

DMG BLOCKCHAIN SOLUTIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED JUNE 30, 2024

(All amounts expressed in Canadian Dollars, unless otherwise stated)

This management's discussion and analysis ("MD&A") of the operating results and financial position of DMG Blockchain Solutions Inc. (the "Company" or "DMG") is for the nine months ended June 30, 2024. The MD&A provides a detailed account and analysis of the Company's financial and operating performance for the period. The Company's functional and reporting currency is the Canadian dollar. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements dated June 30, 2024, which contains the condensed consolidated interim financial statements for the Company's nine months ended June 30, 2024 and 2023, year end and other corporate filings available at www.sedarplus.ca ("SEDAR+"). Management is responsible for the financial statements referred to in this MD&A and provides officers disclosure certifications filed on SEDAR+. The Audit Committee reviews the financial statements and MD&A and recommends approval to the Company's Board of Directors.

This MD&A is current as at August 26, 2024.

DESCRIPTION OF THE BUSINESS

DMG Blockchain Solutions Inc. is a sustainable, vertically integrated blockchain and data centre technology company that mines bitcoin, develops, operates and manages end-to-end digital solutions to monetize the blockchain ecosystem. Focusing on the Company's strategy and vision for blockchain technology, it strives to increase the value from all its assets - from its substation in British Columbia to its Blockseer software platforms and the continued strategic investments we have made and continue to make. The business lines are referred to as Core (infrastructure) and Core+ (software and services).

DMG's CORE

Christina Lake Data Centre

DMG operates its data centre in Christina Lake, BC. The Data Centre is 100% owned by DMG and includes its own privately constructed 85-megawatt substation on DMG's thirty-three-acre property along with a 27,000 square foot building. Owning this asset gives the company many advantages in power infrastructure, which is the foundation of any crypto mining operation. By owning our infrastructure, DMG is not only independent from leases and landlords but also from drawing community needs for power where it operates its data centres.

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DMG is actively working to move from its air-cooled infrastructure to utilize the latest generation of direct liquid cooling (DLC) technologies, which include immersion cooling and hydro. DLC is an operational advance, as it allows for significantly improved heat transfer rates and an associated ability to increase hardware performance. At the same time, DLC technology extends hardware useful life and reduces overall capital expenditures of server equipment when comparing hashrates and energy consumption between air and immersion cooled systems. DMG's retrofitting objective is to reduce energy consumption for the amount of computational hashrate it manages. In May 2023, DMG purchased the first set of long lead-time dry cooler equipment that can provide up to 12 megawatts of immersion cooling capacity.

Over the past quarter, the Company has reevaluated its stance on DLC technology types. While it believes single-phase immersion cooling is likely to be one of several DLC approaches that will be utilized for future high-performance computing data centers, the Company now believes hydro DLC approaches are most likely to lead and become a harmonizing cooling technology used for both Bitcoin mining and generative artificial intelligence (AI) training and inference. Hydro DLC uses water (which may be mixed with glycol to prevent freezing) as its primary cooling agent, not mineral oil, and the cooling agent only interacts with the mining chip (ASIC) or GPU devices via a heat sink, where a metal plate (often copper or aluminum) is attached directly to the device packages. The liquid flows through channels in the cold plate, absorbing heat from the devices.

DMG intends to deploy up to 12 megawatts of hydro DLC capacity by the early part of calendar 2025. DMG may continue to develop immersion, but only on a limited basis for the foreseeable future. For new mining deployments, the Company intends to utilize commercially available container or palletized mining rack solutions from established third-party vendors rather than engineer systems itself. As the complexity of mining infrastructure has greatly increased with new DLC technologies, DMG believes it can procure cost-effective solutions from third parties with much lower development costs than building in-house. DMG expects to utilize the expertise developed for this first hydro DLC deployment for subsequent Bitcoin mining deployments at its Christina Lake data center and for other Bitcoin mining sites as well as for potential future AI data centers.

To support longer term expansion, DMG continues to have ongoing discussions with multiple parties about new sites for both Bitcoin mining as well as AI data center applications. On May 15, 2023, DMG announced it entered into a non-binding agreement that would result in development of a new data processing center site with access to low-cost renewable energy located in Canada in a province outside of British Columbia. While working towards a definitive agreement, DMG is actively planning the manufacturing of power distribution infrastructure, land preparation and utility transmission interconnect.

The Company continues to be actively focused on cash and crypto asset generation. Capital expenditures are carefully reviewed for enabling new revenue and operational efficiencies, while Research and Development funds are allocated to furthering the Company's Core+ initiatives as detailed below. For future capital raising, the Company may utilize cash, raise additional debt or raise new equity capital with a focus on earning a return in excess of its cost of capital. As the capital intensity of the industry is increasing, with the latest Bitcoin mining equipment costing up to 50% or more (on a dollar per amount of hashrate basis) compared to its fleet of Bitmain T21 miners, the company is likely to raise capital in greater amounts going forward than the US\$9 million debt raised in January of 2024.

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DMG's Core+ – Blockseer Platforms

In early 2018, DMG acquired Datient Inc., a Silicon Valley-based technology company with a combination of data scientists and intellectual property that had created the Blockseer brand with its first product, Explorer, an analytics tool that enables tracking of cryptocurrency – bitcoin initially and then transactions on both the Bitcoin and Ethereum blockchains.

DMG has since continued to develop the Blockseer technology platform. After the acquisition of Datient, DMG invested to develop Walletscore, building on the value of Blockseer's data. Now, the company is continuing the development of the Blockseer platform focused on two distinct categories: Bitcoin Blockchain Software Infrastructure and Digital Asset Transaction Applications. Core+ software products and services are anticipated to generate multiple streams of revenue from transaction monetization as well as software licensing arrangements.

Blockseer Platforms – Bitcoin Blockchain Infrastructure

Terra Pool (formerly Blockseer Mining Pool): Launched in 2020, Terra Pool is a North American-based Mining Pool Operator (MPO) dedicated to decentralizing the Bitcoin network and providing more transparency in the Bitcoin mining industry. As a key element of DMG's ecosystem, Terra Pool integrates with DMG's other Blockseer platforms, Helm (industrial level crypto mine management) and Walletscore (real-time compliance) to provide Bitcoin Computing Service Providers (CSPs) with not only quality operations data but also a new standard in mining compliance and governance. DMG offers the front-end of Helm to Terra Pool CSPs to monitor their mining equipment and intends to license the full version of Helm to enable mining facility management.

DMG is recruiting CSPs with the objective of onboarding them onto the Terra Pool platform. Depending on counterparty agreements, Terra Pool can operate on both Pay-Per-Last-N-Shares (PPLNS) and Full-Pay-Per-Share (FPPS), which are the two main approaches (along with variations) used by MPOs by which CSPs are paid for sale of their hashrate to their respective MPOs.

With PPLNS, Terra Pool pays its CSPs for sale of their hashrate based on the number of blocks mined by the MPO as well as the specific transaction fees within those blocks. In this way, CSPs are paid for their hashrate as a percentage of the total Terra Pool hashrate within a defined period to determine their share of the pool's block rewards (block subsidy plus transaction fees), which may include on-chain fees from Petra enabled transactions, less an MPO fee.

Whereas with FPPS, Terra Pool pays its CSPs for their hashrate based upon a formula that is a function of their hashrate contribution as a percentage of the total Bitcoin network. The payout formula is based on the current network difficulty and the average network transaction fees over a specific prior 24-hour period to derive a payout for a given amount of purchased hashrate. The CSP's average hashrate during that period is multiplied by the calculated network payout per amount of hashrate. An amount may be deducted for MPO fees. Any block reward for blocks successfully mined by Terra Pool is earned by Terra Pool and added to its designated bitcoin wallets. With FPPS payouts, Terra Pool smooths out the associated volatility of PPLNS payout operation.

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Helm (Mine Manager): Launched in 2018, Helm assists Bitcoin Computing Service Providers (CSPs) to maximize overall Bitcoin mining fleet uptime and efficiency. This real-time platform monitors key facility metrics, including individual and pooled hashrates, miner and facility temperature as well as other mining facility network elements, allowing any CSP staff to make real-time adjustments and repairs. While Helm is currently used solely by the Company, DMG intends to license this software to other CSPs. DMG is in the process of upgrading Helm to provide highly scalable, highly responsive mine management software with an expected public launch in late calendar 2024.

Blockseer Petra: The Company launched Petra in February 2023 on the Bitcoin mainnet. Petra enables financial institutions and others to place bitcoin transactions onto the blockchain in a carbon neutral and regulatory compliant manner. We believe Petra will allow regulated financial institutions new options to become more directly involved with bitcoin. DMG is currently working with ecosystem partners including its Systemic Trust subsidiary to enable a broader base of bitcoin holders to utilize Petra technology.

In addition, Petra has opened a revenue source with ordinal inscriptions. Ordinals is a protocol that enables Bitcoin-native digital artifacts called “inscriptions,” which are assigned to individual satoshis (i.e., 0.00000001 bitcoin, which is the atomic unit of the bitcoin currency) and imbued with certain non-fungible characteristics commonly found in traditional NFTs (non-fungible tokens). Ordinals as they are currently being implemented were enabled by the November 2021 Taproot Bitcoin soft fork and subsequent development of Ordinals protocol launched on the Bitcoin mainnet in January 2023.

As there are in existence nearly two quadrillion satoshis, each of which can be potentially inscribed, ordinals provide a significant opportunity to utilize the Bitcoin blockchain for attaching digital artifacts, which include not only artwork but potentially a larger opportunity for immutable digital representations of unique assets.

DMG has performed several ordinal inscriptions using its Petra technology and has received revenue for services above the market rate at that time for transaction fees, some of which have been paid to DMG off-chain (i.e., fees paid in addition to the fee in the transaction that contains the ordinal inscription). DMG has also paid third parties for their services to source ordinal inscriptions. Clients have sought out the services of DMG because by utilizing Petra and Terra Pool, ordinal file sizes can be larger than the current Bitcoin protocol limitation of 0.4 megabytes (which are called large ordinals and can be up to 4 megabytes) and are inscribed in a carbon neutral manner. It is appealing to many content creators, who are already using less secure, but low-carbon intensity blockchains such as Ethereum, to instead utilize the Bitcoin blockchain, and these content creators can now work with DMG to have both greater assurance of the immutability of their inscriptions (without the 0.4 megabyte limitation) and not add carbon in the inscription process. DMG (on Terra Pool) believes it is currently the only company that can inscribe large ordinals in a carbon neutral manner.

There may be other revenue opportunities related to ordinals inscriptions based on the type of satoshi (“sat”) – an “uncommon sat” is the first satoshi in a block; a “rare sat” is the first satoshi in a block after a change in Bitcoin network difficulty (once every 2016 blocks as defined by the Bitcoin protocol). These and other sats, which may be valuable to collectors, could expand DMG’s revenue opportunity with respect to ordinal inscriptions. DMG has created an inventory of uncommon and other collectible sats, which it may be able to sell either individually or in combination with ordinals inscribed through Terra Pool.

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Blockseer Walletscore: Launched in 2018, the original version of Walletscore measured the propensity of a crypto wallet to engage in criminal activity, identifying wallets related to unusual activities such as funding crimes or money laundering. Currently, Walletscore's technology is the basis for filtering out nefarious transactions if requested from the Blockseer pools managed by the Company.

Blockseer Breeze: This software wallet product has been successfully tested on Terra Pool, resulting in it being implemented for use to distribute earned rewards to its CSPs from hashrate sold to Terra Pool. In addition, DMG has built upon its Breeze wallet implementation to launch Multi-Breeze, enabling the capability for content creators to post collections of digital artwork utilizing the Ordinals protocol to the Bitcoin blockchain, then transfer ownership of individual artwork pieces to new owners, enabling per ordinal rights transfer. Upon payment for inscription services of a collection of ordinals, DMG would transfer the Multi-Breeze wallet private key (i.e. ownership) to the content creator, who in turn would digitally sign each ordinal content sale transaction as they found buyers. Recipients of ordinal content from subsequent sales can still show provenance of their art back to the original block. DMG first deployed Multi-Breeze in April 2023 and plans to continue to develop the technology.

Blockseer Platforms – Digital Asset Transaction Applications

Systemic Trust (formerly included Blockseer Freeze): In February 2024, DMG announced it had committed \$3.5 million to establish a Calgary, Alberta based independent digital asset custody solution for institutional clients. Systemic Trust Company Ltd. ("Systemic Trust") is a wholly owned subsidiary of DMG, which, subject to regulatory approval, intends to provide regulated custody of digital assets to institutional clients such as financial institutions, asset managers, corporations and public sector organizations seeking to manage digital assets.

On August 6, 2024, the Company received approval from the Ministry of Treasury Board and Finance in the Province of Alberta for the incorporation of Systemic Trust Company ("Systemic Trust" or "STC"), a wholly owned subsidiary of DMG. Systemic Trust is now working with Alberta's Ministry of Treasury Board and Finance to obtain a certificate of registration that will enable Systemic Trust to provide secure custody of digital assets like bitcoin for institutional clients such as crypto trading platforms, banks, asset managers, corporations and government agencies that either manage cryptocurrencies, or are seeking to expand their business into cryptocurrency services. The Company has installed a management team at Systemic Trust with deep industry experience and believes the team is capable of building the infrastructure and services needed to offer an industry leading custody platform.

The capital commitment is part of DMG's Core+ strategy and its mission to advance broader digital asset adoption by building credibility and trust in cryptocurrency and digital assets for investors. DMG will bring together secure institutional wallet solutions, strong insurance policies, rigorous risk management practices, best in class off-exchange liquidity as well as innovative Office of Foreign Assets Control (OFAC) compliant and carbon neutral blockchain solutions to meet institutional demand.

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Systemic Trust encompasses the Company's strategy for delivering a previously designated product, Blockseer Freeze, which was planned to be a software wallet product focused on equipping crypto wallet users, including financial institutions, with an enterprise-grade custody solution to securely manage digital assets with the choice of single or multiple signatures to execute a crypto transaction.

Blockseer Exchange Partnerships: The Company has partnered with Bosonic, a pioneer of decentralized Financial Market Infrastructure (dFMI) technology, which eliminates counterparty risk, as digital assets are held only at qualified custodians, not exchanges. DMG offers Terra Pool CSPs access to Bosonic's platform.

Blockseer Explorer: Launched in 2015, Explorer is an analytics tool that enables the tracking of cryptocurrency on both the Bitcoin and Ethereum blockchains. The Company is upgrading Blockseer Explorer for Bitcoin to offer a general purpose bitcoin transaction explorer with downloadable reports as well as the ability to report transaction history between any two wallets with an expected launch in late calendar 2024.

Bitcoin Market Trends

For the quarter ended June 30, 2024, the bitcoin price increased 25% (quarter average vs prior quarter average) to \$89,990. Concurrently, the Bitcoin network hashrate and difficulty increased by 7% and 10% respectively (quarter average vs prior quarter average) to 602 EH/s and an 84.8 trillion difficulty level (average for the quarter). Bitcoin mining network revenue per EH/s decreased 26% from the prior quarter to \$8.4 million on the impact of the Bitcoin "halvening" event on April 20, 2024. These fluctuations are common, and entities within the industry need to be well-prepared to weather the volatility of Bitcoin mining economics to thrive.

For the quarter ended June 30, 2024, the bitcoin price increased 139% (quarter average vs prior year quarter average) from \$37,669. Concurrently, the Bitcoin network hashrate and difficulty level respectively increased by 68% and 71% (quarter average vs prior year quarter average) from 358 EH/s and 49.5 trillion respectively. Bitcoin mining network revenue per EH/s decreased 11% (quarter average vs prior year quarter average) from \$9.4 million.

On January 10, 2024, the U.S. Securities and Exchange Commission (SEC) approved applications from multiple firms to create U.S.-listed spot bitcoin ETFs. These include some of the largest U.S. financial services firms including Blackrock, VanEck, Fidelity and Invesco. As the first spot bitcoin ETFs were approved and listed in the U.S., these could improve accessibility to, and market sentiment on bitcoin, potentially attracting new investors and continuing to have a positive impact on bitcoin price.

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Future changes in the Bitcoin network-wide mining difficulty rate or Bitcoin hashrate may materially affect the future performance of DMG's production of bitcoin, and future operational results could also be materially affected by changes in the price of bitcoin as well as mining hashrate and difficulty. The most recent Bitcoin halvening (also referred to as halving) occurred on April 20, 2024. The halvening is a process designed to control the overall supply and reduce the risk of inflation in bitcoin. At a predetermined block, the mining block subsidy is cut in half. A Bitcoin halvening is scheduled to occur once every 210,000 blocks or roughly every four years until the total amount of newly issued bitcoin reaches 21 million, which is expected to occur around the year 2140. DMG believes that despite potential short-term decreases in profitability, the market variables of the Bitcoin network will adjust over time to ensure that mining remains profitable, and thus DMG continues to make investments towards increasing its hashrate through the purchase of additional miners along with improving its overall mining fleet efficiency.

QUARTERLY HIGHLIGHTS

- During the three months ended June 30, 2024, the Company received in its wallets from mining activity 87.42 bitcoin and ended the period with a balance of 463.47 bitcoin. During the three months ended June 30, 2024, the Company had a total of 14,474 operating miners.

OVERALL PERFORMANCE

Revenue has increased by \$5,708,117 from \$22,293,172 for the nine months ended June 30, 2023 to \$28,001,289 for the nine months ended June 30, 2024. The increase in revenue is attributable to increases in digital currency mining revenues due to increases in the average bitcoin price in the period of \$70,128 versus \$31,000 during the same period in the prior year, as well as increases in the number of miners running in the period increased to 14,474 from 9,581. These increases were offset by increases in network difficulty from the same period last year. The Company continues to be focused on self-mining and development of software in the form of pools and technologies that monetize bitcoin transactions. Additionally, the Company earned \$562,253 in software licensing income during the period related to the termination of a software license agreement.

Increases in revenue were offset by a loss in net pool revenue of \$1,327,281 for the nine months ended June 30, 2023 as the Company paid out 43.19 more bitcoin in Terra Pool than were mined. Net pool revenue is expected to average out to approximately \$Nil over time as partners join the pool and total hashrate on the pool increases. Finally, there was a \$159,787 decrease in equipment hosting revenue as the Company continues to move toward a focus on self mining operations.

Net income increased for the nine months ended June 30, 2024 by \$16,837,453 to \$3,136,768 (2023 - net loss of \$13,700,685). In addition to the increases in revenue, the Company recorded an unrealized gain on digital currency of \$10,652,539 related to the increase in price of BTC during the nine month period.

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Total assets as at June 30, 2024 was \$111,355,214 (2023 - \$82,586,955), an increase of \$28,768,259. The increase is mostly attributable to a net increase in digital currency of \$21,541,093, due to the revaluation of digital currency balances at an increased price of bitcoin, \$83,382 as at June 30, 2024 as compared to \$36,561 as at September 30, 2023. Property, plant and equipment also increased by \$11,282,549 as compared to year-end, representing additions of equipment of \$20,765,094, which was offset by depreciation in the period of \$13,185,010. In addition, miners totalling \$3,702,466 which were previously classified as held for sale were installed and reclassified as property and equipment in the period.

RESULTS OF OPERATIONS

Nine Months Ended June 30, 2024

Operating and maintenance expenses for the nine months ended June 30, 2024 was \$15,093,781, up from \$13,159,995 in the previous nine months ended June 30, 2023. This increase is primarily attributed to a \$1,549,599 rise in utilities expenses, driven by expanded digital currency mining operations related to additional operating miners. The number of miners grew by 51%, totaling 14,474, compared to 9,581 in the nine months ended June 30, 2023.

General and administrative costs for the nine months ended June 30, 2024 was \$4,209,432 in comparison to \$2,600,075 for the nine months ended June 30, 2023. General and administrative costs consist mostly of wages, professional fees, consulting fees, and financing costs. General and administrative costs increased due to the operations related to Systemic Trust ramping up in the second quarter: the wages increased by \$519,310 due to additional hires, professional fees increased by \$191,884, and consulting fees increased by \$431,156. Finance costs also increased by \$362,646, the increase relates to interest expense on a \$12M loan facility with Sygnum Bank.

Stock-based compensation for the nine months ended June 30, 2024 was \$1,247,447 compared to the same period in the prior year of \$1,483,175. In the prior period there were larger amounts of share-based compensation related to past option issuances that have completed vesting. Research costs were \$1,528,314 for the nine months ended June 30, 2024 as compared to \$1,483,175 in the same period in the prior year. Research in fiscal 2024 continues to focus on software and relates to work on Helm, Terra Pool and Blockseer Petra.

Depreciation for the nine months ended June 30, 2024 was \$13,185,010 compared to \$17,279,768 in the nine months ended June 30, 2023. The decrease is related to the depreciation method which is calculated on a declining basis, calculated monthly and so expected to decrease over time.

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Three Months Ended June 30, 2024

Revenue has increased by \$799,609 from \$7,495,257 for the three months ended June 30, 2023 to \$8,294,866 for the three months ended June 30, 2024. The increase in revenue is attributable to increases in digital currency mining revenues due to increases in the average bitcoin price in the period of \$89,990 versus \$37,669 during the same period in the prior year. The number of miners installed also increased from 9,581 to 14,474, an increase of 51%. These increases were offset by increases in network difficulty from the same period last year. The Company continues to be focused on self-mining and development of software in the form of pools and technologies that monetize bitcoin transactions.

Operating and maintenance expenses for the three months ended June 30, 2024 was \$4,675,279, up from \$4,156,305 in the previous three months ended June 30, 2023. This increase is primarily attributed to a \$488,559 rise in utilities expenses, driven by expanded digital currency mining operations related to additional operating miners. The number of miners grew by 51%, totaling 14,474, compared to 9,581 in the three months ended June 30, 2023.

General and administrative costs for the three months ended June 30, 2024 was \$1,476,973 in comparison to \$875,197 for the three months ended June 30, 2023. General and administrative costs consist mostly of wages, professional fees, consulting fees, and financing costs. General and administrative costs increased due to the operations related to Systemic Trust ramping up in the second quarter: wages increased by \$146,661 due to additional hires and consulting fees increased by \$212,583. Finance costs also increased by \$229,168, the increase relates to interest expense on a \$12 million (9 million USD) loan facility with Sygnum Bank at an interest rate of 7.8%.

Stock-based compensation for the three months ended June 30, 2024 was \$480,945 compared to the same period in the prior year of \$544,966. The fair value of the shares issued in each period were comparable. Research costs for the three months ended June 30, 2024 was \$603,919 compared to \$480,815 for the same period in the prior year. Research in fiscal 2024 continues to focus on software and relates to work on Systemic Trust, Terra Pool, Helm, Explorer and Petra.

Depreciation for the three months ended June 30, 2024 was \$5,037,240 compared to \$5,334,219 in the three months ended June 30, 2023. The decrease is related to the depreciation method, which is calculated on a declining basis, calculated monthly, and so is expected to decrease over time, offset by an increase in mining equipment installed during the quarter-end.

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	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	Q3	Q2	Q1	Q4
Revenue	8,294,866	10,015,659	9,690,764	5,647,823
Bitcoin earned from mining¹	86.67	152.81	195.93	144.87
Net income (loss)	(3,837,937)	2,215	6,792,490	(2,761,043)
Comprehensive income (loss)	(8,650,927)	15,482,215	6,982,572	(8,836,454)
Basic earnings (loss) per share	(0.02)	0.00	0.04	(0.02)
Diluted earnings (loss) per share	(0.02)	0.00	0.04	(0.02)
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	Q3	Q2	Q1	Q4
Revenue	7,495,257	7,623,323	7,174,592	6,547,846
Bitcoin earned from mining	195.71	264.10	273.53	199.68
Net loss (loss)	(4,273,532)	(2,423,749)	(7,003,404)	(9,836,016)
Comprehensive income (loss)	(3,038,818)	2,454,269	(7,013,304)	(9,764,631)
Basic and diluted loss per share	(0.03)	(0.01)	(0.04)	(0.06)

Summary of Quarterly Results

- Revenue decreased by \$1,720,793 for the three months ended June 30, 2024 compared to the three months ended March 31, 2024. Revenue decreases are mainly attributed to the decrease in bitcoin earned from mining of 86.67 as compared to 152.81 due to the halvening that occurred in April 2024. The decrease in the amount of bitcoin mined was offset by increases in the price of bitcoin from an average of \$71,851 to \$89,990. Net loss increased from the prior quarter by \$3,840,152 as a result of decreases in revenue as described above and increases in depreciation of \$1,231,5252 due to addition of miners in the quarter.
- Revenue increased by \$324,895 for the three months ended March 31, 2024 compared to the three months ended December 31, 2023. Mining revenue increased by \$1,108,805 is attributed to the increase in average price of bitcoin of \$71,851 as compared to the prior quarter of \$49,006, offset by a decrease in bitcoin earned from mining 195.93 as compared to 152.81. The Company recognized software license income of \$562,253 in the prior period that was non-recurring. Net income decreased from the prior quarter by \$6,790,275 due to an increase in unrealized loss on revaluation of digital currency of \$7,143,404.

¹ Bitcoin earned from cryptocurrency mining is received by the Company at certain payout thresholds and may not reflect total amounts mined due to the timing of payouts.

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- Revenue increased by \$4,042,941 for the three months ended December 31, 2023 compared to the three months ended September 30, 2023. Mining revenue increased by \$4,337,205 due to the installation of additional miners increasing bitcoin earned from mining from 144.87 to 195.93. Net income increased from the prior quarter by \$9,553,533 due to an increase in revenue as discussed above and an increase in unrealized gain on revaluation of digital currency of \$3,861,388.
- Revenue decreased by \$1,847,434 for the three months ended September 30, 2023 compared to the three months ended June 30, 2023. Mining revenue decreased by \$2,042,146 as the amount of bitcoin mined decreased from 195.71 to 144.87 due to the increase of difficulty in mining. Net loss decreased from the prior quarter by \$1,512,489 due to an unrealized gain on revaluation of digital currency of 4,301,472, offset by decrease in revenue and a sales tax write-off of \$1,805,343.
- Revenue decreased by \$128,066 for the three months ended June 30, 2023 compared to the three months ended March 31, 2023. Net loss increased from the prior quarter by \$1,849,783 due to an increase in revenue as discussed above and an increase in unrealized loss on revaluation of digital currency.
- Revenue increased by \$448,731 for the three months ended March 31, 2023 compared to the three months ended December 31, 2022. Mining revenue increased by \$1,134,201 due to an increase in price of bitcoin. Total revenue increases were offset by a net pool revenue of \$738,947. Net loss decreased from the prior quarter by \$4,579,655 due to an increase in revenue as discussed above and an increase in unrealized gain on revaluation of digital currency of \$1,415,660.
- Revenue increased by \$626,746 for the three months ended December 31, 2022 compared to the three months ended September 30, 2022. Mining revenue increased by \$1,195,079 due to the installation of additional miners increasing bitcoin earned from mining from 199.68 to 273.50. Revenue increases were offset by decreases in hosting revenue and software license income. Net loss decreased from the prior quarter by \$2,832,612 due to an increase in revenue as discussed above and a decrease in impairment of investments.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2024, the Company had positive working capital of \$24,851,671 (September 30, 2023: \$19,875,378). The increase in working capital primarily relates to the increase in digital currency of \$21,541,093 largely related to the increase in the fair value of BTC. This increase was offset against the Company's loan with Sygnum bank which increased short-term loans payable by \$12,565,678.

The Company incurred cash inflows from operations for the nine months ended June 30, 2024 of approximately \$6.87 million, compared to cash inflows of \$3.4 million for the nine months ended June 30, 2023. The Company had increases in revenue of \$5.7 million compared to the same period in the prior year. The Company made deposits of an additional \$18.1 million toward mining equipment. The Company financed the deposits through the sale of BTC and through a loan for \$12.6M. As at June 30, 2024, the Company had 463.47 bitcoin valued at \$38,683,776.

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To the extent that the Company has negative operating cash flow in future periods, it will be necessary for the Company to liquidate digital assets into cash or raise additional equity or debt. The Company does have significant price risk exposure related to its digital currency. There is no assurance that additional equity or debt will be available to the Company or on terms acceptable or favorable to the Company.

Significant Events, Milestones and Objectives

The primary business objectives for the Company over the next 12 months are as follows:

- The Company will continue to upgrade and expand the Christina Lake Facility and purchase additional Bitcoin mining servers. Continued upgrades and expansion of its Christina Lake facility, including containerized mining on its 33 acre property, and the purchase of Bitcoin mining servers are expected to occur over the course of fiscal 2024 and 2025, with a target hash rate in excess of 2 EH/s, including at least the first phase of its hydro cooling technology implementation.
- The Company intends to expand its mining operations to include additional sites with a goal to reach 3 EH/s of mining capacity in fiscal 2025.
- The Company will continue to develop its software and related services through software engineering, research & development and strategic partnerships in order to meet both the current and anticipated needs of its customers, adding new capabilities and providing these at price-points that enable the Company to be highly competitive.
- The Company intends to increase its sales and marketing efforts of its Core+ initiatives both through online marketing (website traffic and social media engagement) and through outbound sales by employees or consultants.
- The Company has committed \$3.5 million to establish an Alberta based independent digital asset custody solution for institutional clients. The capital commitment is part of DMG's Core+ strategy and its mission to advance broader digital asset adoption by building credibility and trust in cryptocurrency and digital assets for investors. DMG will bring together secure institutional wallet solutions, strong insurance policies, rigorous risk management practices, best in class off-exchange liquidity, innovative OFAC compliant and carbon neutral blockchain solutions to meet institutional demand. Subject to regulatory approval, Systemic Trust Company will commence business operations and offer regulated custody of digital assets to institutional clients such as financial institutions, asset managers, corporations and public sector organizations seeking to manage digital assets.
- The Company is actively focused on treasury management with a focus on tightly controlling expenditures and is actively reviewing and refining current outflows. The Company has demonstrated expense management and continues to strive to maintain a lean structure that is focused on achieving specific targeted objectives.
- The Company intends to raise funding in fiscal 2024 and 2025 that may include debt, equity or a combination thereof in order to facilitate its growth.

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There can be no assurances the above objectives will be completed prior to the stated deadline or at all.

SHARE CAPITAL ACTIVITY

Share capital activity for nine months ended June 30, 2024

During the nine months ended June 30, 2024, the Company issued 1,691,250 common shares in connection with the exercise of stock options for proceeds of \$555,175. As a result, \$1,049,649 has been reclassified from share-based payment reserve to share capital.

Share capital activity for nine months ended June 30, 2023

During the nine months ended June 30, 2023, the Company issued 425,000 common shares in connection with the exercise of stock options for proceeds of \$63,750. As a result, \$33,076 has been reclassified from share-based payment reserve to share capital.

OUTSTANDING SHARE DATA

As at the date of this document, the Company had 170,120,933 common shares issued and outstanding and 14,047,928 stock options issued and outstanding.

FINANCIAL INSTRUMENTS, DIGITAL CURRENCIES AND RISK MANAGEMENT

(a) Fair values of financial instruments and digital currencies measured at fair value on a recurring basis.

	Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
June 30, 2024				
Marketable securities	\$ 408,578	\$ -	\$ -	\$ 408,578
Digital currencies	\$ -	\$ 38,683,776	\$ -	\$ 38,683,776
Long-term investments	\$ -	\$ -	\$ 45,000	\$ 45,000
September 30, 2023				
Marketable securities	\$ 386,984	\$ -	\$ -	\$ 386,984
Digital currencies	\$ -	\$ 17,142,683	\$ -	\$ 17,142,683
Long-term investments	\$ -	\$ -	\$ 45,000	\$ 45,000

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The Company has determined the estimated fair value of its financial instruments and digital currencies, if any, based on appropriate valuation methodologies; however, considerable judgement is required to develop these estimates. The fair values of the Company's financial instruments and digital currencies, if any, are not materially different from their carrying values.

Financial instruments and digital currencies that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's cash and marketable securities are categorized as Level 1. The long-term investments and convertible debentures in unlisted private companies are measured using Level 3 inputs based on prices in recent financings. Digital currencies are measured using Level 1 inputs where quoted prices in active markets are available. Digital currencies are measured using Level 2 inputs where the source represents an average of quoted prices on multiple digital currency exchanges. No financial instruments or digital currencies have been transferred between levels during the year.

b) Management of Industry and Financial Risk

The Company's financial instruments and digital currencies are exposed to certain financial risks, which include the following:

Credit Risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company has exposure to credit risk through its cash and cash equivalents, amounts receivable and due from related parties. The Company manages credit risk, in respect of cash and short-term investments, by maintaining the majority of cash at highly rated financial institutions.

The Company is not exposed to a significant concentration of credit risk with respect to its trade accounts receivable balance. The Company records an allowance against its trade receivables when there is uncertainty over collection of this amount. All balances due are expected to be settled partially or in full when due (typically within 60 days of submission) and because of the nature of the counterparties.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the condensed consolidated interim statements of financial position. As at June 30, 2024, no amounts were held as collateral.

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Digital Currency Risk

The Company relies on transaction validation services using equipment to earn digital currency. A decline in the market prices of digital currencies could negatively impact the profitability of equipment. The digital asset mining industry has seen rapid growth and innovation, and the Company may be unable to compete effectively. Innovation in technologies could render the Company's technology obsolete.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currencies. The Company may not be able to liquidate its digital currencies at its desired price if required. Digital currencies have a limited history, their fair values have historically been volatile, and the value of digital currencies held by the Company could decline rapidly. A 40% variance in price of bitcoin and ether would impact the Company's comprehensive net loss by \$15,474,000 (June 30, 2023: \$8,214,000) and \$Nil (June 30, 2023: \$45,000) respectively (rounded to the nearest thousand). Historical performance of digital currencies is not indicative of their future performance.

New regulatory restrictions or other action, particularly in the United States, may negatively affect the value of bitcoin. Enforcement actions by the SEC or other regulators against market participants may indirectly negatively affect the Company if these actions have the effect of limiting access to bitcoin.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at June 30, 2024, the Company has a working capital of \$24,851,671 (September 30, 2023: \$19,875,378) and does not require any additional financing to meet short-term operating requirements. The Company's cash is held with large Canadian financial institutions and is available on demand. If there are additional cash requirements, the Company has the option to liquidate digital currencies to meet operating needs. These digital currencies are subject to fluctuations in the market price of digital currencies. The current value of these assets as at June 30, 2024 is \$38,683,776 (September 30, 2023: \$17,142,683). In the event where the Company cannot rely upon the liquidation of digital currencies to meet operating needs, the Company will have to explore debt financing opportunities of which there is no guarantee of the receipt of funds to cover operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. These are discussed further below.

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Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its loans payable and accounts payable. The interest rate on the loans payable is fixed, and the accounts payable are not subject to any interest. A 10% change in the interest rate would not result in a material impact on the Company's operations.

Foreign Currency Risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments and digital currencies will fluctuate because of changes in foreign exchange rates. In addition, the Company mines bitcoin, which has a market value stated in US dollars. Exchange rate fluctuations affect the costs that the Company incurs in its operations.

The Company's presentation currency is the Canadian dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the entity's functional currency. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. At June 30, 2024, the Company held net financial assets of \$601,973 denominated in US dollars (US\$439,814). A 10% change in the foreign exchange rate would result in a change in the net income for the period of approximately \$61,000 (2023: \$136,000).

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk through its holding of digital currencies. As at June 30, 2024, the Company held bitcoin and ether, which have a limited history and historically prices have been volatile. A significant change to the price of bitcoin may affect the Company's ability to liquidate digital currencies. A 40% variance in price of these digital currencies would impact the Company's comprehensive net loss by \$15,474,000 (June 30, 2023: \$8,214,000) and \$Nil (June 30, 2023: \$45,000) respectively (rounded to the nearest thousand). The Company is not exposed to any other significant price risks with respect to its financial instruments other than its marketable securities and long-term investment which are measured at fair value totaling \$453,578. A 20% change in the market price would result in a change in the net loss for the period of approximately \$91,000 (June 30, 2023: \$107,000).

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RELATED PARTY TRANSACTIONS**(a) Key management compensation and other related party transactions**

Key management² includes personnel having the authority and responsibility for planning, directing and controlling the Company and includes the directors and current executive officers. The value of transactions and outstanding balances relating to key management and entities over which key management have control or significant influence were as follows:

		For the nine months ended June 30,	
		2024	2023
Salaries, wages, and benefits	\$	1,197,861	\$ 907,513
Consulting services		331,291	316,630
Share-based compensation		1,150,702	1,267,850
Total	\$	2,679,854	\$ 2,491,993

(b) Related party balances

As at June 30, 2024, \$298,845 (September 30, 2023 – \$573,402) was owed to key management for outstanding salaries, wages and benefits, and consulting services and included in trade and other payables.

		June 30, 2024	September 30, 2023
Sheldon Bennett	\$	234,373	\$ 157,432
Adrian Glover		16,508	26,033
Jenya Bennett		45,966	243,767
Steve Eliscu		1,998	145,509
Heather Sim		-	661
Total	\$	298,845	\$ 573,402

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

Newly adopted accounting pronouncements

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. These amendments will be applied in the annual period for which they are first required.

² Key management consists of Sheldon Bennett Chief Executive Officer, Adrian Glover Chief Technology Officer, Nick Seto former Director, Justin Rasekh former Director, Jenya Bennett related to Chief Executive Officer, Steven Eliscu Chief Operating Officer, Kelly Allin former Director, Heather Sim Chief Financial Officer, John D. Abouchar Director and John M. Place Director.

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Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2

In January 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1). The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criteria for classifying a liability as non-current if there is the right to defer settlement of the liability for at least 12 months after the reporting period. Management will assess the impact of this standard.

In February 2021, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2. The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment requires that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements,' to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is not expected to have a significant impact on the preparation of financial statements.

Amendment to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Company is assessing the potential impact of the amendment.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Management will assess the impact of these amendments.

IFRS Sustainability Disclosure Standards

The International Sustainability Standards Board (ISSB) of the IFRS Foundation has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'. The objective of IFRS S1 and S2 is to require an entity to disclose information about its sustainability and climate related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Both Standards are effective from January 1, 2024, but certain transitional reliefs are available. The ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board ('SASB') Standards to identify sustainability-related risks, opportunities and appropriate metrics. The Company is currently evaluating the impact of these reporting requirements.

In March of 2024, the Canadian Sustainability Standards Board (CSSB) proposed two exposure drafts on CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2, *Climate-related Disclosures*. These exposure drafts align with IFRS S1 and S2 global baselines, with modifications to align with Canadian-specific needs which include:

- extending the earliest voluntary adoptions dates for CSDS 1 and CSDS 2 from January 1, 2024 to January 1, 2025;
- extending the proposed transition relief for disclosures beyond climate-related risks and opportunities from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB standards on January 1, 2025, will be required to disclose information on all sustainability-related risks and opportunities from the reporting period beginning on or after January 1, 2027; and
- extending the proposed transition relief for disclosure of Scope 3 GHG emissions from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB on January 1, 2025, will be required to disclose Scope 3 GHG emissions from the reporting period beginning on or after January 1, 2027.

Future IFRS pronouncements and amendments

IFRS 18 - Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The new Accounting Standard introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures,') and less aggregation of items into large, single numbers.

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The main impacts of the new Accounting Standard include:

- introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities (i.e. operating, investing and financing);
- requiring disclosure about management performance measures (MPMs); and
- adding new principles for aggregation and disaggregation of information.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adoption of this new IFRS pronouncement has not yet been determined and the Company has not determined if it would adopt by anticipation.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21 –The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments.

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a material impact on the Company.

PROPOSED TRANSACTIONS

There are no proposed asset or business acquisitions that senior management have decided to proceed with and believe board approval is probable as at the date of this document.

COMMITMENTS

As at June 30, 2024, the Company had no outstanding commitments.

SUBSEQUENT EVENTS

On July 11, 2024, the Company amended its loan agreement with Sygnum to increase the maximum amount of the loan to \$19,000,000 USD. Sygnum increased the interest on the loan from 7.8% to 8.5% per annum. Subsequent to the period end, the Company has not withdrawn any additional funds.

Subsequent to June 30, 2024, the Company issued 386,868 shares related to the exercise of options for proceeds of \$127,029.

Subsequent to June 30, 2024, 840,000 options expired unexercised.

RISKS AND UNCERTAINTIES

Digital Currency and Risk Management

Digital currencies are measured using fair value measurement using the quoted closing price on “Yahoo.com.” Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. Digital currencies are valued based on the closing price obtained from “Yahoo.com” at the reporting period corresponding to the different digital currencies mined by the Company. The Company considers the data available at “Yahoo.com” to be an accurate representation of fair value.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currency; in addition, the Company may not be able to liquidate its inventory of digital currency at its desired price if required. A decline in the market price for digital currency could negatively impact the Company’s future operations. The Company has not hedged the conversion of any of its digital currency sales.

Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. The Company’s digital currencies currently consist primarily of bitcoin.

There is also a risk that the Company could be negatively affected by a Bitcoin halvening (also referred to as halving) event. The halvening is a process designed to control the overall supply and reduce the risk of inflation in bitcoin. At a predetermined block, the mining block subsidy is cut in half. The Bitcoin blockchain has undergone three halvenings since its inception. A Bitcoin halvening is scheduled to occur once every 210,000 blocks or roughly every four years until the total amount of newly issued bitcoin reaches 21 million, which is expected to occur around the year 2140. Most recently, in May 2020, the Bitcoin block subsidy decreased from 12.5 BTC per block to 6.25 BTC per block and, consequently, the number of new bitcoin issued to all miners as a subsidy decreased to 900 per day. The most recent Bitcoin halvening occurred on April 20, 2024. While bitcoin prices have had a history of price fluctuations around halvenings, there is no guarantee that the price change will be favorable or would compensate for the reduction in the mining block subsidy. There is a risk that the Bitcoin halvening will render the Company unprofitable and unable to continue as a going concern.

Negative Operating Cash Flows

The Company generates consistent revenue through digital currency mining, hosting and software licensing. Despite increases in revenue, the Company is subject to variable returns; the Company has not consistently had positive operating cash flows. Without additional sources of revenue or continued favorable digital currency prices, the Company may continue to have negative operating cash flows until it can realize stable cash flows from operations.

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Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees (if any) of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees (if any) of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Market Risk for Securities

The Company is a reporting issuer whose common shares are listed for trading on a stock exchange. There can be no assurance that an active trading market for the Company's common shares will be sustained in the future. The market price for the Company's common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. Consequently, you may lose your entire investment.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which the Company cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

The Company is currently and from time to time subject to litigation and cannot predict the outcome of any current or future legal proceedings with respect to its current or past business practices. The Company is, and may in the future be, subject to legal proceedings in the course of its business or otherwise, including, but not limited to, actions relating to contract disputes, business practices, intellectual property, and other commercial, tax and regulatory matters. Legal proceedings may involve claims for substantial amounts of money or for other relief, and the defense of such actions may be expensive. The process of litigating requires substantial time, which may distract our management. Even if we are successful, any litigation may be costly. If any such proceedings were to result in an unfavorable outcome, it could have an adverse effect on the Company's liquidity, operations, and financial results.

Conflicts of Interest Risk

Certain directors and officers of the Company are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers' conflict with or diverge from the Company's interests. In accordance with the BC *Business Corporation Act*, directors who have a material interest in any person who is a party to a material contract, or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict-of-interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on any matter in which such directors may have a conflict of interest.

Loss of Access Risk

The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments. Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet's public key or address is reflected in the network's public blockchain. The Company will publish the public key relating to digital wallets in use when it verifies the receipt of cryptocurrency transfers and disseminates such information into the network, but it will need to safeguard the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access its cryptocurrency inventory and such private keys will not be capable of being restored by the network. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrency inventories could adversely affect its investments and profitability.

Bitcoin is controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the bitcoin is held. While the Bitcoin Network requires a public key relating to a digital wallet to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the bitcoin held in such a wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company would be unable to access the bitcoin held in the related digital wallet and the private key would not be capable of being restored.

Loss of Access to Electrical Power

The Company's mining revenue is dependent on electricity to power its mining equipment in the province of British Columbia. The Company is subject to changes in government regulations and law that may prevent or restrict the amount of power sold to digital currency mining companies and the price at which it is sold. There is a risk that in the event of a change in laws that the Company may not be granted an exemption based on historical contracts and existing operations. The Company is currently evaluating options to mitigate this risk further.

Global Economic Risk

Economic slowdown and downturn of global capital markets would make raising of capital through equity or debt financing more difficult. The Company will be dependent upon capital markets to raise additional financing in the future. The Company is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized resulting in an adverse impact on the Company's operations and the price of the Company's common shares.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly cryptocurrency companies, like the Company, have experienced wide fluctuations that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

OTHER INFORMATION

Additional information on the Company is available on SEDAR+ at <https://www.sedarplus.ca>.