



**FOR IMMEDIATE RELEASE**  
December 17, 2018

**HyperBlock To Convert CAD\$3.6M of Debt to Equity at Substantial Premium to Market Price;  
Offers Limited Private Placement Units up to CAD\$7M**  
*Company Heads Into 2019 with Newly-Launched, Insured Institutional Custodial Product, Leaner Operations and Expanding US Datacenter*

HyperBlock Inc. (CSE: HYPR) — one of North America’s largest publicly traded diversified crypto asset enterprises — announced today that it intends to convert approximately CAD\$3.6M of acquisition-related debt into HyperBlock equity, at a substantial premium to current market price, pending approval of the Canadian Securities Exchange (the “Exchange”) and of its minority shareholders — and will offer up to CAD\$7M non-brokered private placement of HyperBlock units, pending approval of the Exchange.

**CEO Signals Confidence in HyperBlock’s Future**

In a strong show of confidence in the company’s future growth potential, HyperBlock CEO Sean Walsh confirmed he will subscribe for a minimum of USD\$1.5M (CAD\$2.01M) in the placement.

“You can pick your own cliché, but here’s the current reality of crypto-asset investing – much of the world has turned away in discouragement, but the fundamental thesis remains well intact. This is *exactly* the type of market where profound value is created, and I believe this placement is pivotal in strengthening Hyperblock for the future.” says Walsh, a cryptocurrency veteran and sector thought leader who created HyperBlock’s original innovative revenue model. HyperBlock now offers five differentiated crypto products: cryptocurrency mining, hash rate sales (Mining-as-a-Service), server hosting, hardware sales, and HyperVault, its recently announced proprietary, crypto custodial storage service for institutional investors.

**Project Spokane to Convert Debt to HyperBlock Equity**

In conjunction with the private placement, HyperBlock also announced it intends to convert CAD\$3.6M debt owed to Project Spokane (a company founded by Walsh and acquired by HyperBlock in July 2018) to equity at CAD\$0.20 per share. Walsh says he agreed to above market pricing to reflect his belief that HyperBlock is undervalued and in the company’s potential to build long-term value. The proposed conversion remains subject to the approval of both the Company’s minority shareholders and the Exchange.

**Private Placement Details**

The company priced each unit offered at CAD\$0.05. Each unit includes one HyperBlock common share and one whole common share purchase warrant. Each warrant has a term of 24 months and is exercisable for one HyperBlock common share at a price of CAD\$0.15 per warrant. Canaccord Genuity remains the company’s financial advisor.

**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES  
OR FOR DISSEMINATION IN THE UNITED STATES OF AMERICA**

**HyperBlock Growth Drivers: Expanding US Datacenter, Custodial Storage Solution**

USD\$2.65M of 5-year debt for project financing has been committed by one of the company's banking partners to allow HyperBlock to complete electrical system upgrades required to expand its US power capacity.\* The company is in the final stages of a datacenter reorganization that it expects to reduce monthly operating costs. In November 2018, HyperBlock announced the launch of its proprietary, insured crypto custody storage solution, HyperVault.

**Focus on Efficiency**

"HyperBlock operates with a focus on efficiency and a unique and diversified revenue stream that helps the company withstand the volatility of the crypto market," explains Walsh. "That operational structure gives the company a strong foundation to build on – and will allow us to optimize our growth and performance as market conditions improve," he says.

**Related Party Transaction**

The proposed conversion of HyperBlock debt into HyperBlock equity as described above constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101-*Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). As such, HyperBlock intends to seek minority shareholder approval in accordance with the requirements of MI 61-101 at the Company's next annual general meeting, which is expected to be held in the third quarter of 2019. In addition, the completion of the proposed conversion remains subject to the approval of the Exchange.

**\*Datacenter Expansion Financing Details**

As previously announced, HyperBlock has received a commitment of \$2.65M in project financing from one of its banking partners to help fund a major expansion which will allow the company to triple its operating capacity — from 20MW to 60MW — at its Project Northwest datacenter. The financing terms to complete electrical infrastructure upgrades on the property carries a 5-year repayment term at an attractive interest rate of prime + 2.99%. Work is underway on-site and the company will provide further market updates as expansion milestones are achieved.

**About HyperBlock Inc.**

HyperBlock is one of North America's largest publicly traded diversified crypto-asset enterprises. The company operates one of North America's largest and most efficient cryptocurrency datacenters and provides five complimentary product offerings focused on helping people and businesses **create, safeguard, manage** and **grow** crypto-assets. HyperBlock profit centers include cryptocurrency mining, Mining-as-a-Service (MAAS), server hosting, server hardware sales and a proprietary custodial vault product. Learn more at [www.hyperblock.co](http://www.hyperblock.co)

**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES  
OR FOR DISSEMINATION IN THE UNITED STATES OF AMERICA**

**Cautionary Note Regarding Forward Looking Information and Future-Orientated Financial Information**

*Certain information in this news release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "intend", "forecast" and similar expressions. These forward-looking statements are based on assumptions and estimates of management, which management considers reasonable, based on information available on the date hereof. Such assumptions may be incorrect. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: that market prices will be consistent with expectations, the continued availability of capital and financing, general economic, market and business conditions will be consistent with expectations, fluctuations in general macroeconomic conditions; fluctuations in securities markets; fluctuations in the prices of cryptocurrencies mined by the company; historical prices of cryptocurrencies and the ability of the company to mine cryptocurrencies consistent with historical prices; the ability to retain personnel to execute the company's business plans and strategies; availability of power supply at prices favorable to the business and operations of the company, or at all; higher operating costs; the presence of laws and regulations that may impose restrictions on the ability of the company to operate its business, including securities laws applicable to the company; the speculative nature of cryptocurrency mining and blockchain operations; changes in project parameters as plans continue to be evaluated; competition in the company's operating markets; and those factors described under the heading "Risks Factors" in the company's listing statement dated July 10, 2018 and the risks described in the company's Management's Discussion & Analysis for the nine months ended September 30, 2018 dated November 29, 2018, each of which is available on the company's issuer profile on SEDAR. There may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements and information. There can be no assurance that forward-looking information, or the material factors or assumptions used to develop such forward-looking information, will prove to be accurate. The company does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law. All forward-looking information contained in this news release is expressly qualified in its entirety by this cautionary statement.*

**For media inquiries:**

1-800-613-4721

**For investor inquiries:**

Brent Arsenault

investors@hyperblock.co

1-800-613-4721