evaluation of operating performance.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)

- "EBITDA" represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization.
- "Adjusted EBITDA" represents EBITDA adjusted to exclude share-based compensation, fair value loss or gain on re-measurement of digital assets, and costs associated with one-time transactions (such as listing fees).
- "Adjusted EBITDA margin" represents Adjusted EBITDA as a percentage of revenue.

"Mining Profit" represents gross profit (revenue less cost of revenue), excluding depreciation. "Mining Profit Margin" represents Mining Profit as a percentage of revenue.

"Cost per bitcoin" represents cost of revenue excluding depreciation, divided by the number of bitcoin mined in the period.

Summary

The third quarter of 2018 was the first that was inclusive of the City of Medicine Hat ("CMH") operations as they went online in July 2018. Due to this, Hut 8 produced its largest revenue quarter with $17,654,901, a 126% increase from the prior quarter revenue of $7,800,370. Hut 8 mined 1,978 bitcoin during the third quarter and 3,581 bitcoin for the nine months ended September 30, 2018. Since the beginning of our operations, Hut 8 has mined over 4,200 bitcoin.

Operations and execution for our sites went as planned and the CMH facilities were completed ahead of schedule; however, financial performance was negatively impacted by market conditions related to a flat bitcoin price and increasing network hash rates which resulted in less bitcoin mined for the same use of electricity. Although Hut 8's cost to mine bitcoin has been increasing quarter to quarter due to increased network hash rates this year, the cost per bitcoin in Q3 2018 of $4,412 (US$3,394) is below market bitcoin prices of approximately US$6,400. This is reflected in our quarterly results as our mining profit for the quarter was $8,927,502 with a mining profit margin of 51%. We believe that Hut 8 is amongst the lowest cost miners of bitcoin in the world and that our cost per bitcoin to remain competitive globally.

Regarding Hut 8's share price, we started the quarter at $2.90 and ended the quarter at $2.93, a 1% increase. Our share price's correlation to bitcoin since March 6, 2018 was 78%; however, Q3 2018 had a correlation of 40% mainly due to the low volatility of Hut 8's share price in the quarter, despite the challenges with other Canadian blockchain public companies in the market.

Our capital structure remains conservative. As at September 30, 2018, Hut 8 had 85,227,858 shares outstanding, 965,000 options with an average weighted price of $4.63 and 2,882,222 warrants with an average weighted price of $4.61, both a significant premium to the quarter end share price of $2.93. Our dilutive instruments, as a percentage of our shares outstanding, is small compared to other public companies in the blockchain space.

Selected quarterly financial information

	Three months September 30, 2018	Nine months ended September 30, 2018
Revenue	$ 17,654,901	$ 36,444,220
Site operating costs	(8,727,399)	(13,736,529)
Mining profit	8,927,502	22,707,691
Mining profit margin	51%	62%
Depreciation	(17,440,571)	(28,981,535)
Gross profit	$ (8,513,069)	$ (6,273,844)
Gross profit margin	-48%	-17%
Expenses	(2,618,779)	(7,810,921)
Net operating loss	(11,131,848)	(14,084,765)
Fair value loss on re-measurement of digital assets	(317,177)	(6,146,449)
Foreign exchange gain	251,123	248,673
Net finance expense	(245,976)	(213,661)
Net loss and comprehensive loss	(11,443,878)	(20,196,202)
Adjusted EBITDA	$ 7,176,479	$ 18,726,896
Adjusted EBITDA margin	41%	51%
Net loss per share - basic and diluted	$ (0.14)	$ (0.25)

Assets

	September 30, 2018	December 31, 2017
Total assets	$ 184,353,433	$ 45,576,687
Total non-current financial liabilities	$ 13,782,930	$ -

Discussion of operations for Q3 2018

In Q3 2018, the Company mined 1,978 bitcoin, resulting in revenue generation of $17,654,901. This was a 126% increase in production from the prior quarter revenue of $7,800,370 due to the new facility in CMH that went online in July 2018.

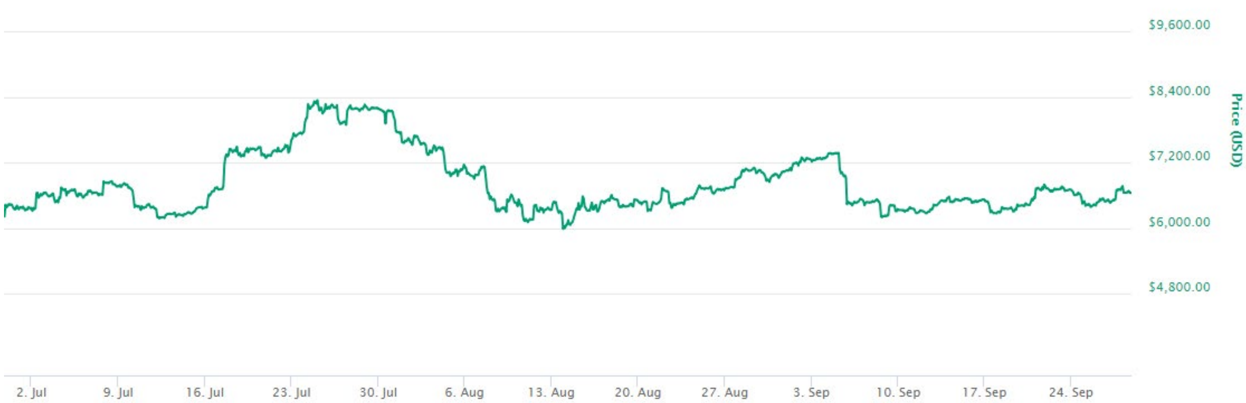
The site operating costs for the quarter were $8,727,399 which represents the cash costs incurred related to mining the 1,978 bitcoin for the three months ended September 30, 2018. Therefore, the cost of mining each bitcoin in Q3 2018 was $4,412 (US$3,394), calculated by dividing site operating costs by the number of bitcoin mined in Q3 2018. The cost of mining each bitcoin increased in the third quarter due to a flat bitcoin price and increasing network hash rates. The price of bitcoin increased slightly by 3% from June 30, 2018 to September 30, 2018, and the network hash rates increased for the three and nine months ended September 30, 2018 by 33% and 270%, respectively.

Expenses for Q3 2018 were $2,618,779 of which there were non-cash share-based payments of $1,079,878. The Company continually manages expenses as its operations scale to grow Adjusted EBITDA. This compares to the three months ended June 30, 2018 expenses of $2,227,664 which included $1,140,135 in share-based compensation.

Hut 8 recognized $7,176,479 in Adjusted EBITDA, an 86% increase from the prior quarter of $3,860,052 largely as a result of increased revenue from the new facility at CMH which started production. Efficiency of the ASIC chips used to mine bitcoin are expected to increase during the colder months in Alberta meaning improved performance in Q4 when compared to Q3.

For Q3 2018, fair value loss on re-measurement of digital assets of $317,177 represented the unrealized loss on adjusting the value of the digital assets held in inventory to the market value on the reporting date. As at September 30, 2018, the price of bitcoin was $8,560 (US$6,626) compared to higher prices when the digital assets were mined. In future quarters, the Company would expect to see unrealized gains or losses based on the price of bitcoin on the reporting date, relative to the price on the day mined, when revenue is recorded.

Below for your reference is a bitcoin price chart for Q3 2018 (reference https://coinmarketcap.com/currencies/bitcoin):



The Company recorded net loss for the three months ended September 30, 2018 of $11,443,878, compared with a loss of $4,936,543 for the three months ended June 30, 2018, a negative change of 137%. This change was primarily due to flat bitcoin prices and increasing difficulty rate.

Selected Quarterly Information

The Company commenced operations on November 15, 2017. As such, there is limited comparable quarterly information.

Period Ended	Revenue ($)	Net income (loss) Total ($)	Net income (loss) Basic and diluted income per share ($)
December 31, 2017	1,123,216	94,512	0.00
March 31, 2018	10,988,949	(3,815,784)	(0.05)
June 30, 2018	7,800,370	(4,936,542)	(0.06)
September 30, 2018	17,654,901	(11,443,878)	(0.14)

Qualifying Transaction

On March 2, 2018, the Company completed its qualifying transaction (the "Qualifying Transaction") with Hut 8 Holdings Pursuant to the Qualifying Transaction the following occurred:

(a) The Company implemented a consolidation, immediately prior to the completion of the Debt Conversion and the Amalgamation (as defined below), of its then issued and outstanding 9,500,000 Common Shares on the basis of one new Common Share for every 52.7777 existing Common Share;

(b) The Company effected a conversion of $200,000 of debt owing by the Company into 40,000 Common Shares, based on a conversion price of $5.00 per Common Share (the "Debt Conversion");

(c) The Company acquired all of the issued and outstanding common shares of a private corporation incorporated under the Business Corporations Act (British Columbia) (the "BCBCA"), Hut 8 Mining Corp. (the "Hut 8 PrivateCo"), from the shareholders of Hut 8 PrivateCo in exchange for an aggregate of 82,160,000 Common Shares;

(d) Hut 8 PrivateCo and 1149835 B.C. Ltd., a wholly-owned subsidiary of the Company amalgamated under the BCBCA (the "Amalgamation") and continued as one corporation, Hut 8 Holdings, which is a wholly-owned subsidiary of the Company; and (e) the Company changed its name to "Hut 8 Mining Corp.".

The Qualifying Transaction has been accounted for as a reverse acquisition that does not constitute a business combination. For accounting purposes, the legal subsidiary, Hut 8 Holdings, has been treated as the acquirer and Hut 8 Mining Corp., the legal parent, has been treated as the acquiree. For accounting purposes, this MDA and the related condensed interim consolidated financial statements reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, Hut 8 Holdings.

Significant Agreements

On November 29, 2017, the Company entered into a Master Data Centre Purchase Agreement (the "Purchase Agreement") with Bitfury. The Purchase Agreement governs the terms and conditions for the purchase from Bitfury of certain equipment (the "Data Centres") used for the purpose of running diverse cryptographic hash functions in connection with the mining of cryptocurrency. The Purchase Agreement is for a term of five years, with two successive renewal terms of one year each.

Concurrent with the Purchase Agreement, on November 29, 2017, the Company entered into a Master Service Agreement (the "MSA") with Bitfury. In accordance with the MSA, Bitfury shall provide the management, maintenance, support, logistics and operational services (the "Services") required to run the Data Centres. The MSA is for a term of five years, with two successive renewal terms of one year each.

The Company entered into definitive agreements with the City of Medicine Hat ("CMH") for the supply of electric energy, and the lease of land upon which Hut 8 is constructed its mining facilities. For electricity, an Electricity Supply Agreement ("ESA") was executed, whereby CMH will provide electric energy capacity of approximately 63 MW to the new Hut 8 facilities, which in conjunction with the Company's approximate 19 MW in operation in Drumheller, will allow Hut 8 to operate at 82 MW in total. The ESA and the land lease have a concurrent term of 10 years. The minimum payments on the land lease are $10,500 per month from May 1, 2018 to December 31, 2027.

The Company's deposits for future electricity billings to the CMH will be reduced by $330,000 on June 30, 2024 and further reduced each year thereafter by the same amount on the anniversary of such date.

Liquidity and Cash Flow

As at September 30, 2018, the Company had working capital of $16,612,463 (December 31, 2017 - $15,311,700). Net cash used in operating activities was $11,380,462 (mainly as a result of mining revenue classified as non-cash). Cash used in investing activities amounted to $81,664,076 and was used for the purchase of BlockBoxes and for building the facility in the City of Medicine Hat. Cash proceeds from financing activities was $77,196,362, primarily from net cash proceeds from the issuance of shares and the Galaxy Digital Lending LLC ("Galaxy") loan payable.

As at September 30, 2018, the Company had cash on hand of $7,400,309 (December 31, 2017 - $23,248,485) and digital assets held in inventory of $26,480,315 (December 31, 2017 - $1,078,760) that could be converted to cash should the Company need additional liquidity.

Capital Resources

The Company relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest income from investments, capital raising activities such as private placement debt and equity financings, and corporate borrowings from the Company's bank and brokers.

On February 7, 2018, Hut 8 completed a private placement, on both a brokered and non-brokered basis, of 9,000,000 Hut 8 Subscription Receipts at a price of $5.00 per Hut 8 Subscription Receipt, and 5,000,000 Hut 8 PrivateCo Common Shares at a price of $5.00 per Hut 8 PrivateCo Common Share, for aggregate gross proceeds of $70,000,000 (the "Offering"), comprised of $46,152,265 in cash, $11,559,735 in value of bitcoin, and $12,288,000 in subscription receivable. The brokered portion of the Offering was completed pursuant to an agency agreement dated February 7, 2018 between Hut 8 and the Agent, being GMP Securities L.P.

As at September 30, 2018, the Company received funds from a loan payable, net of cash transaction costs, of $19,626,691 (US$15,194,570) to Galaxy, a related party. The loan payable matures on March 10, 2021 when US$16,000,000 will be due to Galaxy. The loan payable is denominated in US dollars and bears interest at a rate equal to LIBOR + 10% per annum (or otherwise in accordance with the terms of the loan payable credit agreement).

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

As at September 30, 2018, there were no amounts owing or due from Galaxy, who's key member of management also sits on the board of Hut 8. On September 4, 2018, a trade of bitcoin for Canadian Dollars was executed for approximately 75 bitcoins for $726,655.

During the nine months ended September 30, 2018, $24,000 was charged by CFO Advantage Inc., a Company owned by the former Chief Financial Officer of the Company, for consulting fees.

During the six months ended June 30, 2018, $75,000 was charged by a director of the Company for consulting fees in consideration of this director's involvement with various pre-listing and corporate governance-related matters.

During the period, the Company was charged $112,327 for out of pocket expenses, by First Block Capital Inc., a Company controlled by an officer and a former director of the Company. These expenses were charged primarily for travel costs related to fundraising, meetings with strategic partners and planning and organizing the Company.

See the condensed interim consolidated financial statements for Q3 2018, for related party transactions with respect to share issuances.

During the nine months ended September 30, 2018, the Company acquired mining equipment from Bitfury, a controlling shareholder of the Company, with a total cost of $124,635,706 (2018 - $21,350,000) paid through share issuances and cash. During the nine months ended September 30, 2018, the Company was charged $8,710,465 in site operating costs. As at September 30, 2018, $13,576,698 (December 31, 2017 - $4,905,813) was owed to Bitfury, which have been included in accounts payable and accrued liabilities.

Recent Accounting Pronouncements

<u>IFRS 16, Leases</u>: New standard that replaced IAS 17 Leases, effective for annual periods beginning on or after January 1, 2019.

Capital Management

The Company's capital currently consists of Common Shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

Share Capital

As of the date of this MD&A, the Company has issued, and outstanding share capital comprised of 85,227,858 Common Shares, 965,000 stock options, 2,882,222 warrants, and restricted share units with an explicit value of $5,000,000.