Hut 8 Adds 16 Bitcoin Mining BlockBoxes to Medicine Hat Facility

TORONTO, Sept. 07, 2018 -- Hut 8 Mining Corp. (“**Hut 8**” or the “**Company**”) (TSXV: HUT) (OTCQX: HUTMF), one of the world’s largest public cryptocurrency mining companies, announces the purchase of an additional 16 BlockBox datacentres which have been installed at its bitcoin mining facility in the City of Medicine Hat, Alberta, Canada (the “**CMH Facility**”).

The additional 16 BlockBoxes, installed in August 2018, increases Hut 8’s bitcoin mining capacity by 19.2 MW and approximately 144 petahashes per second (PH/s). When combined with its operations in Drumheller, Alberta, the Company now operates a total of 73 BlockBoxes, representing an aggregate capacity of 85.9 MWs of fully-funded operating power representing approximately 632 PH/s.

“Hut 8 is working alongside city officials in Medicine Hat to ramp up to full electrical capacity for the additional 16 Blockboxes through the coming weeks,” said Andrew Kiguel, President and Chief Executive Officer of Hut 8. “We prioritize the electrical requirements of the citizens of Medicine Hat and are committed to ramping up our operations without impacting their power needs.”

“The City of Medicine Hat is pleased that Hut 8 is moving forward with the next phase of development,” said the City of Medicine Hat’s Mayor Ted Clugston. “We continue to operate with our City’s best interests in mind, and Hut 8 supports our efforts. They have shown tremendous value to our community, not only by employing nearly 40 local residents, but also by engaging over 30 local contractors in developing their operation.”

The new BlockBoxes, at a cost of US$950,000 per BlockBox, will be financed through a secured loan from Galaxy Digital Lending (“**Galaxy**”) in the amount of US$16 million (the “**Loan Financing**”) and a vendor-take-back from Bitfury for 40 percent of the purchase price of the BlockBoxes at $3.75 per Hut 8 common share. Terms of the Loan Financing are LIBOR + 9%. The coupon is payable in USD or bitcoin and has a 30-month term with a bullet repayment. The Loan Financing is scheduled to close on or about September 7, 2018.

As part of the Loan Financing, Galaxy will receive 2.2 million Hut 8 purchase warrants which can be exercised to acquire common shares at a price of $4.50 (the “**Warrants**”). The Warrants will be subject to customary restrictions on resale. Both the Loan Financing and the issuance of the Warrants remain subject to approval by the TSXV.

“The loan from Galaxy enables Hut 8 to grow its capacity by 28% by issuing less than 3% new shares, resulting in substantial accretion to common shareholders. Hut 8 is now the largest public cryptocurrency mining company in the world with 85.9 MWs of capacity. This transaction also affirms the commitment from our strategic partners at Bitfury and Galaxy to our business model,” said Andrew Kiguel.

Hut 8’s current capital structure, prior to effecting the impact of the transaction above, consists of 83,094,000 common shares outstanding, 660,000 warrants with a $5.00 conversion price and 670,000 options with a $5.00 strike price. To date, Hut 8 has mined more than 3,000 bitcoin and retains more than 2,500 in bitcoin inventory.

Pursuant to its continuous disclosure obligations, Hut 8 is also announcing the grant of 115,000 stock options under the Company’s Omnibus Long-Term Incentive Plan (the “**Option Plan**”) to a director, Joseph Flinn, at an exercise price of $5.00 per share, which options shall vest in accordance with the Option Plan and the policies of the TSXV. The options grant remains subject to the approval of the TSXV.

ABOUT HUT 8 MINING CORP.

Hut 8 Mining Corp., headquartered in Toronto, Canada, is a cryptocurrency mining and blockchain infrastructure company established through an exclusive arrangement with the Bitfury Group, the world’s leading full-service blockchain technology company. Through the Bitfury Group, Hut 8 has access to a world-leading proprietary mix of hardware, software and operational expertise to construct, optimize and manage datacentres 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.

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 bitcoins. Hut 8 provides a secure and simple way to invest.

Key investment highlights and FAQ’s: https://www.hut8mining.com/investors.

Keep up-to-date on Hut 8 events and developments and join our online communities at Facebook, Twitter, Instagram and LinkedIn.

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FORWARD-LOOKING STATEMENTS

Certain information in this press release constitutes forward-looking information. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology, such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts, but instead represent management’s expectations, estimates and projections regarding future events.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by Hut 8 as of the date of this press release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in greater detail in the “Risk Factors” section of the Filing Statement dated March 1, 2018 relating to the Qualifying Transaction of Oriana Resources Corporation and Hut 8, which is available at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect Hut 8; however, these factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. The forward-looking statements contained in this press release are made as of the date of this press release, and Hut 8 expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.