DMG Provides Update on Crypto-Mining Facility's Upgrades

News Release - Vancouver, British Columbia, February 16, 2021 – DMG Blockchain Solutions Inc. (TSX-V: DMGI) (DMGGF:OTCQB US) (FRANKFURT:6AX) ("**DMG**" or the "**Company**"), a vertically integrated blockchain and cryptocurrency technology company, is pleased to announce updates and plans for its infrastructure and immersion cooling deployment initiative at its flagship cryptocurrency facility in anticipation of adding additional miners.

As previously reported, the Company has sufficient funds on hand to complete the retrofitting of the first 30 megawatts of infrastructure to immersion cooling, which will increase the Company's future bitcoin mining capacity to approximately **1.0 Exahash** (EH/s) when complete as planned in the first half of 2021. Immersion cooling requires approximately 30% less bitcoin miners than air cooled for the same hashrate, leading to significant capital cost reductions over air cooled systems.

DMG expects completion of the facility's retrofitting of the next 30MW to reach a total of 60MW in the second half of 2021. Upon completion of the infrastructure and retrofitting upgrades and access to power supply, DMG's facility will then have a future capacity for approximately **2.0 Exahash** of immersion cooled Bitcoin mining utilizing 60MW of power.

In anticipation of the retrofitting timelines, DMG is currently in discussions with leading Bitcoin mining equipment manufacturers for a purchase order that would give DMG the right to purchase, in stages, a minimum of 1.0 EH/s of the newest generation of mining equipment specific to immersion cooling. Various manufacturing companies are developing specific immersion cooling Bitcoin miners which DMG has been reviewing for the optimal purchase for its retrofitting.

The future deployment of at least 1.0 EH/s of immersion cooled mining in the first half of this year is expected to occur in stages based on the amount of capital raised through equity and/or debt financing.

DMG's COO Sheldon Bennett commented:

> *"DMG's self-mining strategy is to deploy capital into the most efficient technology possible to ensure the best possible ROI on miners and greatest revenue potential over the life of the hardware. Upon the formalization of the Digital Currency Miners of North America (DCMNA) pool, DMG will connect all its miners to the DCMNA, thus increasing mining margins. Depending on the size of the purchase order(s), DMG may seek financial instruments to aid in completing this deployment of new miners."*

A large-scale purchase of mining equipment is subject to certain conditions including, but not limited to, DMG having sufficient funds to complete the purchase and the execution of a definitive contract setting forth the terms and conditions. Depending on the size of the purchase order, DMG may need to raise funds through the issuance of equity and/or debt financing.

The Company expects COVID-19 to affect the availability and timing of mining equipment, including increased shipping costs. If additional mining equipment is purchased for the Christina Lake facility, the Company expects longer than normal delivery times. As a result of this (which is happening industry-wide), DMG is using this time to upgrade its facility to be prepared for this future deployment of Bitcoin miners.

In addition to the physical retrofitting of the Christina Lake data centre, there are specific major components that are underway in parallel, to ensure the best operational performance from capital investments.

In order to ensure that the retrofitting and the addition of new infrastructure at the Christina Lake data center maintains DMG's timelines, the Company has selected a British Columbia construction and manufacturing firm to oversee design, procurement, proprietary manufacturing and installation during this project. This will greatly aid DMG during the Covid-19 constrained supply chain challenges that most companies are facing in this industry.

"*DMG's goal is to be the most efficient and technologically advanced mining company in the entire Bitcoin mining industry*," said DMG's COO, Sheldon Bennett. "*Our immersion cooling deployment initiative is just the beginning of numerous technological innovations to be developed and implemented by DMG as part of our rapid growth strategy in the coming years, and the best is yet to come*."

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 the price of Bitcoin and an increase in hashrate mining difficulty.

About DMG Blockchain Solutions Inc.

DMG is a vertically integrated blockchain and cryptocurrency company that manages, operates, and develops end-to-end digital solutions to monetize the blockchain ecosystem. DMG's businesses are segmented into three main divisions: data centre operations, data analytics and forensics and developing enterprise blockchains. DMG's data centre operations focus on earning revenues from block rewards and transaction fees by mining primarily bitcoin as well as providing hosting services for industrial mining clients. DMG's data analytics and forensic services provide technical expertise software products such as Blockseer Pool, Mine Manager and Walletscore, as well as working with auditors, law firms, and law enforcement organizations. DMG's permissioned blockchain technology is focused on developing enterprise software for the supply chain management of controlled products. DMG's strategy is to become the domain experts across the business verticals it focuses on. DMG's management team includes seasoned crypto experts, forensic & financial professionals and blockchain developers with deep relationships throughout the industry.

For more information on DMG Blockchain Solutions visit: www.dmgblockchain.com

On behalf of the Board of Directors,

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Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information based on current expectations. Statements about the purchase and timing of mining equipment and the related potential financings, to increase petahash (PH) (or exahash (EH/s)) by self-mining, completion of the upgrades to the facility and the expected benefits therefrom, price of bitcoin, plans and intentions, other potential transactions, acquisition of customers, product development, events, courses of action, and the potential of the Company's technology and operations, among others, are all forward-looking information. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such information can generally be identified by the use of forwarding looking wording such as "may", "expect", "estimate", "anticipate", "intend", "believe" and "continue" or the negative thereof or similar variations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including but not limited to, business, economic and capital market conditions; the ability to manage operating expenses, which may adversely affect the Company's financial condition; the ability to remain competitive as other better financed competitors develop and release competitive products; regulatory uncertainties; access to equipment; market conditions and the demand and pricing for products; the demand and pricing of bitcoins; security threats, including a loss/theft of DMG's bitcoins; DMG's relationships with its customers, distributors and business partners; the inability to add more power to DMG's facilities; DMG's ability to successfully define, design and release new products in a timely manner that meet customers' needs; the ability to attract, retain and motivate qualified personnel; competition in the industry; the impact of technology changes on the products and industry; failure to develop new and innovative products; the ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect the business; the ability to manage working capital; and the dependence on key personnel. DMG may not actually achieve its plans, projections, or expectations. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the demand for its products, the ability to successfully develop software, that there will be no regulation or law that will prevent the Company from operating its business, anticipated costs, the ability to secure sufficient capital to complete its business plans, the ability to achieve goals and the price of bitcoin. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements.

The securities of DMG are considered highly speculative due to the nature of DMG's business.

Factors that could cause actual results to differ materially from those in forward-looking statements include, failure to obtain regulatory approval, the continued (or lack thereof) availability of capital and financing, equipment failures, lack of supply of equipment, power and infrastructure, failure to obtain any permits required to operate the business, the impact of technology changes on the industry, the impact of Covid-19 or other viruses and diseases on the Company's ability to operate, secure equipment, and hire personnel, competition, security threats including stolen bitcoins from DMG or its customers, consumer sentiment towards DMG's products, services and blockchain technology generally, failure to develop new and innovative products, litigation, increase in operating costs, increase in equipment and labor costs, failure of counterparties to perform their contractual obligations, government regulations, loss of key employees and consultants, and general economic, market or business conditions. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on any forward-looking information. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by third parties in respect of the matters discussed above.