



HIVE

HIVE BLOCKCHAIN TECHNOLOGIES LTD.

September 30, 2019

HIVE Blockchain Reports 140% Increase of Income from Digital Currency Mining Over FY2018 and Releases Fourth Quarter and Full Year 2019 Financial Results

Zug, Switzerland and Vancouver, Canada – HIVE Blockchain Technologies Ltd. (TSX.V:HIVE) (OTCQX:HVBTF) (the “Company” or “HIVE”) announces its results for the fourth quarter and full year ended March 31, 2019 (all amounts in US dollars, unless otherwise indicated).

“Over the past year, HIVE has undergone significant changes which have improved transparency and accountability from strategic partners which will allow us to better manage our business,” said Frank Holmes, Interim Executive Chairman of HIVE. “We weathered a challenging period for cryptocurrency and blockchain companies as the value of Bitcoin and Ethereum underwent tremendous erosion of value causing a massive fall in the cost of computing equipment. However, we opportunistically added Bitcoin capacity at attractive financial terms.”

“Since becoming interim CEO and adding a full-time CFO, we have restructured the company to strengthen our operational control of HIVE and improved our cost structure,” said Frank. “There is more to be done but I am certain that the work done during the fiscal year and throughout 2019 has better positioned the Company for growth.”

“We are pleased by the financial results from our 300 Petahashes of Bitcoin mining capacity and the progress we have seen in our Ethereum mining following the restart of Sweden with Blockbase, our new operational partner, subsequent to the end of the 2019 fiscal year.” added Mr. Holmes.

“Our financial performance reflects the benefits of scale as we generated significant growth in revenue during fiscal 2019 against fiscal 2018,” added Frank Holmes. “We made the prudent decision to write-down certain assets in fiscal 2019, a non-cash impairment charge that reflects dramatic industry changes and volatility of cryptocurrencies since we went public in 2017. The cost of new GPU chips declined dramatically in fiscal 2019 against the backdrop of Ethereum prices falling from more than \$1,400 at the start of 2018 to less than \$100 at the end of that year while Bitcoin fell from more than \$14,000 to under \$4,000 in the same timeframe.”

“These were unprecedented drops in currency and the capital equipment that I have not seen in my 40 years as an investor,” noted Frank Holmes. “I want to stress that these impairments are non-cash charges, no cash went out the door, it is strictly an accounting treatment. That said, HIVE also benefited from the trend as we were able to scale our mining operations at lower than historical costs and we are realizing the benefits as Bitcoin prices have increased from \$3,826 at the start of 2019 to highs of nearly \$13,000 in June 2019. Similarly, Ethereum started the year at \$130 and exceeded \$330 in June 2019.”

“Further, we have witnessed important industry milestones as companies like JP Morgan and Facebook have embraced cryptocurrency and that adoption by consumers is on the rise,” said Frank Holmes. “We continue to believe that we are in the early innings of the evolution of blockchain and it is my opinion that HIVE is positioned for growth and as leaders in the industry. We learned valuable lessons during the crypto bear market which resulted in us demanding greater transparency and accountability from our business partners while reducing our costs.”

FY 2019 Highlights

- Generated revenues of \$31.8 million, a 143% increase over FY2018, with a gross mining margin¹ of \$7.0 million, from mining of digital currencies;
- Mined over 82,000 newly minted Ethereum during year ended March 31, 2019, representing an increase of 329% over prior year production, despite a shutdown of the facility in Sweden during a portion of the year;
- And mined 1,751 newly minted Bitcoin during year ended March 31, 2019. The company did not mine Bitcoin in the prior year;
- Recognized a non-cash impairment charge of \$90.9 million related to our data centre equipment, SHA-256 ASIC capacity, and land development rights in Norway;
- Incurred a loss of \$137.8 million for the year;
- Increased its mining capacity over the prior year by 318% by adding an additional 7 MW of data centre equipment and 300 PH of SHA-256 ASIC capacity; and
- Diversified its production range with the addition of cloud-based Bitcoin mining.

Financial Review

For the year ended March 31, 2019, HIVE's gross mining margin was 22%. Fourth quarter income from digital currency mining was produced from an average of 14.0 MW of GPU production capacity, and 300 PH of Cloud Mining capacity, as at March 31, 2019. Below is an analysis of the Company's income and gross mining margin:

	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Income from digital currency mining	\$ 31,824,443	\$ 6,191,017	\$ 8,449,545	\$ 6,523,217	\$ 10,660,664
Operating and maintenance	(24,793,774)	(5,219,055)	(10,694,763)	(4,660,473)	(4,219,483)
Depreciation	(29,324,286)	(10,104,251)	(9,392,790)	(5,142,789)	(4,684,456)
	<u>(22,293,617)</u>	<u>(9,132,289)</u>	<u>(11,638,008)</u>	<u>(3,280,045)</u>	<u>1,756,725</u>
Gross mining margin	7,030,669	971,962	(2,245,218)	1,862,744	6,441,181
Gross mining margin % (1)	22%	16%	(27%)	29%	60%
Gross margin %	(70%)	(148%)	(105%)	(50%)	16%
Revaluation (loss) gain of digital currencies (2)	(10,138,348)	3,633,660	(4,602,879)	(7,832,211)	(1,336,918)
(Loss) gain on sale of digital currencies	(5,328,799)	(2,403,449)	(1,825,637)	(1,161,385)	61,672
SBC	(1,132,371)	(342,422)	(531,587)	(160,361)	(98,001)
Impairment	(90,927,728)	(60,213,523)	(15,967,785)	(14,746,420)	-
General Expenses	(6,697,845)	(726,073)	(1,862,968)	(1,091,681)	(3,017,123)
Unrealized loss on investments	(1,327,721)	(1,327,721)	-	-	-
Finance income (expense)	(182,691)	(170,835)	4,886	22,052	(38,794)
Tax (expense) recovery	227,000	277,000	-	-	(50,000)
Loss from continuing operations	<u>\$ (137,802,120)</u>	<u>\$ (70,405,652)</u>	<u>\$ (36,423,978)</u>	<u>\$ (28,250,051)</u>	<u>\$ (2,722,439)</u>
EBITDA (3)	\$ (108,522,143)	\$ (60,407,566)	\$ (27,036,074)	\$ (23,129,314)	\$ 2,050,811
Adjusted EBITDA (3)	\$ (6,323,696)	\$ (3,485,281)	\$ (5,933,823)	\$ (390,322)	\$ 3,485,730

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

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

Financial Statements and MD&A

The Company's Financial Statements and Management's Discussion and Analysis (MD&A) for the three and twelve months ended March 31, 2019 will be accessible on SEDAR at www.sedar.com under HIVE's profile and on the Company's website at www.HIVEblockchain.com.

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 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](https://twitter.com/HIVEblockchain) on Twitter and subscribe to [HIVE's YouTube channel](https://www.youtube.com/channel/UC...).

On Behalf of HIVE Blockchain Technologies Ltd.

"Frank Holmes"

Interim Executive Chairman

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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 potential for the Company's long term growth; 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 year ended March 31, 2019, 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 and new partnership with Blockbase; 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.