DMG Blockchain Solutions Reports First Quarter 2024 Results Ending December 31, 2023

Vancouver, British Columbia, February 21, 2024 - DMG Blockchain Solutions Inc. (TSX-V: DMGI) (OTCQB US: DMGGF) (FRANKFURT: 6AX) ("DMG"), a vertically integrated blockchain and data center technology company, today announces its fiscal first quarter 2024 financial results. All financial references are in Canadian Dollars unless specified otherwise.

Q1 2024 Financial Results Highlights

- Q1 2024 results of $9.7 million revenue, $1.5 million operating loss before other items, $7.0 million net income and $0.04 per share
- 196 bitcoin mined, up 35% from the prior quarter on 0.96 EH/s, up 45% from the prior quarter
- $3.7 million cash flow from operations, up 163% from the prior quarter
- Signed agreement with Bitmain Technologies in December to purchase 4,550 T21 190 TH/s bitcoin miners, which is expected to approximately double hashrate to about 2 EH/s
- Strong balance sheet as of December 31, 2023 with $27.7 million in cash and digital currency, $91.0 million in total assets

Sheldon Bennett, DMG Blockchain Solutions' Chief Executive Officer, commented, "DMG Q1 2024 results benefitted from the confluence of our 45% higher hashrate and a 30% increase in the quarterly average price of bitcoin versus the prior quarter. With the purchase of 4,550 new 190 TH/s T21 miners and the infrastructure needed to energize those miners, we are positioned to approximately double our electrical infrastructure and hashrate. Regarding our Core+ Blockseer software strategy, we continue to invest in both Bitcoin network software infrastructure and applications, and we remain encouraged regarding the opportunity to monetize bitcoin transactions."

Q1 2024 Financial Results Review

Revenue for the first fiscal quarter ending December 31, 2023 was $9.7 million versus $7.2 million in the prior year period, an increase of 35%, primarily due to the increase in digital currency mining revenues as a result of bitcoin price increasing 100% over the year-ago period to an average of $49,129 in the December quarter. This increase was partially offset by an 81% increase in Bitcoin network difficulty that lowered DMG's bitcoin generation per EH/s by 37% from the same period last year. In addition, revenue was also partially offset by a loss in net pool revenue of $1.0 million.

Income before other items for the three months ended December 31, 2023 was -$1.5 million versus -$5.3 million in the prior year period.

Operating and maintenance costs for the three months ended December 31, 2023 were $5.1 million as compared to $4.4 million in the same quarter in the prior year. The increase is a result of a rise in utilities expense, driven by expanded digital currency mining operations related to additional miners.

Net income for the three months ending December 31, 2023 was $7.0 million versus a loss of $7.0 million in the prior year period. The improvement in net income was driven primarily by an increase in unrealized revaluation gain on digital currency, which was a gain of $8.2 million versus a loss of $1.4 million in the prior year period. In addition, it was also driven by an increase in revenue of $2.5 million and a decrease in depreciation of $1.7 million, partially offset by an increase in operating and maintenance costs of $0.7

million all related to the increase in installation of new miners for self-mining. Research costs increased slightly to $0.4 million.

Earnings per share for the first fiscal quarter ending December 31, 2023 was $0.04 versus -$0.04 in the prior year period.

As of December 31, 2023, the Company had cash of $2.2 million, digital currency of $25.5 million and total assets of $91.0 million. For more details, please refer to the Company's filings.

Readers are encouraged to review the Company's December 31, 2023 quarterly unaudited financial statements and management's discussion and analysis thereof for a fulsome assessment of the Company's performance and applicable risk factors, available at www.sedarplus.ca.

DMG Blockchain Solutions Inc. First Quarter 2024 Financial Results and Corporate Update Call

The Company also announces that it will host a conference call to review first quarter 2024 financial results and provide a corporate update on February 22, 2024, at 4:30 pm ET. Participants are asked to pre-register for the call through this link. Registered participants will receive a Financial Results and Corporate Update Call weblink and dial-in information in their confirmation email.

As there will be no live Q&A session, management will address pre-submitted questions during the call. Those wishing to submit a question may do so via investors@dmgblockchain.com using the subject line 'Conference Call Question Submission' through 2:00 pm ET on February 22, 2024.

About DMG Blockchain Solutions Inc.

DMG is an environmentally friendly vertically integrated blockchain and data center company that manages, operates and develops end-to-end digital solutions to monetize the blockchain ecosystem. DMG's sustainable businesses are segmented into two business lines under the Core and Core+ strategies and unified through DMG's vertical integration.

For more information on DMG Blockchain Solutions visit: www.dmgblockchain.com
Follow @dmgblockchain on X and subscribe to DMG's YouTube channel.

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Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information or statements based on current expectations. Forward-looking statements contained in this news release include statements regarding DMG's strategies and plans, the expected increase in realized hashrate, the deployment of new capacity, the expected arrival of new miners, the expected timelines, the opportunity and plans to monetize bitcoin transactions, the continued investment in Bitcoin network software infrastructure and applications, developing and executing on the Company's products and services, increasing self-mining, efforts to improve the operation of its mining fleet, the launch of products and services, events, courses of action, and the potential of the Company's technology and operations, among others, are all forward-looking information.

Future changes in the Bitcoin network-wide mining difficulty rate or Bitcoin hash rate may materially affect the future performance of DMG's production of bitcoin, and future operating results could also be materially affected by the price of bitcoin and an increase in hash rate mining difficulty.

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, market and other conditions, volatility in the trading price of the common shares of the Company, 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. For further information concerning these and other risks and uncertainties, refer to the Company's filings on www.sedarplus.ca. In addition, DMG's past financial performance may not be a reliable indicator of future performance.

Factors that could cause actual results to differ materially from those in forward-looking statements include, failure to obtain regulatory approval, the continued 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, adverse weather or climate events, increase in operating costs, increase in equipment and labor costs, equipment failures, decrease in the price of Bitcoin, 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.

DMG Blockchain Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended December 31,	
	2023	**2022**
	$	**$**
Revenue	9,690,764	7,174,592
Expenses		
Operating and maintenance costs	5,147,651	4,408,792
General and administrative	886,061	947,936
Stock-based compensation	368,494	515,130
Research	438,179	431,939
Bad debt expense (recovery)	3,764	63,604
Depreciation	4,341,782	6,090,845
Total expenses	**11,185,931**	**12,458,246**
Operating loss before other items	**(1,495,167)**	**(5,283,654)**
Other income (expense)		
Interest and other income	165,781	113,141
Gain on disposition of assets	-	70,429
Foreign exchange loss	(94,585)	(80,976)
Loss on fair value of investments	(609,120)	-
Provision of sales tax receivable	(253,900)	-
Unrealized revaluation gain (loss) on digital currency	8,162,860	(1,415,660)
Realized gain (loss) on sale of digital currency	851,870	(177,162)
Gain (loss) on change in fair value of marketable securities	244,751	(229,522)
Net income (loss)	**6,972,490**	**(7,003,404)**
Other comprehensive income		
Items that may be reclassified subsequently to income or loss:		
Revaluation loss on digital assets	-	(9,644)
Cumulative translation adjustment	10,082	(256)
Net income (loss) and comprehensive income (loss)	**6,982,572**	**(7,013,304)**
Basic earnings (loss) per share	$0.04	($0.04)
Diluted earnings (loss) per share	$0.04	($0.04)
Weighted average number of shares outstanding		
- basic	168,147,570	167,519,584
- diluted	170,175,939	167,519,584

DMG Blockchain Solutions Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at December 31, 2023 (unaudited)	As at September 30, 2023 (audited)
ASSETS	**$**	**$**
Current		
Cash and cash equivalents	2,202,219	1,789,913
Amounts receivable	3,021,455	2,476,679
Digital currency	25,465,280	17,142,683
Prepaid expense and other current assets	162,883	193,512
Marketable securities	631,735	386,984
Assets held for sale	3,738,632	3,451,024
Total current assets	**35,222,204**	**25,440,795**
Long-term deposits	5,382,519	3,256,324
Property and equipment	43,714,797	47,398,585
Long-term investments	45,000	45,000
Amount recoverable	6,612,032	6,446,251
Total assets	**90,976,552**	**82,586,955**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade and other payables	4,881,577	4,178,104
Deferred revenue	66,737	64,361
Current portion of lease liability	64,754	50,555
Current portion of loans payable	1,280,700	1,272,397
Total current liabilities	**6,293,768**	**5,565,417**
Long-term lease liability	81,606	41,202
Total liabilities	**6,375,374**	**5,606,619**
Shareholders' Equity		
Share capital	111,381,071	110,820,540
Reserves	45,459,049	45,507,272
Obligation to issue shares	125,962	-
Accumulated other comprehensive income	159,126	149,044
Accumulated deficit	(72,524,030)	(79,496,520)
Total shareholders' equity	**84,601,178**	**76,980,336**
Total liabilities and shareholders' equity	**90,976,552**	**82,586,955**

DMG Blockchain Solutions Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended December 31,	2023 $	2022 $
OPERATING ACTIVITIES		
Net income (loss) for the period	**6,972,490**	**(7,003,404)**
Non-cash items:		
Accretion	11,460	11,845
Depreciation	4,338,369	6,090,845
Share-based payments	368,494	515,130
Unrealized (gain) loss on revaluation of digital currency	(8,162,861)	1,415,660
Unrealized foreign exchange (gain) loss	(16,272)	10,353
Gain on sale of assets	-	(70,429)
Unrealized (gain) loss on marketable securities	(244,751)	229,522
Impairment of investment	609,120	-
Provision for sales tax receivable	253,900	-
Bad debt expense	3,764	63,604
Digital currency related revenue	(8,744,492)	(6,671,394)
Digital currency sold	9,445,176	4,128,129
Realized (gain) loss on sale of digital currency	(851,870)	177,162
Non-cash interest income	(164,632)	(113,141)
Accrued interest	-	(129)
Changes in non-cash operating working capital:		
Prepaid expenses and other current assets	35,269	(6,848)
Amounts receivable	(781,682)	(748,923)
Deferred revenue	14,302	64,650
Trade and other payables	668,276	636,444
Net cash provided by (used in) operating activities	**3,744,420**	**(1,270,924)**
INVESTING ACTIVITIES		
Purchase of property and equipment	(381,773)	(350,486)
Deposits on mining equipment	(2,570,515)	-
Purchase of short-term investment	(609,120)	-
Proceeds on sale of equipment	-	70,429
Proceeds from sublease	-	37,012
Net cash used in investing activities	**(3,561,408)**	**(243,045)**
FINANCING ACTIVITIES		
Proceeds from option exercises	269,776	63,750
Principal lease payments	(40,276)	(64,044)
Proceeds from secure loan	-	950,665
Net cash provided by financing activities	**229,500**	**950,371**
Impact of currency translation on cash and cash equivalents	**(206)**	**(144)**
Cash and cash equivalents, change	**412,306**	**(563,712)**
Cash and cash equivalents, beginning	**1,789,913**	**1,247,513**
Cash and cash equivalents, end	**2,202,219**	**683,801**