



All Figures in Canadian Dollars Unless Otherwise Noted

HUT 8 MINING CORP. ANNOUNCES FIRST QUARTER 2018 FINANCIAL RESULTS

- Company raised \$70.0 million to fund investment in mining hardware
- Entered into definitive agreement with the City of Medicine Hat for the supply of 42 MW of electric energy
- First quarter 2018 revenue of \$10,988,949
- Strong gross profit margin of 80%, or \$8,823,650 (excluding depreciation)
- Adjusted EBITDA of \$7,690,365
- 828 Bitcoin mined in Q1

TORONTO, Ontario, May 24, 2018 – [Hut 8 Mining Corp.](#) (TSXV: HUT) (“**Hut 8**”, or the “**Company**”), a cryptocurrency mining and blockchain infrastructure company established through an exclusive arrangement with the world’s leading full-service blockchain technology company, the [Bitfury Group](#), is pleased to announce its financial results for the first quarter ended March 31, 2018 (“**Q1 2018**”). Hut 8 owns Bitcoin mining datacenters called BlockBoxes that are purchased from the Bitfury Group.

Corporate Update

Andrew Kiguel, President and Chief Executive Officer of Hut 8, said: “We are pleased with the progress Hut 8 has made in a very short period of time. Hut 8 began mining on December 22, 2017 with 7 BlockBoxes in Drumheller, Alberta, with power capacity of 7.7 MW, representing 52.5 PH/s. On February 7, 2018, an additional 10 BlockBoxes were added in Drumheller for an aggregate power capacity of 18.7 MW, representing 128 PH/s. Despite the ramp-up period, in Q1 2018 Hut 8 was able to mine a total of 828 Bitcoin. As of May 24, 2018, Hut 8 has mined in excess of 1,300 Bitcoin which we continue to hold.”

“We are excited that our data center build-out in the City of Medicine Hat is well underway. We estimate that full-scale production will commence by September 2018. The City of Medicine Hat site will consist of an additional 40 BlockBoxes. Once operational, Hut 8 will own 57 BlockBoxes, representing a 335% increase from current mining capacity, securing our position as one of the largest publicly traded Bitcoin miners in the world, with a total of 66.7 MW of power capacity and 448 PH/s. With this increase in BlockBoxes from 17 to 57, we expect that our daily mining production will increase significantly. We believe our City of Medicine Hat Facility will represent operational excellence and set a new global benchmark for industrial scale cryptocurrency mining operations,” added Kiguel.

Manufactured by the Bitfury Group, the BlockBoxes are regarded as one of the most powerful and cost-effective Bitcoin mining solutions available on the market. The BlockBoxes are based on cutting-edge hardware and software and are fully configurable and upgradeable to the next generation of silicon technology. The efficient design and low operating cost of the BlockBoxes makes Bitcoin mining more productive and affordable. As previously disclosed, Hut 8 has obtained an exclusive right to all Bitfury Group hardware and software solutions, including the BlockBoxes, for cryptocurrency mining within North America.

Q1 2018 Financial Results

Q1 2018 represented Hut 8's first full quarter in operations. With a gross profit margin of 80% (excluding depreciation), the Company's mining cost-per-bitcoin was \$2,615 (US\$2,028), which compares favorably to the selling price of Bitcoin at the end of Q1 2018, being \$8,991.67 (US\$6,973.53).

The Company believes that Hut 8 is amongst the lowest cost miners of Bitcoin in the world. Hut 8 anticipates its cost per Bitcoin to remain competitive, based on the increasing difficulty rate, offset by the City of Medicine Hat site that will operate more efficiently, next generation BlockBoxes, and a benefit from an improved energy contract for the price of electricity over the Drumheller site.

Selected Financial Highlights from Q1 2018

- Revenues of \$10,988,949
- Gross profit of \$8,823,650 (excluding depreciation)
- EBITDA¹ of \$1,824,685 and Adjusted EBITDA¹ of \$7,690,365
- Completion of the Company's "Qualifying Transaction"
- Raised \$70.0 million of equity capital to fund investments and growth
- Cash balance of \$23.7 million and working capital of \$19.3 million
- Mined 828 Bitcoin in Q1 2018, bringing total mined since commencing operations on December 21, 2017 to over 1,300
- On February 7, 2018, added 10 new operating BlockBox Data Centers for a total of 17 in operation, representing 18.7 MW / 128 PH/s
- Purchased 40 additional BlockBoxes to be operational by Q3 2018 representing additional 48 MW / 320 PH/s
- Entered into definitive agreements with the city of Medicine Hat for the supply of 42 MW of electric energy and the lease of land

Summary of Q1 2018 Financial Results

Revenue	\$	10,988,949
Gross Profit	\$	3,183,181
Gross Profit %		29%
Gross Profit (excluding depreciation)	\$	8,823,650
Gross Profit % (excluding depreciation)		80%
Operating income	\$	218,701
Net Loss	\$	(3,815,784)
EBITDA	\$	1,824,685
Adjusted EBITDA*	\$	7,690,365
Loss per share	\$	(0.05)

* EBITDA adjusted for fair value re-measurement of digital assets, listing expense and one time transactional costs.

As a result of the decrease in the price of Bitcoin in Q1 2018, Hut 8 incurred a \$4.1 million non-cash decrease on the re-measurement of the value of Bitcoin in inventory, and consequently, finished the quarter with a net loss of approximately \$3.8 million. In future quarters, when revenue is recorded, the Company would expect to see unrealized gains or losses based on the price of Bitcoin on the corresponding reporting date, relative to the price on the day mined.

This earnings release should be read in conjunction with the Company's Management Discussion & Analysis, Financial Statements and Notes to Financial Statements for Q1 2018, which have been posted under the Company's profile on SEDAR at www.sedar.com and are also available on the Company's website at www.hut8mining.com.

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 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.

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. For more information, visit www.hut8mining.com.

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](#) 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”, “an opportunity exists”, “is positioned”, “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 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. 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 release.

¹ **EBITDA** and **Adjusted EBITDA** are non-GAAP measures and consequently, EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for net income and loss presented in accordance with GAAP. The Company uses Adjusted EBITDA as a non-GAAP financial performance measurement. The Company calculates Adjusted EBITDA by adding back to net income (loss): interest, income taxes, depreciation and amortization expense, and impairment charges as further adjusted to add back stock-based compensation expense and non-recurring items. Adjusted EBITDA is provided to investors to supplement the results of operations reported in accordance with GAAP. Management believes that Adjusted EBITDA provides an additional tool for investors to use in comparing the Company’s financial results with other companies in the industry, many of which also use Adjusted EBITDA in their communications to investors. By excluding non-cash charges such as amortization, depreciation, stock-based compensation and impairment charges, as well as non-operating charges for interest and income taxes, investors can evaluate the Company’s operations and its ability to generate cash flows from operations and can compare its results on a more consistent basis to the results of other companies in the industry. Management also uses Adjusted EBITDA to establish internal budgets and goals, and evaluate performance of its business units and management, and evaluate potential acquisitions. The Company considers Adjusted EBITDA to be an important indicator of the Company’s operational strength and performance of its business and a useful measure of the Company’s historical and prospective operating trends. However, there are significant limitations to the use of Adjusted EBITDA since it excludes interest income and expense and income taxes and non-recurring items such as goodwill impairments, each of which impact the Company’s profitability and operating cash flows, as well as depreciation, amortization, impairment charges and stock-based compensation. The Company believes that these limitations are compensated by clearly identifying the difference between the two

measures. Adjusted EBITDA as defined by the Company may not be comparable with similarly named measures provided by other entities.