



HYDRO66 ANNOUNCES ENTERING INTO OF CONVERTIBLE LOAN AGREEMENT

December 19, 2018 – 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 certain shareholders and directors of the Company (the “**Loan Agreement**”), including David Rowe and Robert Keith, who are both significant shareholders of the Company. The maximum amount of the loan will be C\$4,000,000 (the “**Loan**”) in the aggregate with the initial advance of C\$1,706,895 to be advanced on or before January 4, 2019 (using a Bank of Canada exchange rate on December 17, 2018 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, 2019, 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.

David Rowe Chairman said “Hydro66 has made giant strides in expanding from 3.6MW to 19.2 MW of colocation during 2018 making it the largest such facility in the Nordics with space and power to expand significantly in the future. It is pleasing to see that funding of the business for working capital purposes is secured through 2019 (and beyond) enhancing the business capability to secure Enterprise colocation sales of its award winning ultra green colocation data center”.

The Loans will be evidenced by secured convertible promissory notes in favour of each lender for each advance under the Loan (the “**Notes**”). The maturity date of the principal amount, interest and any fees of the Loans is seven 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 Loans will be secured by a general security interest 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 holders.

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 C\$1,406,895 in connection with the Loans (using a Bank of Canada exchange rate on December 17, 2018 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 Loans, 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 49,915,450 common shares of the Company, representing 39.3% of the issued and outstanding

common shares. Assuming a conversion by the Mr. Rowe of all of the amounts owing or potentially owing under the Loan Agreement, using a Bank of Canada exchange rate on December 17, 2018 and a conversion price for all amounts under the Loan Agreement of C\$0.26 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 6,184,153 common shares of the Company, representing 4.9% 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 69,178,466 common shares of the Company, representing 47.3% 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 36,934,254 common shares of the Company, representing 29.1% 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 noon rate on December 17, 2018 and a conversion price for all amounts under the Loan Agreement of C\$0.26 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 4,638,115 common shares of the Company, representing 3.7% 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 the warrants of the Company held by Mr. Keith, Mr. Keith would have ownership and control over 50,805,932 common shares of the Company, representing 36.1% of the issued and outstanding common shares on a partially diluted basis.

The Notes are intended to be acquired for investment purposes. Mr. Rowe and Mr. 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 Mr. Rowe and Mr. Keith's early warning report will appear on the Company's profile on SEDAR within two days following the issuance of the Notes and may also be obtained at such time by calling (416) 361-2817 (365 Bay Street, Suite 400, Toronto, Ontario, M3J 1K4).

About Hydro66

Hydro66 owns and operates a colocation data center in Sweden specializing in Enterprise and HPC hosting. The Company hosts third party IT infrastructure, utilizing 100% green power, at some of the EU's lowest power prices and within an ISO27001 accredited facility. The Company is continuing to expand its footprint, with plenty room for ongoing expansion at the existing location. Hydro66 is uniquely positioned to capitalize on opportunities in blockchain infrastructure as well as the traditional Enterprise colocation data center 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. Revenues are generated from colocation data center services to hashrate service companies and traditional Enterprise companies as well as digital currency self-mining (GPU and/or ASIC). Combining the above provides steady, diversified revenue with strong margins. A flexible and rapid build-out schedule will allow Hydro66 to rebalance between business lines as market conditions evolve. Hydro66 is run by a team with decades of technical expertise in data center facility design, construction, operation, sales and marketing and more recently blockchain infrastructure and hashrate services. Please find us on Facebook, Twitter, LinkedIn, Google+ and Instagram.

For more information please visit: www.hydro66.com

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