

December 3, 2017

For the attention of:  
The Securities Authority  
22 Kanfei Nesharim St  
Jerusalem

For the attention of:  
Tel Aviv Stock Exchange Ltd.  
2 Achuzat Bayit St.  
Tel Aviv

Dear Sir(s)/ Madam,

Re: **Ad hoc reporting**

A. Following the Ad hoc Report dated October 18, 2017 (reference: 2017-01-091435), the Company is pleased to announce the following:

1. The Company is in advanced negotiations to acquire 75% of the shares of BACKBONE HOSTING SOLUTIONS INC. (hereinafter "**Backbone**"), a private company registered in Canada. This purchase will be made against the allotment of shares in the Company, after which the allotment will constitute approximately 75% of the issued share capital of the Company.
2. Backbone is a company that operates under the trade name Bitfarms and is a server farm that provides computing power used in encrypted and distributed currencies (CryptoCurrency), including the mining of Ethereum, Bitcoin Cash, Bitcoin, and Litecoin.

Backbone operates four server farms in the province of Quebec, Canada that have the power of encryption of 175 Petahash and the power at 27.5 Megawatts. Two additional server farms that have the power of encryption of 250 Petahash and the power at 25 Megawatts are under construction and are expected to begin operations in January 2018.

Based on the information known in this sector, they the world's largest and most widely distributed encrypted currency farm in North America and one of the world's largest in terms of energy and Encryption power.

The encrypted and distributed coin farm of Backbone uses renewable and clean energy, supporting and providing computing power that supports millions of Blockchain transactions.

The shareholders of Backbone have experience in encrypted currencies and since 2009, they have been traveling and operating similar farms around the world.

In less than a month of activity, the four server farms will generate approximately USD 3.8 million in encrypted and distributed currencies, with an estimated operating cost of only 12%.

Further details about Backbone and their activities will be provided with a binding agreement.

3. The acquisition of Backbone, if completed, is consistent with the change in the Company's business strategy and entry into Blockchain and in the sector of encrypted and distributed currencies.
  4. **The detailed information on this matter is forward-looking as there is no certainty that any of the Negotiations for the purchase of shares of Backbone shall conclude with a binding agreement.**
- B. In addition to what has been detailed above, the Company wishes to announce that, following the Ad hoc Reports of the Company dated July 10, 2017 (reference: 2017-01-072273), July 25, 2017 (reference: 2017-01-076872), in light of the Company's anticipated cash flow in the near future, and towards the completion of the transaction to acquire Backbone (if completed), the Audit Committee of the Company has approved the completion of the withdrawal of the entire credit line provided to the Company by the controlling shareholder (in a total amount of USD 400,000) and converted into shares, in accordance with the terms specified in the said Ad hoc Reports.

Sincerely,

**Roy Sabag, CEO and Chairman of the Board  
Natural Resources Holdings Ltd**