



HIVE

HIVE BLOCKCHAIN TECHNOLOGIES LTD.

March 3, 2020

HIVE Blockchain Reports Third Quarter 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 third quarter ended December 31, 2019 (all amounts in US dollars, unless otherwise indicated).

“I am pleased to report a healthy profit in the third fiscal quarter driven by our ongoing efforts since the end of 2018 to increase transparency, accountability and profitability across our mining operations,” said Frank Holmes, Interim Executive Chairman of HIVE. “Notably, our decision to restructure operations at our flagship Ethereum mining facility in Sweden paid off as we generated a strong increase in gross mining profitability vs prior periods under our previous service provider relationship, which ceased in November. Additionally, we benefited during the quarter and subsequently from our prudent decision to suspend Bitcoin cloud mining operations to avoid mining at a loss due to the significant increase in mining difficulty combined with declining Bitcoin prices in the second half of calendar 2019.

“These decisions have strengthened our balance sheet; we also recently lowered our cost base while increasing our cost certainty by entering into hedging arrangements related to our electrical expenses in Sweden. Combined, these will enable us to make appropriate investments to drive future growth.

“We are extremely excited as we look ahead in 2020 and the potential for further improvements to the profitability of our Ethereum mining operations,” added Mr. Holmes. “Institutional adoption of blockchain technology, including Ethereum, is rising. And Ethereum market conditions for miners have improved thus far this year: daily block rewards increased in January and coin prices have rebounded significantly over the past few months while the network hash rate has been relatively stable. Additionally, it is anticipated the Ethereum network will implement Programmatic Proof of Work this year, which would effectively eliminate ASIC mining on the network, thereby increasing the relative efficiency of GPU mining facilities such as HIVE’s.

“We continue to evaluate expansion opportunities globally, with a preference towards maintaining 100% green energy, and look forward to providing further updates on our progress through the year.”

Q3 F2020 Highlights

- Generated income from digital currency mining of \$5.0 million
- Generated gross mining margin of \$3.8 million from mining of digital currencies
- Mining output of newly minted digital currencies:
 - 23,175 Ethereum
 - 33,190 Ethereum Classic
 - 127 Bitcoin
- Generated net income of \$3.4 million for the period
- Net cash less loans payables decreased to \$3.2 million due to cash used in operations, reflecting upfront energy costs paid during the quarter in Sweden for which the Company anticipates receiving energy rebates in the future, with digital currencies assets at \$3.4 million, as at December 31, 2019
- Working capital increased to \$11.8 million

Financial Review

For the quarter ended December 31, 2019, income from digital currency mining was \$5.0 million, a decrease of approximately 41% from the same period in the prior year primarily due to the Company's suspension of 200 PH/s of its ASIC cloud mining capacity at the beginning of October, 2019 and the remaining 100 PH/s in December 2019 due to worsening Bitcoin mining market conditions as coin prices declined while mining difficulty and network hash rates increased to a record high. Third quarter income from digital currency mining was produced from 24.2 MW of GPU production capacity, and 100 PH/s of cloud mining capacity for a partial quarter.

Gross mining margin during the third quarter of fiscal 2020 was \$3.8 million, or 77% of income. It was approximately \$1.1 million excluding the reversal of a value added tax ("VAT") provision in Switzerland related to historical periods originally recorded in the second quarter of fiscal 2020, as well as upfront energy costs paid during the quarter in Sweden for which the Company anticipates receiving energy rebates in the future. This compares to (\$2.2) million, or -27%, in the same period in the prior year. Excluding the impact of the reversal of VAT and upfront energy costs noted above, the increase in mining margin was driven by an improvement in the profitability of the Company's Ethereum mining operations in Sweden due to a change in its service provider relationship, as partially offset by a reduction in Bitcoin mining profitability.

Net income and comprehensive income during the third quarter of fiscal 2020 was \$3.6 million, or \$0.01 per share, compared to a loss of \$36.2 million, or \$0.12 per share, in the same period in the prior year. The increase was driven primarily by the improvement in gross mining margin, an impairment charge taken in Q3 of fiscal 2019, and a decrease in depreciation expenses in fiscal 2020 stemming from impairments taken in the prior fiscal year.

	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
Income from digital currency mining	\$ 5,003,944	\$ 8,449,545	\$ 26,135,552	\$ 25,633,426
Operating and maintenance costs of digital currency mining	(1,170,145)	(10,694,763)	(19,296,937)	(19,574,719)
Gross Mining Margin¹	3,833,799	(2,245,218)	6,838,615	6,058,707
Gross Mining Margin %¹	77%	-27%	26%	24%
Depreciation	(1,345,212)	(9,392,790)	(3,850,241)	(19,220,035)
Gross gain (loss)	2,488,587	(11,638,008)	2,988,374	(13,161,328)
Revaluation of digital currencies ²	(727,064)	(4,602,879)	(2,639,579)	(13,772,008)
Gain (loss) on sale of digital currencies	107,960	(1,825,637)	261,681	(2,925,350)
General and administrative expenses	(1,125,864)	(967,656)	(3,791,320)	(3,225,862)
Impairment	-	(15,967,785)	-	(30,714,205)
Foreign Exchange	2,860,408	(895,312)	(302,211)	(2,745,910)
Share-based compensation	(62,220)	(531,587)	(371,119)	(789,949)
Realized gain on investment	-	-	1,531,464	-
Unrealized gain on investments	-	-	(261,314)	(11,856)
Finance expense	(153,792)	4,886	-	-
Tax expense (recovery)	-	-	-	(50,000)
Net income (loss) from continuing operations	\$ 3,388,015	\$ (36,423,978)	\$ (2,584,024)	\$ (67,396,468)
EBITDA¹	\$ 4,887,019	\$ (27,036,074)	\$ (3,933)	\$ (48,114,577)
Adjusted EBITDA¹	\$ 5,676,303	\$ (21,901,608)	\$ 3,006,765	\$ (33,552,620)
Diluted income (loss) per share	\$ 0.01	\$ (0.12)	\$ (0.01)	\$ (0.22)
Net cash inflows (outflows) from operating activities	\$ (2,404,273)	\$ (6,448,079)	\$ (1,216,180)	\$ (1,583,101)
Net cash inflows (outflows) from investing activities	\$ -	\$ -	\$ -	\$ (7,305,432)
Net cash inflows (outflows) from financing activities	\$ -	\$ 19,253	\$ 306,712	\$ 355,437
As at	December 31, 2019	March 31, 2019		
Total assets	\$ 26,176,194	\$ 27,761,197		
Total non-current liabilities	\$ 290,915	\$ -		

- (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

Financial Statements and MD&A

The Company's Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis (MD&A) thereon for the three and nine months ended December 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.

Webcast Details

Management will host a webcast on Tuesday, March 3, 2020 at 9:00 am Eastern Time to discuss the Company's financial results. Presenting on the webcast will be Frank Holmes, Interim Executive Chairman and Darcy Daubaras, Chief Financial Officer. IMPORTANT- Click [here](#) to register for the webcast.

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](#) on Twitter and subscribe to [HIVE's YouTube channel](#).

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 restructuring of the Company's operations and sustainable future profitability; potential further improvements to the profitability of Ethereum mining operations; the anticipated implementation of Programmatic Proof of Work and elimination of ASIC mining on the network; potential expansion opportunities globally; anticipated energy rebates in Sweden; improvements in GPU Ethereum mining operational efficiency; 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 efficiencies obtained through restructurings may not lead to operational advantages or profitability; further improvements to the profitability may not be realized as currently anticipated, or at all; Programmatic Proof of Work may not be implemented or lead to any advantages (elimination of ASIC mining on the network) as currently anticipated, or at all; the ongoing partnership with Genesis and any of the third parties for which the Company relies for its operations the Company may not receive energy rebates in Sweden in the quantum anticipated, or at all; 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 quarter ended December 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 realize operational efficiencies going forward into profitability; profitable use of the Company's assets going forward; 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.