CLEANSPARK

NEWS RELEASE

CleanSpark Releases Shareholder Update Letter July 2, 2019

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SALT LAKE CITY, July 2, 2019 /PRNewswire/ -- CleanSpark, Inc. (OTC: CLSK), a microgrid company with advanced engineering, software and controls for innovative distributed energy resource management systems, today released a shareholder update letter.

To our Stakeholders;

I would like to begin by thanking all of you for your continued support. I am pleased to report to you on our year-to-date progress through July 2, 2019 and share our outlook for the balance of 2019. We are building upon our strong foundation and we believe we are well positioned to continue to deliver value for our stakeholders. Some of the more significant developments include:

On May 27, 2019 we filed an application with NASDAQ to pursue a listing on the exchange. We anticipate that the increased visibility, transparency and compliance will provide greater opportunities for our current and future stakeholders. On June 13, 2019, we received initial clarification inquiries from NASDAQ regarding our application. We are in the process of responding to these and are optimistic that we will be able to obtain approval for uplisting in the near future. We will continue to provide progress updates on the process as information becomes available.

We achieved our third consecutive record-breaking quarter. We anticipate reporting sales for the three months ending June 30, 2019 in excess of $1.2 million, as compared with sales of $723,899 during the first three months of 2019, and sales of $262,907 during the three months ending December 31, 2018. In total, sales for the nine months ending June 30, 2019 are expected to exceed $2.1 million. This represents approximately 450% increase in gross revenue from the same period one year ago.

We are continuing to execute on our $6.1 million back log and anticipate a fourth consecutive record-breaking quarter for the three months ending September 30, 2019. We expect sales for the three months ending September 30, 2019 will exceed $2.0 million. We further expect our gross margin to expand through an increase in software sales and software license agreements. Sales for CleanSpark's fiscal year are on track to exceed prior estimates of $4 million.

On July 1, 2019 we launched a new product through the offering of the CleanSpark mVSO membership for energy developers. This innovative offering pairs our Software as a Service (SaaS) offering of mVSO (microgrid value stream optimizer) and our engineering and analytics service offerings in a single package. The membership revenues are created from monthly subscriptions for the services. The membership provides our customers with access to our platform for their use in modeling for their solar and/or storage customers, and also provides them with access to our industry professionals to support more complex proposals. This full-service membership ensures that our customers are always providing the most competitive options and system performance options to the end-user. This creates a win-win for us and our customers, by delivering more energy systems modeled by our software, we expect to recognize significant additional software sales of our mPulse operating and controls platform. This would create reoccurring revenue streams both in the near term through the reoccurring membership revenues with our Engineering, Procurement, Construction ("EPC") customers, and also long-term reoccurring revenues derived from the software license agreement for our mPulse operating platform.

We secured $20 million in financing to support various microgrid initiatives for commercial customers. This funding will help accelerate the development and deployment of CleanSpark's Distributed Energy Resource (DER) Solutions to commercial customers. This transformative financing sets into motion a game-changing industry model for bringing customized energy solutions to a rapidly growing number of commercial customers, providing low upfront costs and energy savings certainty. Our Energy Savings Agreement (ESA) financing model provides a host of different financing options and structures for our clients and investment partners to jointly pursue. Based on existing deployments and rigorous testing, we are confident in our ability to execute on a wide variety of projects and scale our industry leading software platform. We expect to announce our first ESA contract in the upcoming quarter.

We have executed partner referral agreements with two strategic cannabis partners in Canada and the State of Colorado. These partners are actively educating Cannabis companies on methods of saving energy to increase their bottom line using CleanSpark's solution. We anticipate executing additional partnership referral agreements with a nationwide provider of Cannabis solutions. Because our partners are paid on a commission only basis it creates an effective and low-cost solution for business development within the industry without exposing the Company to regulatory risk.

We believe that the opportunity in the Cannabis market is unprecedented due to the high energy usage of these facilities in both the US and Canada. In many cases our solution is capable of virtually eliminating the demand charges that can account for almost 50% of the utility charges for such a facility. The Cannabis market continues to grow at a rapid rate, and as a result the significant and growing energy demands of the industry also continue to increase. We believe our solution will develop a strong foothold in the market. Existing solutions currently available to the market provide either resiliency or energy savings but very few provide both. We believe that CleanSpark is strongly positioned to capitalize on this growing opportunity in 2019.

"In almost every established market that's been around for more than a couple of years, right now we recommend getting production costs down to $300/pound or below to stay competitive. That's a steep curve from where it was a year or two ago. Getting costs down will be the biggest factor moving the cannabis industry towards energy efficiency and sustainable growing practices," said Jacob Policzer, director of science and strategy at The Cannabis Conservancy.

CleanSpark firmly believes that reducing energy costs for the cannabis industry is an obvious first step to achieving the goal of reduced production costs, and CleanSpark has the solutions - today - to achieve this.

Continued expansion outside of the United States through partnerships in Latin America. We expect to receive a definitive agreement in the coming quarter as a result of our exclusive agreement to integrate our software solution with an Iron-flow-battery manufacturer in Brazil. This will represent the first stand-alone sale of our newest version of our mPulse platform. This is a significant milestone as the profit margins on stand-alone software sales can exceed 85%. This also further demonstrates the adoption of our technology in the market both domestically and abroad.

We anticipate expanding our reach in Costa Rica through the execution of an expanded agreement with one of our EPC partners during the upcoming quarter. In connection with this agreement we believe we will be designated as a preferred provider for our partners' projects in Costa Rica. Under this agreement we expect to be the provider of energy storage and controls for a significant number of projects in late 2019 and 2020.

I receive calls on a daily basis from shareholders, vendors and partners looking for updates, opportunities, and information. I'm honored that we've created so much interest amongst all of our stakeholders. We continue to pursue our larger scale deals which have long sales cycles, and yet believe that we are achieving impressive near-term growth even as the larger potential game-changing opportunities continue percolating. Our Board of Directors has decided to provide updates, such as this, from time-to-time as information comes available. As always, thank you for your interest and continued support!

Warmest Regards,

--Matt

S. Matthew Schultz
Chief Executive Officer
CleanSpark, Inc.

About CleanSpark, Inc.

CleanSpark provides advanced energy software and control technology that enables a plug-and-play enterprise solution to modern energy challenges. Our services consist of intelligent energy monitoring and controls, microgrid design and engineering, microgrid consulting services, and turn-key microgrid implementation services. CleanSpark's software allows energy users to obtain resiliency and economic optimization. Our software is uniquely capable of enabling a microgrid to be scaled to the user's specific needs and can be widely implemented across commercial, industrial, military, agricultural and municipal, deployment.

For more information on CleanSpark, please visit **https://www.cleanspark.com**.

Forward-Looking Statements:

CleanSpark cautions you that statements in this press release that are not a description of historical facts are forward-looking statements. These statements are based on CleanSpark's current beliefs and expectations. These forward-looking statements include statements regarding the financial results of CleanSpark, including sales and shipments during the quarter ending June 30, 2019 and sales and contracts anticipated for the quarter ending September 30, 2019, and the performance standards of CleanSpark's software systems. The inclusion of forward-looking statements should not be regarded as a representation by CleanSpark that any of our plans will be achieved. Actual results may differ from those set forth in this press release due to the risk and uncertainties inherent in our business, including, without limitation: risks associated with the performance of CleanSpark's technology, the number of items delivered to customers and the timing of the shipments may not develop as we expect; and other risks described in our prior press releases and in our filings with the Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in our Annual Report on Form 10-K and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and we undertake no obligation to revise or update this press release to reflect events or circumstances after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Contact - Investor Relations:

Brett Maas, Managing Partner

Hayden IR
(646) 536-7331
brett@haydenir.com

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