



HYDRO66 ANNOUNCES ENTERING INTO OF CONVERTIBLE LOAN AGREEMENT

March 31, 2020 – Toronto, Ontario – Hydro66 Holdings Corp. (the “**Company**” or “**Hydro66**”) (CSE: SIX) is pleased to announce that today it has entered into a secured convertible loan agreement with David Rowe, a significant shareholder and a director of the Company, and with Robert Keith, a significant shareholder of the Company (the “**Loan Agreement**”).

The maximum amount of the loan will be USD\$1,000,000 (the “**Loan**”) in the aggregate, convertible at the market price of the common shares at the date of conversion, with the initial advance of USD\$300,000 to be advanced on or before April 6, 2020 (using a Bank of Canada exchange rate on March 27, 2020 for conversion of amounts advanced in USD to Canadian dollars) (the “**Initial Advance**”). The remaining amounts of the Loan may be requested by the Company, if necessary, on or before December 31, 2021, in the same amounts as advanced by such lender under the Initial Advance. The Company will request that any amount advanced be made in Canadian dollars, however, the Company acknowledges that the lenders may make advances in either British Sterling or USD.

The Loan will be evidenced by second ranking secured convertible promissory notes in favour of the lenders for each advance under the Loan (the “**Notes**”). The maturity date of the principal amount, interest and any fees of the Loan is seven (7) years from the date of the Initial Advance and the rate of interest is 10% per annum. The interest for the initial two (2) years of the Loan shall not be payable until such time as the Loan is repaid in full.

The Loan will be secured by a general security interest, ranking second to a previous secured loan granted by the Company in 2018, over all of the assets of the Company, and through a guarantee of the Company’s operating subsidiary in Sweden. Under the general security agreement, the Company will agree, among other things, to not pledge, sell, lease or otherwise dispose of its assets, other than in the normal course, without prior written consent of the Note holder.

The Notes issued pursuant to the transaction and any Common Shares issued on conversion of the Notes will be subject to a statutory hold period in Canada of four months and one day following the issuance of the Notes in accordance with applicable securities laws. Additional resale restriction may be applicable under the laws of other jurisdictions.

The transaction constituted a related party transaction within the meaning of Multilateral Instrument 61-101 (“**MI 61-101**”) as certain insiders of the Company agreed to advance USD\$1,000,000 in connection with the Loan (using a Bank of Canada exchange rate on March 27, 2020 for conversion of amounts advanced in USD to Canadian dollars). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the transaction by the insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the first advance of the Loan, which the Company deems reasonable in the circumstances in order to complete the transaction in an expeditious manner.

Immediately prior to the execution of the Loan Agreement, David Rowe had ownership and control over a total of 51,233,650 common shares of the Company, representing 39.21% of the issued and outstanding common shares. Assuming a conversion by Mr. Rowe of all of the amounts owing or potentially owing under the Loan Agreement, using a Bank of Canada exchange rate on March 27, 2020 and a conversion price for all amounts under the Loan Agreement of C\$0.09 per share being the trading price of the common shares on close of business day immediately prior to the entering of the Loan Agreement, Mr. Rowe would acquire ownership and control over a total of 8,995,840 common shares of the Company, representing 6.44% of the issued and outstanding common shares. Immediately following such

conversion, together with the common shares already owned by Mr. Rowe and assuming conversion of convertible securities of the Company held by Mr. Rowe, Mr. Rowe would have ownership and control over 85,197,019 common shares of the Company, representing 44.94% of the issued and outstanding common shares on a partially diluted basis.

Immediately prior to the execution of the Loan Agreement, Robert Keith had ownership and control over a total of 37,523,574 common shares of the Company, representing 28.72% of the issued and outstanding common shares. Assuming a conversion by Mr. Keith of all of the amounts owing or potentially owing under the Loan Agreement, using a Bank of Canada exchange rate on March 27, 2020 and a conversion price for all amounts under the Loan Agreement of C\$0.09 per share being the trading price of the common shares on close of business day immediately prior to the entering of the Loan Agreement, Mr. Keith would acquire ownership and control over a total of 6,621,937 common shares of the Company, representing 4.82% of the issued and outstanding common shares. Immediately following such conversion, together with the common shares already owned by Mr. Keith and assuming conversion of convertible securities of the Company held by Mr. Keith, Mr. Keith would have ownership and control over 60,215,505 common shares of the Company, representing 35.54% of the issued and outstanding common shares on a partially diluted basis.

The Note is intended to be acquired for investment purposes. Messrs. Rowe and Keith have a long-term view of the investment and may acquire additional securities of the Company either on the open market or through private acquisitions or sell securities of the Company either on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other relevant factors. A copy of Messrs. Rowe and Keith's early warning report will appear on the Company's profile on SEDAR within two days following the issuance of the Note and may also be obtained at such time by calling (416) 361-2817 (Suite 401, 217 Queen Street West, Toronto, Ontario, M5V 0R2).

About Hydro66

Hydro66 owns and operates an award-winning colocation data centre in Sweden specializing in High Performance Computing ("HPC") hosting. The Company hosts third party IT infrastructure, utilizing 100% green power, at amongst the EU's lowest power prices and within an ISO27001 accredited facility.

Hydro66 is uniquely positioned to capitalize on opportunities in blockchain infrastructure as well as the traditional Enterprise colocation data centre market. The Company provides truly green power at a leading price, purpose-built space and cooling, telecoms, IT support services and 24/7 physical security in their facility in Boden, Sweden.

For more information please visit: www.hydro66.com

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