



HIVE

HIVE BLOCKCHAIN TECHNOLOGIES LTD.

March 1, 2019

HIVE Blockchain Releases Third Quarter 2019 Financial Results

Zug, Switzerland and Vancouver, Canada – HIVE Blockchain Technologies Ltd. (TSX.V:HIVE) (OTCQX:HVBTF) (the “Company” or “HIVE”) today announced its results for the third quarter ended December 31, 2018 (all amounts in US dollars, unless otherwise indicated).

“The cryptocurrency ecosystem continues to undergo significant volatility amid continually evolving regulatory review and fluctuations in price,” said Frank Holmes, Interim Executive Chairman of HIVE. “However, HIVE has remained committed to deploying infrastructure assets and diversifying our business mix to commence mining of new coins. We continue to accumulate Ethereum and Ethereum Classic and in the third quarter began adding Bitcoin to our coin inventory. In the quarter we more than doubled our mining capacity, negotiated improved financial terms with our largest partner and added an additional 100 Petahashes (“PH”) of capacity at a significantly lower cost than prior deployments.”

“We continue to assess opportunities to selectively add to our capacity but we are also looking to the future as we are entering a phase of the Company we are calling HIVE 2.0,” added Frank Holmes. “Having deployed significant infrastructure since going public at costs that we expected, I remain excited by new opportunities in blockchain infrastructure and, as I have said in the past, I continue to believe that HIVE is well positioned to capitalize on these opportunities. Though cryptocurrency volatility has shown improvements since we reported our second quarter, it continues to exhibit volatility that outpaces other asset classes though we are seeing improvements in the mining ecosystem broadly. As such, we remain bullish on the long-term prospects and utility of cryptocurrencies and blockchain as a technology that continues to revolutionize industries that touch our lives everyday.”

Quarterly Highlights

- Generated income of \$8.4 million, with a gross mining margin loss¹ of \$2.2 million, from mining of digital currencies;
- Mined 28,343 newly minted Ethereum during the period ended December 31, 2018, as compared to second quarter production of 19,569 Ethereum representing an increase of 45% for the quarter;
- Mined 784 newly minted Bitcoin during the period ended December 31, 2018;
- Incurred a net loss of \$36.4 million for the period; and
- Launched the operation of an additional 100 PH of cloud-based ASIC Bitcoin mining on December 1, 2018 bringing the Company’s digital currency mining footprint to a total of 24.2 MW of GPU mining and 300 PH of ASIC capacity.

¹ Gross mining margin is a non-IFRS measure; see Non-IFRS Measures in Q3 MD&A for reconciliation

Financial Review

For the 3 month period ended December 31, 2018, HIVE's gross mining margin loss was 27%. Third quarter income from digital currency mining was produced from an average of 24.2 MW of GPU production capacity, and an average of 234 PH of Cloud Mining capacity as at December 31, 2018. Below is an analysis of the Company's income and gross mining margin:

| | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|---|------------------------|------------------------|------------------------|-----------------------|
| Income from digital currency mining | \$ 8,449,545 | \$ 6,523,217 | \$ 17,183,881 | \$ 9,636,390 |
| Operating and maintenance | (10,694,763) | (4,660,473) | (8,879,956) | (1,992,105) |
| Depreciation | (9,392,790) | (5,142,789) | (9,827,245) | (2,163,625) |
| | <u>(11,638,008)</u> | <u>(3,280,045)</u> | <u>(1,523,320)</u> | <u>5,480,660</u> |
| Gross mining margin | (2,245,218) | 1,862,744 | 8,303,925 | 7,644,285 |
| Gross mining margin % (1) | (27%) | 29% | 48% | 79% |
| Gross margin % | (138%) | (50%) | (9%) | 57% |
| Revaluation (loss) gain of digital currencies (2) | (4,602,879) | (7,832,211) | (9,169,129) | (7,638,835) |
| (Loss) gain on sale of digital currencies | (1,825,637) | (1,161,385) | (1,099,713) | 18,973 |
| SBC | (531,587) | (160,361) | (258,362) | (283,356) |
| Impairment | (15,967,785) | (14,746,420) | | |
| General Expenses | (1,862,968) | (1,091,681) | (18,855,224) | (2,708,801) |
| Finance income (expense) | 4,886 | 22,052 | (16,742) | 168,490 |
| Tax (expense) recovery | - | - | (50,000) | 258,000 |
| Net (loss) income from continuing operations | <u>\$ (36,423,978)</u> | <u>\$ (28,250,051)</u> | <u>\$ (30,972,490)</u> | <u>\$ (4,704,869)</u> |
| EBITDA (3) | \$ (27,036,074) | \$ (23,129,314) | \$ (21,078,503) | \$ (2,967,734) |
| Adjusted EBITDA (3) | \$ (5,933,823) | \$ (390,322) | \$ (11,651,012) | \$ 4,954,457 |

- (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 Q3 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 the Q3 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 nine months ended December 31, 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 Monday, March 4, 2019 at 8:30am Eastern Time to discuss the financial results for the nine months ended December 31, 2018. Presenting on the webcast will be Frank Holmes, Interim Executive Chairman and Darcy Daubaras, Chief Financial Officer. 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](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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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 third quarter December 31, 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.