HUT 8 MINING CORP.
(formerly Oriana Resources Corporation)

Management's Discussion and Analysis

For the three and six months ended June 30, 2018

Introduction

This Management's Discussion and Analysis ("**MD&A**") is dated August 16, 2018, unless otherwise indicated, and should be read in conjunction with the condensed interim consolidated financial statements for the three and six months ended June 30, 2018 ("**Q2 2018**") and the audited financial statements of Hut 8 Mining Corp. ("**Hut 8**" or the "**Company**") for the period from the date of incorporation (November 15, 2017) to December 31, 2017, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for Q2 2018 are not necessarily indicative of the results that may be expected for any future period.

The Company applies International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors referenced in Part VI – "*Risk Factors*" of the Filing Statement of the Company dated February 26, 2018. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Company

Hut 8 is a cryptocurrency mining and blockchain infrastructure company with industrial scale operations in Canada. Hut 8 has an exclusive North American partnership with the Bitfury Group Limited, inclusive of Bitfury Holding BV, ("**Bitfury**"), one of the world's leading full-service hardware and software blockchain technology company.

Hut 8 provides investors with direct exposure to bitcoin, without the technical complexity or constraints of purchasing the underlying cryptocurrency. Investors avoid the need to create online wallets, wire money offshore and safely store their bitcoin. Hut 8 provides a secured and simplified way to invest.

Manufactured by Bitfury, the BlockBox Data Center ("**BlockBox**") is regarded as one of the most powerful and cost-effective bitcoin mining solutions available on the market. The BlockBox is based on cutting-edge hardware and software and are fully configurable and upgradeable to the next generation of silicon technology.

The Company was incorporated under the laws of the Province of British Columbia on June 9, 2011. On March 2, 2018, the Company closed its "Qualifying Transaction" with Hut 8 Holdings Inc. ("Hut 8 Holdings"). The Company was a capital pool company prior to the Qualifying Transaction. In connection with the Qualifying Transaction, the Company changed its name to "Hut 8 Mining Corp.".

The Company's Common Shares are listed under the symbol "HUT" on the TSX Venture Exchange and as "HUTMF" on the OTCQX Exchange.

The head office of the Company is located at 130 King Street West, Suite 1800, Toronto, Ontario.

The Company's financial year ends on December 31.

Non-GAAP Measures

This MD&A presents certain non-GAAP ("GAAP" refers to Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management uses these non-GAAP measures to supplement the analysis and evaluation of operating performance.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)

- "EBITDA" represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization.
- "Adjusted EBITDA" represents EBITDA adjusted to exclude share-based compensation, fair value loss or gain on re-measurement of digital assets, and costs associated with one-time transactions (such as listing fees).
- "Adjusted EBITDA margin" represents Adjusted EBITDA as a percentage of revenue.

"Mining Profit" represents gross profit (revenue less cost of revenue), excluding depreciation. "Mining Profit Margin" represents Mining Profit as a percentage of revenue.

Summary

Hut 8 produced a positive mining operating margin of $4,956,539 and Adjusted EBITDA of $3,860,052 for the three months ended June 30, 2018 from our operations in Drumheller representing 18.7 MWs of capacity. Hut 8 mined 786 bitcoin during the second quarter and 1,614 bitcoin for the six months ended June 30, 2018. The network difficulty for mining bitcoin increased for the three and six months ended June 30, 2018 by 69% and 2018%, respectively, which negatively impacted our mining efficiency. We note that financial results to date excludes the 350% increase in mining capacity that came on line in July 2018 in the city of Medicine Hat, which will begin to be reflected in our Q3 2018 results.

The price of bitcoin declined from US$6,918 on April 1, 2018 to US$5,906 on June 30, 2018, a decline of 15%. We started the quarter with a share price of $3.30 and ended the quarter at $2.90 on average daily volume of 95,000. Our correlation over the quarter to the price of bitcoin was 84%. We continue to seek ways to enhance our liquidity for investors, including exploring listing Hut 8 shares on new international exchanges.

Since beginning operations in December 2017, Hut 8 has mined over 2,600 bitcoin. We remain optimistic that the price of bitcoin will have a sustained rally in the near term, which will result in a positive revaluing of our inventory, stronger revenue, and increased operating and Adjusted EBITDA margins. We note that Q2 2018 does not reflect a contribution from the Medicine Hat facility which came on line in July 2018. We expect the contribution from the Medicine Hat facility to be significant as it moved our operating capacity from 18.7 MW to 66.7 MW.

Our capital structure remains conservative. As at June 30, 2018, Hut 8 had 82,8008,400 shares outstanding, 595,000 options at $5.00 and 945,600 warrants, the majority of which are at $5.00. Our dilutive instruments, as a percentage of our shares outstanding, is small compared to other public companies in the blockchain space.

Although the crypto markets and bitcoin did not perform to expectations, the Hut 8 team has been working to build the platform and position Hut 8 to be the leading crypto miner in Canada and the world. We achieved the important completion of our flagship facility in the City of Medicine Hat two months ahead of schedule. With completion of this facility, Hut 8 now operates 66.7 MWs representing 488 PH/s. This makes Hut 8 the largest crypto miner operating in Canada.

Finally, we continue build our team. We were pleased to add Jimmy Vaiopoulos as our full time Chief Financial Officer and welcomed Joseph Flinn, with his strong financial background, to our board of directors and as chair of the audit committee.

Selected quarterly financial information

	Three months ended June 30, 2018	Six months ended June 30, 2018
Revenue	$ 7,800,370	$ 18,789,319
Project costs	(2,843,831)	(5,009,130)
Mining profit	4,956,539	13,780,189
Mining profit margin	64%	73%
Depreciation	(5,900,495)	(11,540,964)
Gross profit	$ (943,956)	$ 2,239,225
Gross profit margin	-12%	12%
Expenses	(2,227,665)	(5,192,143)
Net operating loss	(3,171,621)	(2,952,918)
Fair value loss on re-measurement of digital assets	(1,755,962)	(5,829,272)
Foreign exchange loss	(8,960)	(2,450)
Interest income	-	32,315
Net loss	(4,936,543)	(8,752,325)
Adjusted EBITDA	$ 3,860,052	$ 11,034,861
Adjusted EBITDA margin	49%	59%
Net loss per share - basic and diluted	$ (0.06)	$ (0.11)

Assets

	June 30, 2018	December 31, 2017
Total assets	$ 165,724,566	$ 45,576,687

Discussion of operations for Q2 2018

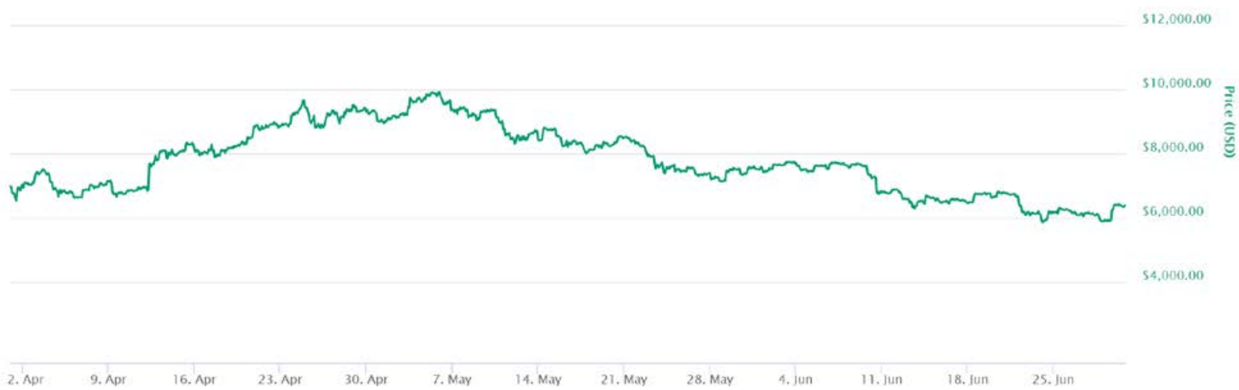
In Q2 2018, the Company mined 786 bitcoin, resulting in revenue generation of $7,800,370. During Q2 2018, the network difficulty for mining bitcoin increased by 69% and the price of bitcoin decreased by 15% which both negatively affected the revenue when compared to the three months ended March 31, 2018 revenue of $10,988,949.

Cost of revenue includes $2,843,831 for ongoing project related costs and $5,900,495 of depreciation on the equipment used to mine the bitcoin. With a Mining Profit Margin of 64% (which excludes depreciation), cost of mining bitcoin in Q2 2018 was $3,618 (US$2,721) per bitcoin (calculated by dividing project costs by the number of bitcoin mined in Q2 2018). This compares favorably to the selling price of bitcoin at the end of Q2 2018, being $8,432 (US$6,341). We believe that Hut 8 is amongst the lowest cost miners of bitcoin in the world. We anticipate our cost per bitcoin to remain competitive, based on our Medicine Hat facility, which will operate more efficient, next generation BlockBoxes.

Expenses for Q2 2018 were $2,227,665 of which there were non-cash share-based compensation of $1,140,135. The Company continually manages expenses as its operations scale to grow Adjusted EBITDA. This compares to the three months ended March 31, 2018 expenses of $2,964,478 for the three months ended March 31, 2018 which included $125,416 in share-based compensation and $1,151,401 in one-time listing costs related to the qualifying transaction.

For Q2 2018, fair value loss on re-measurement of digital assets of $1,755,962 represented the unrealized loss on adjusting the value of the digital assets held in inventory to the market value on the reporting date. As at June 30, 2018, the price of bitcoin was $8,432 (US$6,404) compared to higher prices when the digital assets were mined. In future quarters, the Company would expect to see unrealized gains or losses based on the price of bitcoin on the reporting date, relative to the price on the day mined, when revenue is recorded.

Below for your reference is a bitcoin price chart for Q2 2018 (reference https://coinmarketcap.com/currencies/bitcoin):



The Company recorded net loss for the three months ended June 30, 2018 of $4,936,541, compared with a loss of $3,815,784 for the three months ended March 31, 2018, a negative change of 29%. This change was due to the increasing difficulty rate for bitcoin with the simultaneous decrease in bitcoin prices.

Selected Quarterly Information

The Company commenced operations on November 15, 2017. As such, there is limited comparable quarterly information.

Period Ended	Revenue ($)	Net income (loss) Total ($)	Net income (loss) Basic and diluted income per share ($)
December 31, 2017	1,123,216	94,512	0.00
March 31, 2018	10,988,949	(3,815,784)	(0.05)
June 30, 2018	7,800,370	(4,936,542)	(0.06)

Qualifying Transaction

On March 2, 2018, the Company completed its qualifying transaction (the "Qualifying Transaction") with Hut 8 Holdings Pursuant to the Qualifying Transaction the following occurred:

(a) The Company implemented a consolidation, immediately prior to the completion of the Debt Conversion and the Amalgamation (as defined below), of its then issued and outstanding 9,500,000 Common Shares on the basis of one new Common Share for every 52.7777 existing Common Share;

(b) The Company effected a conversion of $200,000 of debt owing by the Company into 40,000 Common Shares, based on a conversion price of $5.00 per Common Share (the "Debt Conversion");

(c) The Company acquired all of the issued and outstanding common shares of a private corporation incorporated under the Business Corporations Act (British Columbia) (the "BCBCA"), Hut 8 Mining Corp. (the "Hut 8 PrivateCo"), from the shareholders of Hut 8 PrivateCo in exchange for an aggregate of 82,160,000 Common Shares;

(d) Hut 8 PrivateCo and 1149835 B.C. Ltd., a wholly-owned subsidiary of the Company amalgamated under the BCBCA (the "Amalgamation") and continued as one corporation, Hut 8 Holdings, which is a wholly-owned subsidiary of the Company; and (e) the Company changed its name to "Hut 8 Mining Corp.".

The Qualifying Transaction has been accounted for as a reverse acquisition that does not constitute a business combination. For accounting purposes, the legal subsidiary, Hut 8 Holdings, has been treated as the acquirer and Hut 8 Mining Corp., the legal parent, has been treated as the acquiree. For accounting purposes, this MDA and the related condensed interim consolidated financial statements reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, Hut 8 Holdings.

Significant Agreements

Master Purchase Agreement

On November 29, 2017, the Company entered into a master purchase agreement with Bitfury (the "Master Purchase Agreement"). The Master Purchase Agreement governs the terms and conditions for the purchase from Bitfury of the BlockBox. The Master Purchase Agreement is for a term of five years, with two successive renewal terms of one year each. Subject to the terms and conditions stated therein:

(a) under Phase 1 of the Master Purchase Agreement, within five business days of the closing of the First Offering (as defined below), unless otherwise agreed to in writing by the parties, Hut 8 will deliver purchase orders to Bitfury with respect to the purchase of 22 BlockBox;

(b) under Phase 2 of the Master Purchase Agreement, within five business days of the closing of the Second Offering (as defined below), unless otherwise agreed to in writing by the parties, Hut 8 will deliver purchase orders to Bitfury with respect to the purchase of 35 BlockBox; and

(c) Bitfury subscribed for 2,320,000 Common Shares of Hut 8 ("Hut 8 PrivateCo Common Shares") for an aggregate purchase price of $116,000.

Under Phase I of the Master Purchase Agreement, in December 2017, Hut 8 acquired 22 BlockBoxes, of which seven were in-situ operating BlockBoxes located in Drumheller, Alberta and were effective December 22, 2017. The balance of the purchase order of 15 BlockBoxes are at our Medicine Hat Facility and are now fully operational.

Under Phase 2, in February 2018, Hut 8 acquired 35 BlockBoxes, of which 10 were in-situ operating BlockBoxes effective February 7, 2018 in Drumheller, Alberta. The balance of the purchase order of 25 BlockBoxes are located in our Medicine Hat Facility and are now fully operational.

Master Services Agreement

Concurrent with the entering into of the Master Purchase Agreement on November 29, 2017, Hut 8 entered into the Master Services Agreement with Bitfury, pursuant to which Bitfury will provide installation and operational services for the BlockBoxes.

Pursuant to the Master Services Agreement, Bitfury will provide a turn-key service to install the BlockBoxes at its own secure facility and supply a fully managed service to configure, operate and maintain the BlockBoxes on a fully monitored and managed 24/7 basis. This includes the management of the BlockBoxes as well as the supply and replacement of parts and repairs.

Land Lease Electricity Supply Agreement and Site Development at the City of Medicine Hat

On March 19, 2018, the Company entered into definitive agreements with the City of Medicine Hat for the supply of 42 MW of electric energy, with optionality to increase, and the ability to buy additional electricity off grid at market prices. Currently, Hut 8 is being supplied with 55.2MW of electric energy to its BlockBoxes on site. The definite agreement also included leasing the land upon which Hut 8 is constructing and will operate its mining facilities next to the City of Medicine Hat's new Unit 16 power plant. The electricity supply agreement and the land lease both have a concurrent term of 10 years.

Liquidity and Cash Flow

As at June 30, 2018, the Company had working capital of $11,622,566 (December 31, 2017 - $15,311,700). Net cash from operating activities was $15,474,526 (mainly as a result of mining revenue classified as non-cash and deposits of $4,559,424). Cash used in investing activities amounted to $53,870,503 and was used for the purchase of BlockBoxes and for building the facility in the City of Medicine Hat. Net cash flow from financing activities was $54,921,426 being the net cash proceeds from the issuance of shares.

As at June 30, 2018, the Company also had $14,027,297 (December 31, 2017 - $1,078,760) of digital assets held in inventory that could be converted to cash should the Company need additional liquidity.

Capital Resources

The Company relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest income from investments, capital raising activities such as private placement debt and equity financings, and corporate borrowings from the Company's bank and brokers. The Company as at June 30, 2018, and as at the date of this MD&A, has no debt or borrowings.

On February 7, 2018, Hut 8 completed a private placement, on both a brokered and non-brokered basis, of 9,000,000 Hut 8 Subscription Receipts at a price of $5.00 per Hut 8 Subscription Receipt, and 5,000,000 Hut 8 PrivateCo Common Shares at a price of $5.00 per Hut 8 PrivateCo Common Share, for aggregate gross proceeds of $70,000,000 (the "Offering"), comprised of $46,152,265 in cash, $11,559,735 in value of bitcoin, and $12,288,000 in subscription receivable. The brokered portion of the Offering was completed pursuant to an agency agreement dated February 7, 2018 between Hut 8 and the Agent, being GMP Securities L.P.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

During the six months ended June 30, 2018, $12,000 (plus HST) was charged by CFO Advantage Inc., a Company owned by the former Chief Financial Officer of the Company, for consulting fees.

During the six months ended June 30, 2018, $143,824 was charged by the former interim Chief Executive Officer of the Company as salary and/or consulting expenses.

During the six months ended June 30, 2018, $75,000 was charged by a director of the Company for consulting fees in consideration of this director's involvement with various pre-listing and corporate governance-related matters.

During the period, the Company was charged $112,327 for out of pocket expenses, by First Block Capital Inc., a Company controlled by an officer and a former director of the Company. These expenses were charged primarily for travel costs related to fundraising, meetings with strategic partners and planning and organizing the Company.

See the condensed interim consolidated financial statements for Q2 2018, for related party transactions with respect to share issuances.

During the six months ended June 30, 2018, the Company acquired mining equipment, with a total cost of $95,654,485 and made an $32,000,000 pre-payment for mining equipment from Bitfury, a controlling shareholder of the Company. During the six months ended June 30, 2018, the Company was charged $4,885,763 in Services (note 6). As at June 30, 2018, $14,322,572 (December 31, 2017 - $4,905,813) was owed to Bitfury, which have been included in accounts payable and accrued liabilities.

Recent Accounting Pronouncements

<u>IFRS 16, Leases</u>: New standard that replaced IAS 17 Leases, effective for annual periods beginning on or after January 1, 2019.

Capital Management

The Company's capital currently consists of Common Shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

Share Capital

As of the date of this MD&A, the Company has issued and outstanding share capital comprised of 82,808,400 Common Shares, 595,000 stock options, 945,600 Broker Warrants (entitling the holders thereof to purchase 945,600 Common Shares pursuant to the terms of the underlying Broker Warrants), and Restricted Share Units with an explicit value of $5,000,000.