



Q4 2019 Investor Update



Greetings friends and investors of HyperSciences,

We're excited to share updates from our last quarter of 2019!

The last few months have been very productive with major industrial partners from the drilling, mining, and tunneling industries visiting to witness the fruit of our efforts in the form of field trials. Along the way, we've gained new capability, fundraised additional capital, and secured a new contract! Let's jump in.

Field Trial Video:

We're pleased to demonstrate true hypersonic drilling — greater than Mach 5 — with our strategic partners during our Q4 2019 demos. Check out our testimonials below!

YouTube: <https://www.youtube.com/watch?v=3SZSUDrk1uY>

Vimeo: <https://vimeo.com/hypersciences/review/389137096/553fca81f8>

FINANCE

Annual 2019 audited financials are underway: We expect the audit to be publicly available by the end of April 2020.

Reg D remains open; we're raising up to an additional \$3M

Beyond our Reg A and subsequent Reg D fundraising, we recently closed an additional \$500K+ at \$3.84/share (the same terms as all the previous Series A investors). The Reg D will remain open to raise approximately \$2-3M more. If you're an "Accredited Investor" and would like to discuss increasing your HyperSciences equity position, please reach out.

Early Angel Investors debt clearing and conversion/repayment update

We believe we're close to finalizing a deal with early angel investors to repay or convert all outstanding convertible notes to Series A Preferred Stock. We anticipate using remaining authorized shares of the Company's Series A Preferred Stock to raise additional funds for repayment and for conversion. As disclosed in our original Reg A filings, and audited 2017 and 2018 financials:

<https://www.sec.gov/Archives/edgar/data/1646921/000105291818000251/hsiofferingcircularjune26-18.htm>.

By executing this planned strategy, HyperSciences will remove all company debt. While we believe the company's value has increased since closing the Reg A offering, offering the last remaining Series A Preferred shares at the same terms as earlier Series A investors gives new investors motivation to close quickly — without distracting HyperSciences' resources on fundraising.

BUSINESS DEVELOPMENT

Opportunities

We currently have two large customers that are funding HyperSciences to validate market opportunities in drilling, tunneling and mining:

- **Shell (Energy)**
 - The completion and results of HyperDrill testing in Q1 and Q2 of 2020 will be key decision points that may lead to funding and projects related to energy production.
- **Major International Resources Company (Mining)**
 - This company is under NDA and not yet ready to be announced.
 - Their focus is HyperTunneling and how it could change the NPV (net present value) of mining projects.
 - For example: In just one of their tunneling projects, there's an estimated savings of greater than \$10 million, thanks to our planned substantial improvement over conventional ROP (rate of progress).
- **First contract signed related to tunneling!**
 - Upon completion of this initial contract, we expect to be awarded a larger contract to demonstrate our robotic tunneling capability.
 - Both of these tunneling or drilling solutions utilize HyperDrill to integrate with our partner's existing equipment. HyperSciences' technology has made it easy to provide high-speed rock breaking with directed energy using our accelerator-based systems. The rest of the conventional operations are providing modifications to existing industrial equipment.

HyperDrill JIP Site Visit

The **Major International Resources Company** (Mining) and **Shell's** Wells Technology Group both visited in October and November 2019 to witness HyperDrill testing. Both were pleased with the progress, and were willing to move forward to the next steps in tunneling and drilling. Our goal in 2020 is to complete our negotiated milestones with our partners, which should lead to larger contracts and commercialization.

Mining Projects

We have signed an option agreement that allows us up to 100% ownership of a high-value, quartz, and rare earth project in Asia. We're currently conducting exploration drilling at this time, with initial conventional drill results and composition assessment expected within a few months. This project will be a test case for acquiring and developing high-value hard rock mining projects that our board members have previously been successful in executing. We believe this opportunity could position HyperSciences well in another industry.

- The value of high-purity quartz is nearly \$1,000 per ton, and used extensively in solar panels and microelectronics.
- The value of rare earth minerals is used extensively in batteries for applications such as electric vehicles.

HYPER TECHNOLOGY UPDATE

We successfully and regularly exceeded hypersonic velocity (faster than Mach 5) in the testing of our HyperCore-based technology throughout November of 2019, as witnessed by **Shell** and the **Major International Resources Company**.

Once our autoloading systems became highly operational (loading projectiles quickly and gas-filling fast), we realized we had a thermal/mechanical erosion issue in our pre-launcher sub-system. Upon engineering review, we realized there would need to be some redesign for HyperCore to be commercially efficient. Over the 2019 Winter holidays, we redesigned a portion of the system and began testing **HyperCore MK2**, a significant upgrade to our core technology.

The good news is that we have developed a simpler and more robust system that combines our knowledge with the University of Washington's experience in ram acceleration. The new design is being tested now at the HyperLab in our Washington State facility and will be utilized in all the upcoming field trials.

We are excited about what 2020 brings and look forward to future updates every quarter via email. But, if you want to get an early sneak peek at what we're doing, we're always publishing new pictures and videos on Facebook and Instagram.

All the best,

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Forward-Looking Statements

This email includes statements that describe expectations regarding future periods, which might be considered forward-looking statements. Assumptions underlying these expectations could be inaccurate and you are cautioned not to place undue reliance on any forward-looking statements. HyperSciences undertakes no obligation to publicly update or revise any forward-looking statements. Please review HyperSciences' most recent Form [1-K](#) to learn more about the principal risks, uncertainties, assumptions, and other important factors that could cause actual results to differ materially from any forward-looking statements.

About HyperSciences

Founded in 2014, HyperSciences develops and builds innovative hypervelocity technologies intended for major industries such as fast tunneling, energy drilling and aerospace. HyperSciences previously offered securities under Tier II of Regulation A, and is now subject to current and periodic reporting obligations. You can access these reports and other securities filings on [EDGAR](#). HyperSciences is currently conducting a Reg D 506(c) offering of securities for accredited investors.

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