



HyperBlock Secures US \$2M to Finance Next Generation Servers

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Successful Q2 Test of Next-Generation Bitmain Servers Results in Increased Computational Power and Improved Operating Costs at US Datacenter

TORONTO, June 3, 2019 /CNW/ - Following the successful testing of next-generation 7 nanometer Bitmain servers at its US cryptocurrency datacenter, HyperBlock Inc. ("HyperBlock" or the "Company") (CSE:HYPR) announces that it has secured US \$2 million in financing to purchase and deploy the new Bitmain servers at its 20MW facility in the Pacific Northwest. The Company expects this transaction will better position the Company for future growth and improved profitability.



CEO Loan Reflects Confidence in Bitcoin and HyperBlock's Future Outlook The Company's disinterested directors have determined that the US \$2 million secured loan (the "Loan") — which was obtained from the Company's CEO Sean Walsh, a related party — is on reasonable commercial terms that are superior to those that would be available to the Company from an arm's length lender. The Loan is secured by the assets of the Company and its subsidiary HyperBlock LLC, carries an annual interest rate of 15 per cent, carries no operational covenants and matures on July 31, 2021, with an option granted to Mr. Walsh, as lender, to extend the term of the Loan by an additional two years. The secured promissory note evidencing the Loan together with the related security documents, can be found under the Company's profile at www.sedar.com.

HyperBlock began testing the 7 nanometer Bitmain servers in April 2019 and its engineering team confirmed that the new servers offer substantially better power

efficiency than the Bitmain S9 servers. The Company has placed its first large order of the next-generation servers, with delivery expected later in June.

Due to the new servers' greatly improved power efficiency, the Company expects the new servers to approximately double the self-mining revenue per kilowatt, compared to that derived from the older Bitmain S9 servers, at little to no incremental operating cost.

Cancellation of Private Placement To avoid significant shareholder dilution and in light of the current cease trade of the Company's shares, the Company has determined it will no longer pursue its proposed C \$7 million non-brokered private placement of HyperBlock units, which was announced in December 2018. As such, any commitments by subscribers in connection with such financing have been cancelled, including Mr. Walsh's previously announced US \$2 million commitment.

About Project Northwest — HyperBlock's 20MW US Datacenter The Bitcoin market and outlook rebounded this spring and normal operations continue at the Company's 20MW US datacenter, where it currently runs approximately 12,000 servers. The Company has operated the datacenter since 2016 at an average electricity price below US \$0.04 per kWh and current power contracts are expected to be active into Q3 2022. Operations in the Company's existing 20MW datacenter are unaffected by recently imposed Missoula County interim zoning regulations, which are applicable only to new operations. HyperBlock expects to continue to grow the profitability of the operation as it replaces legacy Bitmain S9 servers with new, more efficient servers.

Related Party Transaction and Disclosure of Conflict of Interest The Loan from Mr. Walsh to the Company constitutes a "related party transaction" under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). In connection therewith and pursuant to section 132(1) of the *Business Corporations Act* (Ontario), Mr. Walsh has disclosed the extent and nature of his interest to Company. While the Company, under MI 61-101, was exempt from formal valuation and minority approval requirements, the disinterested directors carefully and fully considered the terms of the Loan, reviewed competitive market terms, and determined that the terms of the Loan are commercially reasonable and are not less advantageous to the Company than if the Loan was obtained from a person dealing at arm's length from the Company.

About HyperBlock Inc. HyperBlock is a leading publicly traded crypto-asset enterprise. The Company operates one of North America's most efficient cryptocurrency datacenters and provides complementary product offerings, which include cryptocurrency mining, Mining-as-a-Service (MAAS), server hosting and server hardware sales, depending on market conditions. HyperBlock is committed to operating as sustainably as possible, purchasing electricity from a hydro-electric dam for its current 20MW US datacenter — and employing advanced recycling technology to minimize environmental impact. Learn more at www.hyperblock.co