HUT 8

HUT 8 MINING CORP.

October 2018

Disclaimer

This management presentation is intended to provide an overview of the business of Hut 8 Mining Corp. (“Hut 8” or the “Company”). It has been prepared for information purposes only and does not purport to be complete. It is not intended to be relied upon as advice to or as a solicitation from investors or potential investors in connection with a distribution of securities of the Company and does not take into account the investment objectives, financial situation or needs of any particular investor. Our financial projections were not prepared with a view toward compliance with published guidelines of the International Financial Reporting Standards or American Institute of Certified Public Accountants and have not been examined, reviewed or compiled by our accountants or auditors. Our financial projections represent our estimates as of the dates indicated thereon.

Certain statements in this presentation may constitute “forward-looking” statements. When used in or in relation to this presentation, such statements use words including, but not limited to, “may”, “will”, “expect”, “believe”, “plan”, “intend”, “anticipate”, "future" and other similar terminology (including negative variations thereof) and include, without limitation, statements or information with respect to: the Company’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), planned expansion and business prospects and opportunities. These forward-looking statements reflect the current expectations of Hut 8’s management regarding future events, operating performance or other achievements, or potential matters relating to any of the foregoing, of the Company, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements reflect management’s current views and are based on certain assumptions; the reader must take note that there is no certainty that the Company will achieve or undertake any specific activity in respect thereto. They are, by necessity, only estimates of future results, performance, achievements or developments, and the actual results, performance, achievements or developments may differ materially from these statements due to a number of known and unknown factors, uncertainties and risks, including the risks specified elsewhere in this presentation. Investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking information herein is qualified by these cautionary statements, and although any forward-looking information contained herein is based on what management believes are reasonable assumptions, there can be no assurance that actual results or outcomes will be consistent with these forward-looking statements. Any forward-looking statements are made as of the date of this presentation, and, except as may be required by applicable law, the Company does not assume any obligation to update or revise them to reflect new information, events, circumstances or otherwise. The information contained in this presentation, including information related to bitcoin and the cryptocurrency industry generally, is derived from management of the Company and otherwise from publicly available information and does not purport to contain all of the information that an investor may desire to have in evaluating whether or not to make an investment in Hut 8. The information has not been independently verified, which may prove to be imprecise, and is subject to material updating, revision and further amendment. While management is not aware of any misstatements regarding any industry data presented herein, no representation or warranty, express or implied, is made or given by or on behalf of Hut 8 as to the accuracy, completeness or fairness of the information or opinions contained in this presentation and no responsibility or liability is accepted by any person for such information or opinions. No opinion, whether express or implied, is made as to any correlation between the current and historical price of bitcoin and the future financial performance of the Company, nor should any such opinion be inferred.

This presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities of Hut 8 in the United States. The securities of Hut 8 have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and such securities may not be offered or sold in the United States or to U.S. persons unless registered or exempt therefrom.

This presentation may have been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission. You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. As a consequence of the above, neither the Company nor any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the presentation distributed to you in electronic format and the hard copy version that may be made available to you.

This presentation and its contents are confidential and are being supplied to you solely for your information and may not be reproduced, further distributed or published in whole or in part by any other person. Neither this presentation nor any copy of it may be taken or transmitted into or distributed in any other jurisdiction which prohibits the same except in compliance with applicable laws. Any failure to comply with this restriction may constitute a violation of applicable securities law. Recipients are required to inform themselves of, and comply with, all such restrictions or prohibitions and the Company does not accept liability to any person in relation thereto. By receiving a copy of this presentation, you hereby agree to be bound by the foregoing provisions.

Hut 8 is the largest cryptocurrency mining company in Canada

Hut 8 has an exclusive North American partnership with the Bitfury Group, the world's leading full-service blockchain technology company

HUT 8

The name Hut 8 refers to the place at Bletchley Park where Alan Turing created his world-changing Enigma decoding machine

His work saved millions of lives, transformed cryptography and laid the foundation for blockchain

Hut 8 provides investors with direct exposure to bitcoin without the technical complexity or constraints of purchasing the underlying cryptocurrency

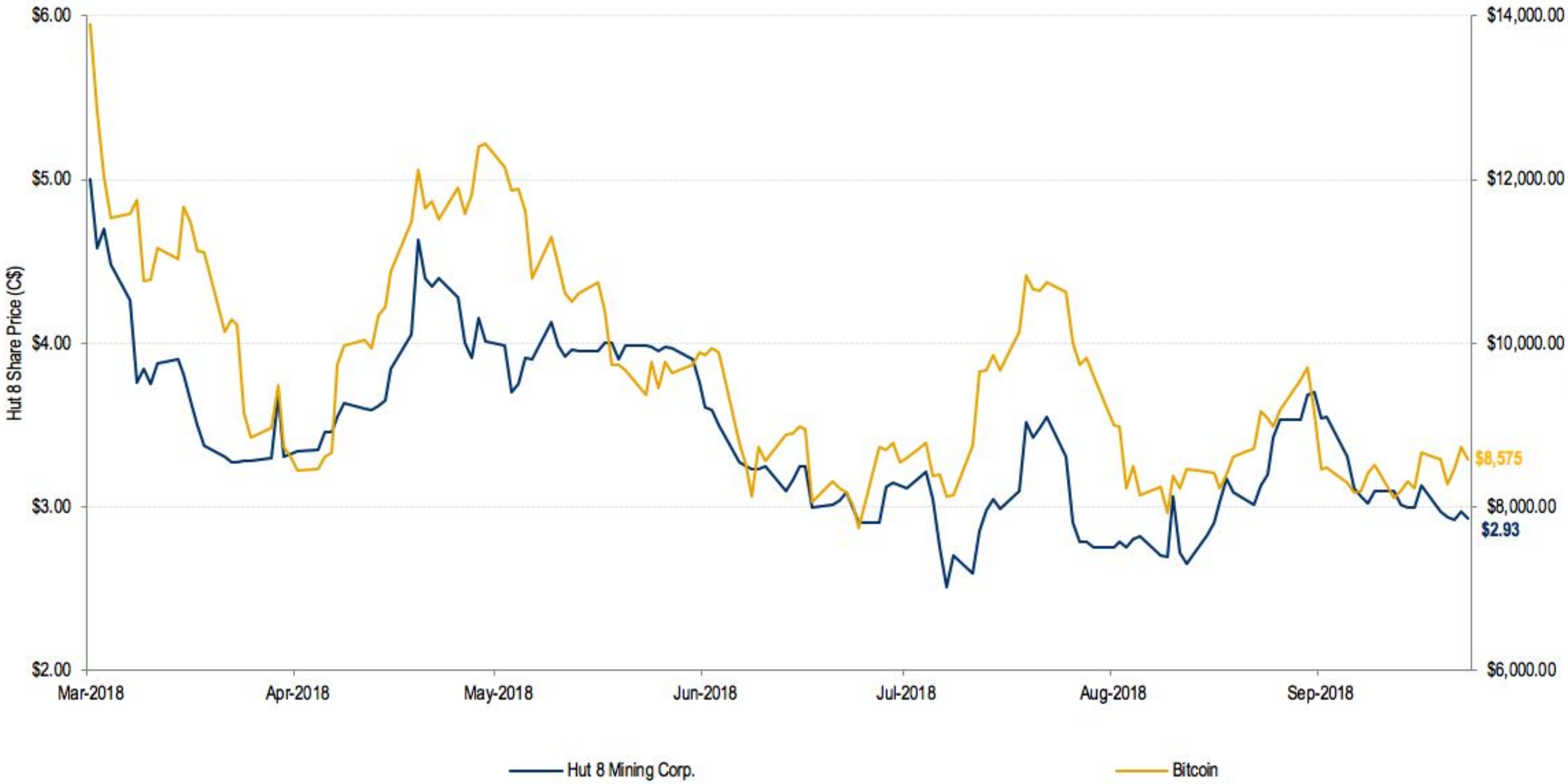
Investors avoid the need to create online wallets, wire money offshore and safely store their bitcoin. Hut 8 provides a secure and simple way to invest

TSX-V: HUT
OTCQX: HUTMF

3,600+ bitcoin Mined
3,100+ bitcoin Retained

Hut 8 Share Price vs Bitcoin Price

Hut 8 share price and bitcoin price correlate by 82.1%



Source: www.blockchain.com. Market data as at October 1, 2018

Industry Overview

Bitcoin

- Bitcoin is the **first and largest** cryptocurrency
- To date, ~17 million bitcoin exist and only **21 million bitcoin will ever exist**
- New bitcoins are **minted by cryptocurrency miners**
- Bitcoin transactions are stored on a digital public ledger called **the Blockchain**
- It is expected that all bitcoin will be mined by **2140**

Blockchain

- The Blockchain is a cloud based **digital public ledger** where bitcoin transactions are grouped together and represented as a block in a network chain, containing all relevant transaction details
- The Blockchain is maintained by a **community** of users and all transactions on the blockchain are **transparent**
- It is designed to make it **impossible** to add, remove or change data **without being detected** by the users

Industry Overview

Mining

- Mining is the process of verifying transactions by **solving a computationally difficult puzzle** that is like guessing a combination code
- Bitcoin miners use powerful **Application Specific Integrated Circuit (ASIC)** computing chips to compete with each other to correctly solve the encryption puzzle
- When a miner is **successful**, the block is incorporated into the blockchain and the miner receives **12.5** newly minted bitcoin (this number will halve every four years to keep supply constrained) plus transaction fees
- For its mining activities, Hut 8 utilizes the **Bitfury Blockbox**
- Manufactured by the Bitfury Group, the BlockBoxes are regarded as one of the **most powerful and cost-effective bitcoin mining solutions** available
- The BlockBoxes are based on **cutting-edge** hardware and software and are fully configurable and **upgradeable** to the next generation of silicon technology

Bitcoin Mining

Assumptions and Calculations

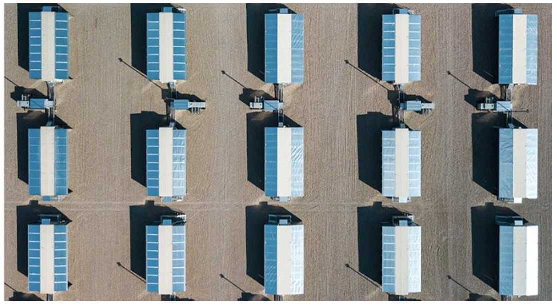
- This illustration presents an estimated bitcoin mining market size of US$12.0 billion from now to June 2020 (when the reward halves from 12.5 bitcoin to 6.25 bitcoin).
- The example assumes a steady price of bitcoin at US$6,500, 12.5 bitcoin reward earned per block, 0.5 bitcoin transaction fee earned per block, and 630 days between September 18, 2018 and June 9, 2020.

US $12.0 million
Total Bitcoin Mining Revenue Per Day

144	12.5	~0.5	$6,500
Blocks Mined Per Day	Reward per Block (Bitcoin)	Transaction Fee Per Block (Bitcoin)	Bitcoin Price in USD

US $7.4 billion
Total Bitcoin Mining Revenue to June 2020

Asset Base



Location	Drumheller, AB	Medicine Hat, AB	**Total**
BlockBoxes	17	56	**73**
Max Electrical Capacity	18.7 MW	67.2 MW	**85.9 MW**
Avg Hashpower	140.0 PH/s	500.0 PH/s	**640.0 PH/s**
Operational	December 2017	July 2018	

Competitive Advantage

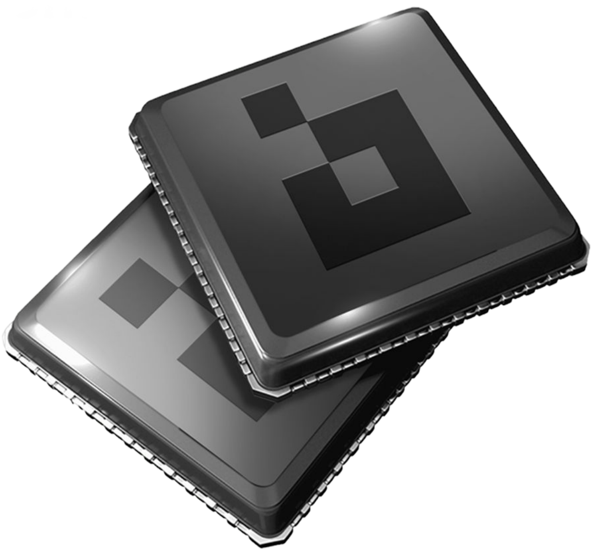
Bitfury Partnership

- One of the **largest bitcoin miners in the world**, in business since 2011
- Manufactures their own **proprietary ASIC chips**
- Delivers, **exclusively** to Hut 8, a bitcoin mining solution
- **Own** approximately 45% of Hut 8

Competitive Advantage

Advanced Chips & Technology

- **Secure access** to Bitfury's latest generation chips, data center technology and software
- Bitfury provides **turn-key service** to install, service and maintain BlockBox datacenters
- Hut 8 has **exclusive option** for future acquisition & development of datacenters as well as a comprehensive and proprietary mix of hardware, software, installation and operational services in **North America**



Competitive Advantage

Secure, Low-Cost Electricity

- **Maximum operating capacity 85.9 MW** in Drumheller and Medicine Hat, Alberta
- Electricity in Medicine Hat is generated from combination of **natural gas** and **wind power**
- **10 Year** electricity supply agreement and land lease agreement at the City of Medicine Hat

Competitive Advantage

Hut 8 Is Fully Funded

- Raised **$108 million** through two common equity financings
- **US $16 million** secured loan

Management

Hut 8 has assembled a strong team of executives & directors with deep experience in blockchain, software, bitcoin mining, investment banking, venture capital, and government

Management

Andrew Kiguel

CEO, Director of Hut 8

Andrew joins Hut 8 from GMP Securities L.P., where he played an integral role for more than 18 years, including most recently as Managing Director, Investment Banking, as well as a key member of GMP's Blockchain Investment Banking Group. He is a co-founder of Hut 8 and played a fundamental role in the formation, structure, and financing of Hut 8. Andrew has extensive experience in providing investment banking services to numerous public and private entities, including raising equity and debt capital in excess of C$3 billion over the last five years.

Jimmy Vaiopoulos

CFO of Hut 8

Vaiopoulos joins Hut 8 following his role as CFO with a TSXV-listed commercial solar solutions provider, where he served since 2015. Prior to that role, he worked with KPMG in both audit and advisory practices with a focus on energy and infrastructure markets. Vaiopoulos has worked closely with independent power producers and specializes in start-up growth, international management, tech and mining, and has extensive experience in the underlying Canadian and U.S. compliance regimes.

Michael Perrow

Vice President of Hut 8

Since 2008, Michael has played an integral leadership role in the development, operations and strategy of numerous successful startups. Michael spent the last 5 years focused on scaling a music and technology company as the head of business development. He holds a finance degree from the University of Western Ontario with a specialization in finance.

Board of Directors

Bill Tai Chairman

Bill Tai is a Board Director of Bitfury and co-founder Chairman of data science company Treasure Data. He is an early seed investor behind high profile startups Canva, Color Genomics, Tweetdeck/Twitter, Wish.com and Zoom Video. He is a Partner Emeritus for CRV after establishing their Silicon Valley office. Previously he founded several successful technology companies and served as Board Director of 7 publicly listed companies. He holds a BSEE with Honors from the University of Illinois and an MBA from Harvard.

Dennis Mills

Former Member of Parliament of Canada for 16 years with roles including working with the Minister of Industry. Held leadership positions at Magna Entertainment from 2004 to 2008 followed by CEO of MI Developments, a global real estate company, from 2008 to 2010. Dennis served on the board of Pacific Rubiales Energy and is currently on the board of CGX Energy.

Michael Novogratz

CEO of Galaxy Investment Partners. He was formerly a principal and a member of the board of directors of Fortress Investment Group LLC and Chief Investment Officer of the Fortress Macro Fund. Mr. Novogratz joined Fortress in 2002 after spending 11 years at Goldman Sachs, where he was elected partner in 1998. Mr. Novogratz received an AB from Princeton University in Economics, and served as a helicopter pilot in the US Army.

Gerri Sinclair

Kensington Managing Director where she serves as a member of the firm’s Investment Committee for the venture capital funds. Previously served on the Microsoft Senior Executive team as General Manager for the MSN Canadian subsidiary. Has served on several government and corporate boards including the TMX Group, Telus Corporation, BC Telecom, and Ballard Power. Gerri holds a Ph.D. in Renaissance Drama as well as an honorary Doctor of Science in Computing Science from the University of British Columbia.

Joe Flinn

Joe joins Hut 8 following 12 years of senior leadership at Sysco Corporation, where he played an integral role as both Chief Financial Officer of Sysco Canada, and President of Sysco Canada’s Eastern Division. Currently President of Clarke Transport and Clarke North America, a major national freight transportation group, Joe is a deeply experienced financial and operational leader. He specializes in sales and profit improvement and financial management.

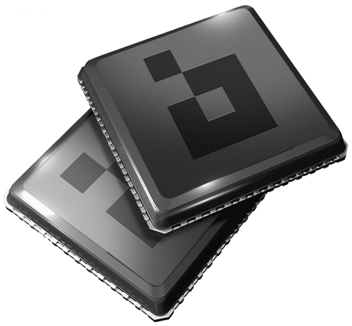
Valery Vavilov

Original founding member of Bitfury. Assumed the role of Bitfury CEO in 2011. Seasoned entrepreneur with an eye for market opportunity and over 15 years of experience in information technology and business management. Proven track record in building successful companies and high-performing teams. Prior to that, held numerous technology and business leadership positions at 212.ua, Advideo.ua, Allroll and Uzdevumi. MS Riga Transport & Telecommunication University.

BITFURY

Is the leading full-service blockchain technology company

Offering both software and hardware solutions for blockchain and bitcoin technologies



Bitfury is also one of the largest infrastructure providers and specializes in: fixed-site installations, mobile mining, servers, datacenter constructure, and semiconductors / microelectronics

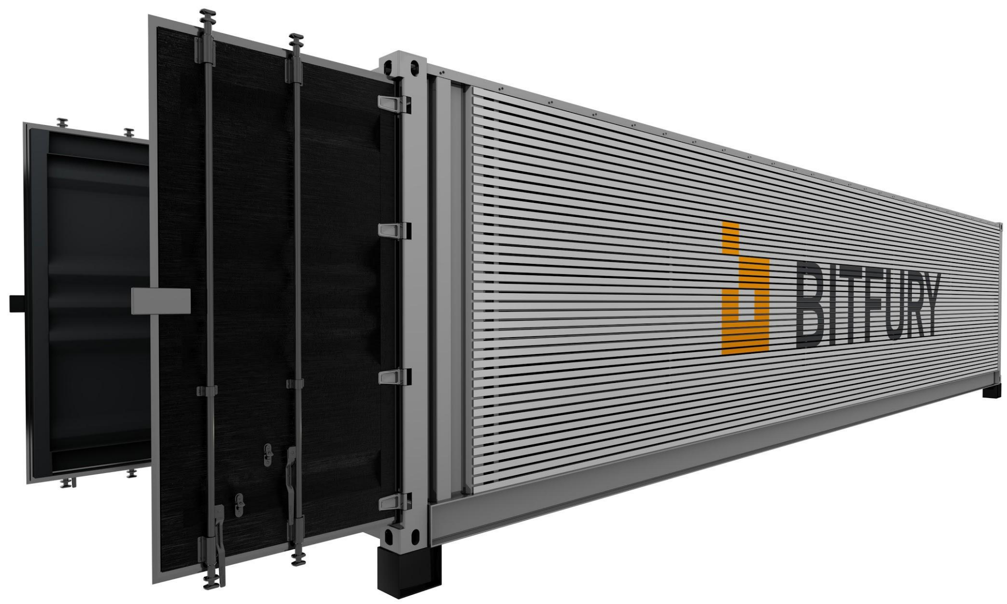
Bitfury BlockBox Overview

- The BlockBox is a containerized datacenter for bitcoin mining that substantially shortens the time required to start mining bitcoin on a commercial scale
- Units are comprised of a standard 40' High Cube freight container for ease of transportation and installation
- Capacity of 1.2 MW of power supply per BlockBox
- Each unit includes 180 air-cooled mining servers that deliver a total hashrate of 9 PH/s from over 100,000 custom ASIC chips

Bitfury Blockbox

9

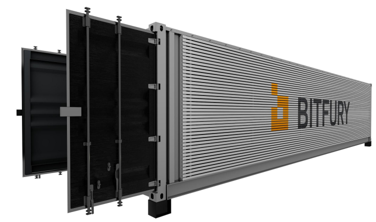
PH/s



Illustrative BlockBox Economics

Monthly Cost Per BlockBox (CAD)

	Expenses	Percentage
Electricity :	$38,000	73%
Operating Expenses :	$11,500	22%
Bitfury Management Fee :	$2,500	5%
Total :	**$52,000**	**100%**



Monthly Revenue Per BlockBox

	Low	Medium	High
BTC Price (USD) :	$6,500	$10,000	$15,000
Revenue* (CAD) :	$85,000	$129,000	$195,000
Margin (CAD) :	**$32,500**	**$78,000**	**$142,000**

Expense figures above are estimates for illustrative purposes will vary month to month.

*Revenue is based on 10 bitcoin per BlockBox and 0.77 USD/CAD

Six Months Ended June 30, 2018

	Q1	Q2	TOTAL
Revenue :	$10,988,949	$7,800,370	$18,789,319
Gross Profit*:	$8,823,650	$4,956,539	$13,780,189
Gross Profit Margin* :	80%	64%	73%
EBITDA** :	$7,690,365	$3,860,052	$11,550,417
Working Capital :	$19,329,062	$11,622,565	
Bitcoin Mined :	828	786	1,614
Cost Per Bitcoin* CAD :	$2,615	$3,618	$3,104
Cost Per Bitcoin* USD :	$2,035	$2,721	$2,334

* Excludes depreciation

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

Capitalization

TSX-V :	HUT
OTCQX :	HUTMF
Shares Outstanding :	85,227,858
Options :	785,000
Warrants :	2,822,222

Risk Factors

Additional Funding Requirements: Further acquisitions of Additional Datacenters will require additional capital, the ongoing operation of Hut 8 will require monthly payments under the Master Services Agreement, and the Company will require funds to operate as a public company. There is no assurance that the Resulting Issuer will be successful in obtaining the required financing for these or other purposes, including for general working capital.

Conflicts of Interest: Certain of the officers and directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. In addition, certain proposed directors of the Company are principals of Bitfury, who will be a controlling shareholder of the Company and the commercial partner under the Services Agreement. The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interest which they may have in any project or opportunity of the Resulting Issuer. If a conflict arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Resulting Issuer will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Resulting Issuer may be exposed and its financial position at that time.

Dividends: To date, the Company has not paid any dividends on its outstanding securities and the Resulting Issuer does not expect to do so in the foreseeable future. Any decision to pay dividends on the Resulting Issuer Shares will be made by the Board of Directors.

The Company's cryptocurrency inventory may be exposed to cybersecurity threats and hacks: As with any other computer code, flaws in the cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare.

Regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations: As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the Company. Governments may in the future curtail or outlaw, the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Resulting Issuer Shares. Such a restriction could result in the Company liquidating its bitcoin inventory at unfavorable prices and may adversely affect the Company's shareholders.

The value of cryptocurrencies may be subject to momentum pricing risk: Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company's bitcoin inventory and thereby affect the Company's shareholders.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure: To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of bitcoin Exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed bitcoin Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such bitcoin Exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Risk Factors (CONT'D)

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment: A number of companies that provide bitcoin and/or other cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to bitcoin and/or other cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide bitcoin and/or other cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing bitcoin and/or other cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's bitcoin inventory.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain: Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Company's bitcoin inventory. The possibility of large-scale purchases of cryptocurrencies in times of crisis may have a short-term positive impact on the prices of. Crises in the future may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Company's investments. As an alternative to fiat currencies that are backed by central governments, cryptocurrencies such as bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralised means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoins either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's operations and profitability.

The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate: The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the Company's operations. The factors affecting the further development of the industry, include, but are not limited to:

Continued worldwide growth in the adoption and use of cryptocurrencies;
Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
Changes in consumer demographics and public tastes and preferences;
The maintenance and development of the open-source software protocol of the network;
The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
General economic conditions and the regulatory environment relating to digital assets; and
Negative consumer sentiment and perception of cryptocurrencies generally.

Acceptance and/or widespread use of cryptocurrency is uncertain: Currently, there is relatively small use of bitcoins and/or other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability. As relatively new products and technologies, bitcoin, the Bitcoin Network, and its other cryptocurrency counterparts have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's operations, investment strategies, and profitability.

The Company may be required to sell its coins to pay for maintaining its mining datacenters: The Company may sell its coins to pay expenses covered under the Master Services Agreement and other expenses incurred, irrespective of then-current coin prices. Consequently, the Company's coins may be sold at a time when the price is low, resulting in a negative effect on the Company's profitability.

The Company's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies: The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for the Company's shares and reduce their liquidity.

Risk Factors (CONT'D)

The Company's coins may be subject to loss, theft or restriction on access: There is a risk that some or all of the Company's coins could be lost or stolen. Access to the Company's coins could also be restricted by cybercrime (such as a denial of service ("DoS") attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability. The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access its coins and such private keys will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Company's bitcoin could adversely affect its investments and profitability.

Incorrect or fraudulent coin transactions may be irreversible: Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's investments. Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. Although the Company's transfers of coins will regularly be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, the Company's coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations: As the number of coins awarded for solving a block in the blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's bitcoin inventory and investments. In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the blockchain become too high, the marketplace may be reluctant to accept network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins. If the award of coins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed temporarily. A reduction in the processing power expended by miners could increase the likelihood of a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on the blockchain, potentially permitting such actor or botnet to manipulate the blockchain in a manner that adversely affects the Company's mining activities. If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Company's mining activities, inventory of coins, and future investment strategies.

The price of coins may be affected by the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets: To the extent that other vehicles investing in coins or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by the Company.

Reliance on Bitfury: As the Company and its management are reliant on the expertise and experience of Bitfury, the Company may be exposed to certain risks should Bitfury fail to manage the datacenters in a proper manner or otherwise fail to meet its obligations under the Purchase Agreement or Services Agreement described herein.

Risk related to technological obsolescence and difficulty in obtaining hardware: To remain competitive, the Company will continue to invest in hardware and equipment at the datacenters required for maintaining the Company's mining activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. The increase in interest and demand for cryptocurrencies has led to a shortage of mining hardware as individuals purchase equipment for mining at home. Equipment in the datacenters will require replacement from time to time.

Risks related to insurance: The Resulting Issuer intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency mining and associated businesses, such insurance may not be available, uneconomical for the Resulting Issuer, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Resulting Issuer.

HUT 8

HUT 8 MINING CORP.

info@hut8mining.com

October 2018