Bitfarms Announces US$20 Million Loan Financing and Special General Meeting Clarification

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BROSSARD, Québec & RAMAT GAN, Israel--(BUSINESS WIRE)-- Bitfarms Ltd. (the “Company”) (TASE: BLLCF) (OTCQX: BLLCF), one of the largest blockchain technology companies in the world through its ownership of Backbone Hosting Solutions Inc. (operating under the name, “Bitfarms”), today announced that Bitfarms has secured US$20,000,000 in strategic debt financing (the “**Loan Financing**”) to fund the Company’s ongoing operational expansion. In addition, the Company would like to remind shareholders of the upcoming Special General Meeting to be held on March 28, 2019 related to the proposed share exchange of Bitfarms Ltd. (Israel) and Bitfarms Ltd. (Canada) (the “**Arrangement**”) in support of the Company’s Canadian listing strategy.

US$20,000,000 Loan Financing

The secured Loan Financing is being provided by New York-based Dominion Capital LLC (“**Dominion**”) and will be made available in four (4) US$5,000,000 tranches tied to the ongoing satisfaction of customary covenants and various milestones including Bitfarms’ infrastructure build-out and associated mining hardware purchases. Amounts drawn under the facility will bear a 10% interest rate with each tranche carrying a 24-month term and balloon repayment on outstanding balances at maturity. Bitfarms will make regular monthly principal and interest payments equivalent to a minimum of 10% of aggregate cryptocurrency production. As part of the Loan Financing, Dominion will receive approximately 6.7M Bitfarms Ltd. (Canada) equity purchase warrants (the “**Warrants**”) if the full US$20,000,000 is drawn. The Warrants can be exercised to acquire common shares of Bitfarms Ltd. (Canada) with a term of five years from the date of issuance at an exercise price of US$0.40 per share. 1.67M Warrants have been granted to Dominion concurrent with the first US$5,000,000 funding tranche which has been completed. In the event that the Arrangement is not completed, the Warrants shall become an obligation of the Company.

“The Loan Financing will enable us to pursue Bitfarms’ expansion strategy, underpinned by our large and economical 162.5-megawatt portfolio of green energy within the province of Québec. Current hardware pricing presents a compelling opportunity to invest in our operational build-out. We plan to purchase new generation, higher efficiency mining hardware for our expansion and will begin immediate construction of Phase 1 and Phase 2 of our new modern computing centre within the municipality of Sherbrooke, Québec. Proceeds from the Loan Financing are expected to increase our installed operational capacity by approximately 30 megawatts, in addition to utilizing the full capacity of our current (4) operational facilities,” commented Wes Fulford, Chief Executive Officer of the Company.

“Despite challenging public market financing conditions, we have successfully funded Bitfarms’ expansion plans with minimal dilution to shareholders. Our strategy remains focused on delivering superior returns to investors through prudent capital deployment. Given our efforts to vertically integrate our business model, we have 100% control of the Sherbrooke expansion and full operational control following completion. We are confident that we can continue to increase Bitfarms’ hash power and market share in a timely manner and at significantly lower costs than our closest peers. The Loan Financing is a testament to the strength of our team, our strategic plans and our operational excellence.”

Bitfarms is committed to building innovative and efficient infrastructure to support the decentralized financial economy. With clean energy at a competitive price, innovative universities and electricity surplus, Québec has the potential to become a global hub for blockchain technology.

Special General Meeting

On Thursday March 28, 2019 a Special General Meeting will be held for shareholders to vote on the proposed Arrangement of Bitfarms Ltd. (Israel) and Bitfarms Ltd. (Canada) in support of the Company’s Canadian listing strategy. In response to shareholder inquiries, and in the event the Arrangement is approved by shareholders, the Company confirms that it will not proceed to close the Arrangement until conditional approval for listing of Bitfarms Ltd. (Canada) common shares on the Canadian TSX Venture Exchange is obtained.

Shareholders of record at the end of trading day on February 7, 2019 are eligible to vote in person or electronically through an electronic voting system. Details regarding the voting process as well as the proposed transaction can be found in the Company reports published on the Maya.

About Bitfarms Ltd. (formerly Bitfarms Technologies Ltd. and Blockchain Mining Ltd.)

Through its ownership of Bitfarms, the Company owns and operates blockchain farms that power the global decentralized financial economy. Bitfarms provides computing power to cryptocurrency networks such as Bitcoin, earning fees from each network for

securing and processing transactions. Powered by clean and competitively priced hydroelectricity, Bitfarms operates 4 blockchain farms in Québec, Canada with 36MW of built-out infrastructure and approximately 220 Ph/s of installed hash-power. Bitfarms' strong and experienced management team is comprised of veteran industrial-scale data centre operators and capital markets professionals, focused on building infrastructure for the future by developing and hosting the ecosystem growing around blockchain-based technologies.

Keep up-to-date on Bitfarms' events, developments and online communities **:**

Website: www.bitfarms.io

Cautionary Statement

This press release does not constitute an offer to sell or a solicitation of an offer to buy or sell securities or other financial instruments in any jurisdiction or any advice or recommendation with respect to such securities or other financial instruments of the Company. Investors are cautioned that, except as disclosed in the Company's regulatory disclosures prepared in connection with transactions described herein, any information released or received with respect to the transactions described herein may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

Forward-Looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable securities laws that are based on expectations, estimates and projections as at the date of this news release. The information in this release about the terms and conditions of the Loan Financing, the proposed Arrangement with Bitfarms Ltd. (Canada), and the future plans and objectives of the Company, are forward-looking information. Other forward-looking information includes but is not limited to information concerning: the intentions, plans and future actions of the Company following the Bitfarms Loan Financing, the timing for the implementation of the Arrangement, the listing of the Common Shares of Bitfarms Ltd. (Canada) on stock exchanges, the potential benefits of the Loan Financing and the Arrangement, the likelihood of future drawdowns under the Loan Financing which are based on expansion milestones and ongoing satisfaction of debt covenants, receipt of applicable shareholder approvals and completion of the Arrangement, as well as Bitfarms' ability to successfully mine digital currency, revenue increasing as currently anticipated, the ability to profitably liquidate the current digital currency inventory, fluctuations in digital currency prices and the resulting significant negative impact on Bitfarms' operations, the volatility of digital currency prices, the construction and operation of blockchain infrastructure as currently planned, and no regulation or law that will prevent Bitfarms from operating its business.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur (or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on reasonable assumptions and estimates of management of the Company at the time it was made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks relating to: the ability to receive further drawdowns under the Loan Financing which are based on expansion milestones and ongoing satisfaction of debt covenants; risks relating to debt service and debt covenants; uncertainties associated with the Arrangement including risks relating to the receipt of applicable shareholder approvals and completion of the Arrangement or termination of the Arrangement in certain circumstances; risks relating to certain directors and officers of the Company possibly having interests in the Arrangement that are different from other shareholders; global economic climate; dilution; Bitfarms' limited operating history; future capital needs and uncertainty of additional financing; the competitive nature of the industry; currency exchange risks; the need for Bitfarms to manage its planned growth and expansion; the effects of product development and need for continued technology change; protection of proprietary rights; the effect of government regulation and compliance on Bitfarms and the industry; network security risks; the ability of Bitfarms to maintain properly working systems; reliance on key personnel; global economic and financial market deterioration impeding access to capital or increasing the cost of capital; and volatile securities markets impacting security pricing unrelated to operating performance. In addition, particular factors which could impact future result of the business of Bitfarms include but are not limited to: the construction and operation of blockchain infrastructure may not occur as currently planned, or at all; expansion may not materialize as currently anticipated, or at all; the ability to receive further drawdowns under the Loan Financing is not assured in the event that all or a portion of the prescribed expansion milestones are not attained or debt covenants are not otherwise satisfied throughout the term of the Loan Financing; the ability to service debt obligations and maintain flexibility in respect of debt covenants pursuant to the Loan Financing; the digital currency market; the ability to successfully mine digital currency; revenue may not increase as currently anticipated, or at all; it may not be possible to profitably liquidate the current digital currency inventory, or at all; a decline in digital currency prices may have a significant negative impact on operations; the volatility of digital currency prices; historical prices of digital currencies and the ability to mine digital currencies that will be consistent with historical prices; and there will be no regulation or law that will prevent Backbone from operating its business. The Company has also assumed that no significant events occur outside of Bitfarms' normal course of business. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be

other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. For a more detailed description of the risk factors and uncertainties affecting the Company, refer to the Company's reports filed from time-to-time with the Israeli Securities Authority and the Tel-Aviv Stock Exchange. The forward-looking statements contained in this press release are made as of the date of this press release, and the Company undertakes no obligation to update or revise them, except as required by law.

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