



HIVE

HIVE BLOCKCHAIN TECHNOLOGIES LTD.

November 29, 2018

HIVE Blockchain Releases Second Quarter 2019 Financial Results

Zug, Switzerland and Vancouver, Canada – HIVE Blockchain Technologies Ltd. (TSX.V:HIVE) (OTC:HVBTF) (the “Company” or “HIVE”) today announced its results for the second quarter ended September 30, 2018 (all amounts in US dollars, unless otherwise indicated).

“The filing of HIVE’s second quarter financial results marks the Company’s first full year as a publicly listed company which has included numerous positive events but not without challenges. We have raised significant capital, deployed more than 24 megawatts of GPU mining capacity and recently launched 200 petahashes of ASIC mining capacity.” said Frank Holmes, Interim Executive Chairman of HIVE. “We continue to accumulate Ethereum and Ethereum Classic and we recently began adding Bitcoin to our coin inventory. We’re entering a phase that we call HIVE 2.0 as we have successfully deployed significant infrastructure in the timeframe and costs that we expected. I am excited by new opportunities in blockchain infrastructure and continue to believe that HIVE is well positioned to capitalize on these opportunities. Cryptocurrencies continue to exhibit volatility in the near-term however we remain bullish on the long-term prospects of crypto and blockchain as a revolutionary technology.”

Quarterly Highlights

- Generated income of \$6.5 million, with a gross mining margin¹ of \$1.9 million, from mining of digital currencies;
- Mined 19,569 newly minted Ethereum during the period ended September 30, 2018, as compared to first quarter production of 17,555 Ethereum representing an increase of 11% for the quarter;
- Earned income from digital mining since launch of operations in September 2017 of \$30.3 million on the deployment of \$82.3 million of capital;
- Launched operation of 200 Petahash (“PH”) of cloud-based ASIC mining on September 30, 2018 bringing the Company’s digital currency mining footprint to a total of 24.2 MW of GPU mining with an additional 200 PH of ASIC capacity since its Change of Business in September 2017 with 20.4 MW in Sweden and 3.8 MW in Iceland;
- Incurred a net loss of \$28.3 million for the period, of which \$23.7 million was non-cash items; and
- Reported non-cash items including revaluation of digital currencies of \$7.8 million, a loss on the sale of digital currencies of \$1.2 million and an impairment charge related to assets in Iceland and Sweden of \$14.7 million.

¹ Gross mining margin is a non-IFRS measure; see Non-IFRS Measures in the Q2 MD&A for reconciliation

The Company is also pleased to announce that the TSX Venture Exchange has approved the Company's ASIC cloud mining contract with Genesis, as originally announced on August 15, 2018 and amended as announced on November 20, 2018.

Financial Review

For the period ended September 30, 2018, HIVE's gross mining margin was 29%, with income from mining digital currency per average megawatt of \$270,000. Second quarter income from digital currency mining was produced from an average of 24.2 MW of production capacity as at September 30, 2018. Below is an analysis of the Company's income and gross mining margin per MW:

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Income from digital currency mining	\$ 6,523,217	\$ 10,660,664	\$ 9,636,390	\$ 3,274,186
Operating and maintenance	(4,660,473)	(4,219,483)	(1,992,105)	(891,499)
Depreciation	(5,142,789)	(4,684,456)	(2,163,625)	(954,149)
	<u>(3,280,045)</u>	<u>1,756,725</u>	<u>5,480,660</u>	<u>1,428,538</u>
Gross mining margin	1,862,744	6,441,181	7,644,285	2,382,687
Gross mining margin % (1)	29%	60%	79%	73%
Gross margin %	(50%)	16%	57%	44%
Revaluation gain (loss) of digital currencies (2)	(7,832,211)	(1,336,918)	(7,638,835)	2,373,508
(Loss) gain on sale of digital currencies	(1,161,385)	61,672	18,973	-
SBC	(160,361)	(98,001)	(283,356)	(1,827,024)
Impairment	(14,746,420)			
General Expenses	(1,091,681)	(3,017,123)	(2,708,801)	(1,456,809)
Finance income (expense)	22,052	(38,794)	168,490	116,511
Tax (expense) recovery	-	(50,000)	258,000	(485,000)
Net income (loss) from continuing operations	<u>\$ (28,250,051)</u>	<u>\$ (2,722,439)</u>	<u>\$ (4,704,869)</u>	<u>\$ 149,724</u>
Average MW for the period (3)	24.20	21.98	9.84	3.61
Income per average MW	\$ 269,554	\$ 485,017	\$ 979,308	\$ 906,977
Gross mining margin per average MW	\$ 76,973	\$ 293,047	\$ 776,858	\$ 660,024
EBITDA (4)	\$ (23,129,314)	\$ 2,050,811	\$ (2,967,734)	\$ 1,472,362
Adjusted EBITDA (4)	\$ (390,322)	\$ 3,485,730	\$ 4,954,457	\$ 925,878

(1) Gross mining margin equates to income from digital mining less operating and maintenance costs and is a non-IFRS measure; see Non-IFRS Measures in the Q2 MD&A for reconciliation

(2) Revaluation is calculated as the change in value (gain or loss) on the coin inventory. When coins are sold, the net difference between the proceeds and the carrying value of the digital currency (including the revaluation), is recorded as a gain (loss) on the sale of digital currencies

(3) Average MW for a period is calculated based on the computing capacity in production on a daily basis for each period

(4) EBITDA and Adjusted EBITDA are non-IFRS measures; see Non-IFRS Measures in the Q2 MD&A for reconciliation

Management Update

HIVE announced on November 20, 2018 the appointment of Darcy Daubaras as Chief Financial Officer. Mr. Daubaras replaced Jessica Van Den Akker who resigned from the Company. The Company also announced that Marco Streng, CEO of Genesis Group and Co-Founder of HIVE, has been appointed as Vice Chairman.

Financial Statements and MD&A

The Company's Financial Statements and Management's Discussion and Analysis (MD&A) for the three and six months ended September 30, 2018 will be accessible on SEDAR at www.sedar.com under HIVE's profile and on the Company's website at www.HIVEblockchain.com.

Webcast Details

Management will host a webcast on Friday, November 30, 2018 at 8:30am Eastern Time to discuss the financial results for the six months ended September 30, 2018. Presenting on the webcast will be Frank Holmes, Interim Executive Chairman; Marco Streng, Vice Chairman; Olivier Roussy Newton, Interim President; and Darcy Daubaras, Chief Financial Officer, will participate in the webcast. Analysts and interested investors may [register for the webcast](#) or visit www.HIVEblockchain.com for more information.

About HIVE Blockchain Technologies Ltd.

HIVE Blockchain Technologies Ltd. is a growth oriented, TSX.V-listed company building a bridge from the blockchain sector to traditional capital markets. HIVE is strategically partnered with Genesis Mining Ltd. to build the next generation of blockchain infrastructure. HIVE owns state-of-the-art GPU-based digital currency mining facilities in Iceland and Sweden, which produce newly minted digital currencies like Ethereum continuously as well as cloud-based ASIC-based capacity which produces newly minted digital currencies like Bitcoin. Our deployments provide shareholders with exposure to the operating margins of digital currency mining as well as a growing portfolio of crypto-coins.

For more information and to register to HIVE's mailing list, please visit www.HIVEblockchain.com. Follow [@HIVEblockchain](#) on Twitter and subscribe to [HIVE's YouTube channel](#).

On Behalf Of HIVE Blockchain Technologies Ltd.

"Frank Holmes"

Interim Executive Chairman

For further information please contact:

Frank Holmes
Tel: (604) 664-1078

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

Forward-Looking Information

Except for the statements of historical fact, this news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this news release. "Forward-looking information" in this news release includes information about the Company's long term growth of the Company; the business goals and objectives of the Company, and other forward-looking information includes but is not limited to information concerning the intentions, plans and future actions of the parties to the transactions described herein and the terms thereon.

Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, the ongoing partnership with Genesis; the digital currency market; the Company's ability to successfully mine digital currency; the Company may not be able to profitably liquidate its current digital currency inventory, or at all; a decline in digital currency prices may have a significant negative impact on the Company's operations; the volatility of digital currency prices; and other related risks as more fully set out in the Filing Statement of the Company dated and other documents disclosed under the Company's filings at www.sedar.com

This news release also contains "financial outlook" in the form of gross mining margins, which is intended to provide additional information only and may not be an appropriate or accurate prediction of future performance, and should not be used as such. The gross mining margins disclosed in this news release are based on the assumptions disclosed in this

news release and the Company's Management Discussion and Analysis for the second quarter September 30, 2018, which assumptions are based upon management's best estimates but are inherently speculative and there is no guarantee that such assumptions and estimates will prove to be correct.

The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this news release, the Company has made assumptions about the Company's ability to profitably liquidate its digital currency inventory as required; the Company's ongoing partnership with Genesis; historical prices of digital currencies and the ability of the Company to mine digital currencies 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 believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.