DMG BLOCKCHAIN SOLUTIONS INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Dated: July 3, 2024

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DMG BLOCKCHAIN SOLUTIONS INC.
ANNUAL INFORMATION FORM

Date of Information

All information contained in this annual information form ("**AIF**") is current as of July 3, 2024, unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF constitute forward-looking information or forward-looking statements (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws.

All statements other than statements of historical facts contained in this AIF, including statements regarding the ability of blockchain technology to disrupt multiple industries, the increasing demand for cryptocurrencies and professional-grade, scalable cryptocurrency infrastructure, the ability of the Company's products and services to meet various governmental authorities' compliance requirements, the increasing demand for regulation of the cryptocurrency industry, the Company's need for additional low voltage infrastructure and power supply at the Christina Lake Facility (as defined below), growth and expectations of the Company's Terra Pool, Core+ business strategy, and Bitcoin self-mining operations, the purchase, delivery and installation of additional Bitcoin mining rigs at the Christina Lake Facility, the potential upgrades and addition of power to the Christina Lake Facility, increase of mining capacity, the projected timing and capacity for deployment of immersion cooling, the execution of a binding agreement in relation to the 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, the Company's future results of operations and financial position, business strategy, prospective products and/or services, research and development costs, timing and likelihood of success, plans and objectives of management for future operations, and future results of current and anticipated products are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Forward-looking statements include statements concerning the Company's current expectations, estimates, projections, assumptions and beliefs, and, in some instances, can be identified by the use of words such as "seeks," "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes," or variations of such words and phrases or statements that certain actions, events or results "may," "could," "should," "would," "might," or "will be taken," "occur" or "be achieved," or the negative forms of any of these words and other similar expressions.

When the Company discusses its strategy, plans, future financial and operating performance, financing plans, growth, cash flow and operating margins, or other events that have not yet happened, the Company is making forward-looking statements. The Company has based the forward-looking statements largely on its current expectations, estimates, assumptions and projections about future events and financial trends that it believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond the Company's control, include, but are not limited to: projections of future financial and operational performance; statements concerning future events or future performance; anticipated operating costs and revenue; estimates of capital expenditures; future demand for and prices of digital currencies.

Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to control, that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, without limitation: Bitcoin and digital currencies demand and price volatility; the prominence of bitcoin as a digital currency and the acceptance and/or widespread use thereof; risks and uncertainties associated with the digital currency and blockchain industry; occurrence of a Bitcoin halvening event; cryptocurrency network difficulty; reduction in the number of Bitcoin miners and the processing power of the Bitcoin Network; economic dependence on regulated terms of service for electricity; the Company's mining operations at its Christina Lake Facility being the subject of server failures, equipment malfunctions or power outages; adapting to technological change, new products and standards; which materially impact the cryptocurrency industry; disturbances to global supply chains which impact the availability and delivery of hardware and equipment used in the Company's mining activities; the potential that the blockchain could be manipulated by a malicious actor, increased competition that adversely affects business; additional competition from new or existing technologies that adversely affect business; 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 or changes which restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations; access to equipment and power; market conditions and the demand and pricing for products; security threats, including the loss of theft of the Company's cryptocurrency inventory, data security breaches and hacking; the Company's relationships with its customers, distributors and business partners; the inability to add more power to the Company's Christina Lake Facility; the risk that delivery and installation of additional mining rigs could be delayed; the Company'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; the risk that banks may not provide banking services to companies businesses that provide cryptocurrency-related services or that accept cryptocurrency as payment; the risk that cryptocurrency exchanges may be the subject of fraud or failure; 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 Company's ability to successfully develop its own proprietary single-phase immersion cooling technology the ability to manage working capital; dependence on or loss of key personnel and the inability to attract and retain qualified personnel; continued growth in key markets; political, economic and other uncertainties which may impact the supply and demand for digital currencies; that the Company's software products and/or services may contain undetected errors or "bugs," vulnerabilities or defects; damage or failure of our information technology; risks associated with potential violations of applicable privacy laws; fraud; risks resulting from interruptions or delays from third-party processors and service providers upon which the Company relies; risks associated with any continued sales growth; risks related to compliance with laws and regulations and the effect of changes in law and regulatory environment; fluctuations in foreign currency exchange rates; ability to obtain additional financing; failure of counterparties to perform their contractual obligations; failure to obtain any permits required to operate the business; liabilities and damages related to the Company's business which are uninsured or uninsurable; risks associated with litigation or dispute resolution; volatility of global financial conditions; as well as other risks, uncertainties and other factors, including, without limitation, those referred to in this AIF under the heading "*General Development of the Business – Risk Factors*" and elsewhere herein.

Forward-looking statements are not a guarantee of future performance but, rather, reflect the Company's current expectations and assumptions and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from those anticipated in such statements. All of the forward-looking statements contained in this Annual Information Form are qualified by these cautionary statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking statements, there may be other factors that cause actual results to differ materially from those which are anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on the forward-looking statements or the assumptions on which the Company's forward-looking statements are based. Readers are further cautioned that the foregoing list of risks and assumptions is not exhaustive, and prospective investors should consult the more complete discussion of the Company's business, financial condition and prospects that is included in this AIF.

The forward-looking statements reflect current expectations regarding future events and operations and speak only as of the date of this AIF. The Company assumes no obligation to update publicly or otherwise revise any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable securities laws. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.

The forward-looking statements contained in this AIF are expressly qualified in their entirety by the foregoing cautionary statements and those made in our other filings with applicable securities regulators in Canada.

DEFINITIONS AND OTHER INFORMATION

Currency

In this AIF, all funds are quoted in Canadian dollars unless otherwise indicated. References to “$” and “CDN$” are to Canadian dollars.

Defined Terms and Abbreviations

In this AIF, unless the subject matter or context is inconsistent therewith, the following terms shall have the meanings set forth below:

AIF	means this Annual Information Form of the Company dated July 3, 2024.
ASIC	means application-specific integrated circuit (ASIC), a microchip designed for a special application, such as a particular kind of communications protocol or a specialized computer. In the context of digital currency mining, ASICs have been designed to solve specific hashing algorithms natively, including for Bitcoin mining. The acronym has also become a self-referential way to denote the full mining rigs themselves (which are each built with hundreds of individual ASICs).
BCBCA	means the Business Corporations Act (British Columbia), including the regulations made thereunder, in each case as now in effect and as may be amended or replaced from time to time.
BCSC	British Columbia Securities Commission.
bitcoin	bitcoin (with a lower-case “b”) refers to the native token of the Bitcoin Network which utilizes the SHA-256 cryptography algorithm.
Bitcoin	Bitcoin (with an upper-case “B”) is used in reference to the Bitcoin Network, which is a peer-to-peer payment system that uses open-source cryptography to control the creation and transfer of the bitcoin digital currency, the Bitcoin Network’s native token. Related terms to the Bitcoin Network include Bitcoin Node and Bitcoin Miner, all of which are components of the Bitcoin Network.
Bitcoin Network	means the network of computers running the software protocol underlying Bitcoin and which network maintains the database of bitcoin digital currency ownership and facilitates the transfer of bitcoin digital currency among parties.
Bitmain	means BITMAIN Technologies Ltd.
Blockchain	means an immutable, decentralized public transaction ledger, which records transactions, such as financial transactions in cryptocurrency, in chronological order. Bitcoin and Ethereum are examples of well-known and widely distributed blockchains.
Blockseer	means Datient, Inc.
Blockseer Explorer	formerly known as “Blockseer Intelligence” is an analytics tool that enables tracking of cryptocurrency on both the Bitcoin and Ethereum blockchains.
Blockseer Pool	a North American-based mining pool created to meet the U.S. Government’s Office of Foreign Assets Control (OFAC) compliance requirements for Bitcoin wallet addresses.
Board	means the board of directors of the Company.
CEO	means the Chief Executive Officer of the Company.
CFO	means the Chief Financial Officer of the Company.

COO	means the Chief Operating Officer of the Company.
CTO	means the Chief Technology Officer of the Company.
Cold Storage Wallet	means a digital wallet that is stored on a platform that is not connected to the Internet, thereby protecting the wallet from unauthorized access, cyber-hacks and other vulnerabilities to which a system that is connected to the Internet is otherwise susceptible to.
Common Shares	means the common shares in the share capital of the Company.
Company or DMG	means DMG Blockchain Solutions Inc.
Core+	refers to a general software and services business strategy by the Company related to monetizing bitcoin transactions.
EH/s	means exahashes per second.
Fiscal 2023	means the Company's fiscal year ending September 30, 2023.
FTX	means FTX Trading Ltd., the now-bankrupt cryptocurrency exchange.
Hash	means the output of a hash function, i.e., the output of the fundamental mathematical computation of a particular cryptocurrency's computer code that miners execute.
Hashrate	means a measure of cryptocurrency mining power in hashes per second whereby the expected income from mining is directly proportional to a miner's Hashrate normalized by the total Hashrate of the network.
Helm Mine Manager Software	means a real-time software platform which monitors many key metrics relating to Mining, including temperature, uptime as well as individual and pooled Hashrates, allowing the mining facility staff to make real-time adjustments and repairs.
Hive	means Hive Blockchain Technologies Ltd.
J/TH	means joules per terahash.
Mining	refers to the provision of computing capacity to secure a distributed network by creating, verifying, publishing and propagating blocks on the Blockchain in exchange for rewards and fees denominated in the native token of that network.
MW	means Megawatts.
NI 51-102	means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.
NI 52-110	means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.
OSC	means the Ontario Securities Commission.
Person	includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status.
PH/s	means petahashes per second.
SEDAR+	means the System for Electronic Document Analysis and Retrieval.

Shareholders	the holders of the Company's Common Shares.
Terra Pool	is the first environmentally-focused bitcoin mining pool, a DMG product.
TSXV	TSX Venture Exchange.
Walletscore	is a cloud-based API risk-scoring technology used by cryptocurrency exchanges and enterprise payment platforms to quantify and manage their risk of legal non-compliance (anti-money laundering and anti-fraud compliance).

CORPORATE STRUCTURE

Name, Address & Incorporation

The Company was incorporated on April 18, 2011 pursuant to the BCBCA under the name Aim Explorations Inc. On September 27, 2012, the Company completed its initial public offering and listing of its Common Shares on the TSXV as a Capital Pool Company. On February 8, 2018, the Company acquired DMG Blockchain Solutions Inc. through a reverse takeover transaction that constituted the Company's Qualifying Transaction for purposes of applicable TSXV rules. DMG was incorporated pursuant to the BCBCA under the name "Digital Mint Group Inc." and subsequently changed its name on August 17, 2017 to "DMG Blockchain Solutions Inc."

Concurrent with the closing of the Qualifying Transaction on February 8, 2018, the Company changed its name from "Aim Explorations Inc." to "DMG Blockchain Solutions Inc." The Common Shares are traded on the TSXV under the symbol "DMGI" as well as on the OTCQB under "DMGGF" and on the Frankfurt Exchange under "6AX." The Company's head office and registered and records office is located at 4193 104th St. Delta, British Columbia, Canada.

Intercorporate Relationships

The Company's subsidiaries are as follows:

Principal Subsidiaries	Percentage Ownership	Jurisdiction of Existence
DMG-US, Inc.	100%	State of Delaware
Datient, Inc.	100% (indirectly through DMG-US, Inc.)	State of Delaware
DMG Blockchain Services Inc.	100%	State of Texas
1141559 B.C. Ltd.	100%	British Columbia
1332517 B.C. Ltd.	100%	British Columbia
1300036 B.C. Ltd.	100%	British Columbia
Systemic Trust Company Ltd.	100%	Alberta
2399760 Alberta Ltd.	100%	Alberta

INTRODUCTION TO BLOCKCHAIN AND CRYPTOCURRENCY

Blockchain technology was introduced in 2008 as the database technology that underpins Bitcoin, a 'token' or 'digital asset' that represents ownership of value in the bitcoin blockchain's decentralized system. Although the technology has remained synonymous with Bitcoin and digital currencies, blockchain technologies are capable of many applications beyond serving as a database for a decentralized digital currency. Blockchain technology is gaining widespread attention and is intended to serve as the backbone of a new digital asset world with fewer intermediaries, greater efficiency and automated transactions.

A significant advantage to blockchain technology is that it can store and distribute ledger data in a decentralized manner. The decentralization of information increases security and offers additional functionality to its users. Blockchain technologies could make a significant impact in many areas of business, finance, information management and governance, but they still remain in their nascent stages, although with significant future potential.

Bitcoin as a cryptocurrency is a form of encrypted and decentralized digital currency transferred directly between peers across the internet, with transactions being settled, confirmed and recorded in a distributed public ledger by a process known as “mining.”

Units of a cryptocurrency exist only as data on the Internet and are not issued or controlled by any single institution, authority, or government. Whereas most of the world’s money currently exists in the form of electronic records managed by central authorities such as banks, units of a cryptocurrency exist as electronic records in a decentralized transaction database called a blockchain. The ledger is publicly available to anyone and secured with public key encryption.

How a Cryptocurrency Works

Cryptocurrencies are decentralized digital currencies that enable transfers to anyone, anywhere in the world. Transactions occur via an open source, cryptographic protocol platform, which uses peer-to-peer technology to operate with no central authority. The network is an online, peer-to-peer network that hosts the public transaction ledger, known as the blockchain, and each cryptocurrency with source code that comprises the basis for the cryptographic and algorithmic protocols governing the blockchain. No single entity owns or operates the network, the infrastructure of which is collectively maintained by a decentralized user base. As the network is decentralized, it does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of the cryptocurrency. Rather, as the value is determined by the market supply of and demand for the cryptocurrency, the prices set in transfers by mutual agreement. Because cryptocurrency exist in the form of a digital file that can be transferred without the involvement of intermediaries or third parties, there are little or no physical costs in direct peer-to-peer transactions. Cryptocurrency can be used to pay for goods and services or can be converted to fiat currencies, such as the U.S. dollar, at rates determined by various cryptocurrency exchanges. Bitcoin.org, an informational website that educates and promotes the understanding of Bitcoin, lists a number of cryptocurrency exchanges, including international exchanges such as Coinbase. There are also country-based and regional cryptocurrency exchanges.

In a cryptocurrency network, each node has its own copy of the entire blockchain, which contains records of every historical transaction - effectively containing records of all account balances. Each account is identified solely by its unique public key (making it effectively anonymous) and is secured with an associated private key (kept secret by the account holder).

The combination of private and public cryptographic keys constitutes a secure digital identity in the form of a digital signature, providing strong control of ownership. For example, for any given transfer of bitcoin, the amount of bitcoin to be transferred is combined with the recipient’s public key and some information from the previous transaction(s) that the sender’s bitcoin came from, into a message that the sender signs with its private key. The transaction message is then broadcasted to the wider Bitcoin Network, where it is received by Bitcoin miners who (with high-performance computers running specialized Bitcoin mining software) verify the transaction, group it with others into a transaction block and work to solve the proof-of-work cryptographic puzzle that links the new block to the blockchain.

Each time a new block of transactions is created, data from that block is used to create a hash value that is stored along with the block. One piece of data used is the hash value from the most recent block in the blockchain. Each block’s hash value is created using the hash value of the block preceding it, acting as a sort of tamper-evident seal that confirms the validity of the new block and all prior blocks. As alterations made to any prior block would make the hashes of all subsequent blocks invalid, the discrepancy would be easily detected, and that broadcasted block would be discarded in favour of one from a different peer. By implication, it is the miners that operate the entirety of the Bitcoin Network which collectively agree as to what constitutes valid and invalid blocks. The consensus of a majority of the operators is what determines the validity of the ledger, which becomes the basis for future blocks.

Miners, which are specialized computers, compete to solve for new blocks on the Bitcoin Network. A miner that verifies and solves for a new block is awarded newly generated bitcoin, an amount which is usually proportional to the miner’s contributed Hashrate or work in addition to a transaction fee as an incentive to invest their computing power for the benefit of ensuring the immutability and functionality of the Bitcoin network. The difficulty of the proof-of-work puzzle is automatically adjusted every 2016 blocks (about every 2 weeks) so as to regulate the rate at which new blocks are generated by the Bitcoin network, adapting as the total mining power active on the network increases over time.

Bitcoin Halvening Event

Bitcoin miners derive revenue from block subsidies and transaction fees (collectively block rewards) for each block they solve. Bitcoin has a finite or terminal supply. According to the Bitcoin protocol, only 21,000,000 bitcoin can ever be mined, with a diminishing new supply at each ‘halvening’ event. Bitcoin halvening is an event when the block subsidy provided by the protocol for mining new bitcoin blocks is halved, meaning that bitcoin miners will receive 50% less bitcoin (excluding transaction fees) for every block they solve. In 2009, when Bitcoin was first launched, the block subsidy amount for mining a new block was 50 bitcoin. As of the most recent halvening in April 2024, the subsidy became 3.125 bitcoin per block, which is currently the amount earned by Bitcoin miners as of the date of this AIF. This block subsidy is expected to continue to be reduced by 50% approximately every 4 years. A Bitcoin halvening event could also impact blockchain safety, as a number of different consensus protocols, such as proof-of-work and proof-of-stake, are dependent on miner participation to ensure blockchain ledger immutability. See “*RISK FACTORS – Bitcoin Halvening Risk*.”

Bitcoin Mining Pool

Bitcoin mining is competitive, and the goal is to solve for a new block before someone else’s miner does, at which time the miner will receive the block subsidy and transaction fees from solving the block. During the early years of the development of the Bitcoin Network, an increasing amount of hashrate came online, which made it harder for small miners to have enough hashrate to solve a block and earn the block reward independently (also known as solo mining). In response to this, the concept of “pooled mining” was developed, whereby groups of individual miners contribute their hashrate to the generation of a new block, and then split the block reward based on the contributed computing power. By pooling hashrate, the variance of the time intervals for solving for a new block was lowered.

Why Cryptocurrencies?

A blockchain enables market participants to make and verify transactions on a network instantaneously without a central authority (i.e., a clearinghouse as in the traditional financial system). Management of the Company believes that Blockchain, the backbone technology behind cryptocurrency mining, has the potential to truly disrupt multiple industries and make business processes more inclusive, secure, transparent and efficient.

Interbank transactions can potentially take days for clearing and final settlement, especially outside of working hours. Blockchain transactions can reduce transaction times to minutes and are processed on a continuous basis without interruption every day of the year. Owing to the decentralized nature of the Bitcoin Network, transactions may be transmitted between jurisdictions across the world as easily as between neighbouring computers.

Because cryptocurrencies and digital currencies are completely virtual, they can be used in ways that ordinary fiat currencies cannot; primarily, they are used like the digital equivalent of cash. Unlike credit or debit cards that are issued by banks, consumers do not need an account or good credit to use digital currencies. Furthermore, digital currencies are becoming increasingly accepted globally by financial institutions as a tradeable asset.

The Market for Cryptocurrency

Cryptocurrencies offer many advantages over traditional or fiat currency, providing:

- Fraud resistance, as cryptocurrencies are digital and cannot be counterfeited or reversed arbitrarily by the sender;
- Immediate settlement;
- Elimination of counterparty risk;
- No trusted intermediary required;
- Lower fees;
- Identity theft prevention;
- Accessibility by everyone;
- Transaction verification and protection through a confirmation process called a consensus algorithm, which solves the problem of double spending;
- Decentralization – no central authority (government or financial institution);
- Recognition universally and not bound by government-imposed exchange rates.

Management of the Company believes that as the demand for cryptocurrencies increases and cryptocurrencies become more widely accepted, there will be an increasing demand for professional-grade, scalable infrastructure to support growth of the blockchain ecosystem.

GENERAL DEVELOPMENT OF THE BUSINESS

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 businesses are segmented into two business lines under the Core (infrastructure) and Core+ (software and services) and unified through DMG's vertical integration.

Under the Company's Core business line, the data center operations focus on earning revenues from block subsidies and transaction fees by mining bitcoin as well as providing hosting services for industrial mining clients. The Company's Core+ (software and services) business line is focused on monetizing bitcoin transactions through operation of its carbon neutral bitcoin mining pool, Terra Pool, enabling financial institutions to move bitcoin in a carbon neutral manner without commingling their transactions with those that contain wallet addresses black-listed by the US Department of Treasury OFAC (Office of Foreign Assets Control). Terra Pool is also a carbon-neutral bitcoin marketplace, providing financial institutions access to bitcoin that has been mined using carbon neutral energy sources.

The Company's strategy is to become the domain expert across its two main business lines: data center operations and software/services platform. The Company's management team includes seasoned crypto experts, forensic and financial professionals, and blockchain developers with deep relationships throughout the industry.

Over the three most recently completed financial years, the significant events described below contributed to the development of our business:

Three Year History

Fiscal 2021 (October 1, 2020, to September 30, 2021)

On October 29, 2020, the Company announced the launch of a new North American-based Bitcoin mining pool developed by the Company, known as the "Blockseer Pool." This new Bitcoin mining pool will be North America's first bitcoin mining pool that is aimed to not only meet but exceed the US Government's Office of Foreign Assets Control ("OFAC") compliance for Bitcoin addresses, as well as to provide the utmost level of transparency, auditability and corporate governance.

On November 6, 2020, the Company announced Hive as a hosting client at its Christina Lake Facility and that it sold 1,240 M30 Bitcoin miners to Hive pursuant to which the Company received proceeds of approximately USD $548,000.

On December 18, 2020, the Company closed a non-brokered private placement financing of 5,884,735 units of the Company (the "December 2020 Unit Offering") at a price of $0.17 per unit for gross proceeds of $1,000,405. Each unit consisted of one Common Share and one Common Share purchase warrant with each warrant exercisable to purchase one additional Common Share at an exercise price of $0.22 per share for a two-year period after the closing date of the December 2020 Unit Offering.

On December 31, 2020, the Company announced the issuance of 3,655,000 stock options to directors, officers, employees and consultants at an exercise price of $0.65 for a three-year term pursuant to the Company's stock option plan.

On January 5, 2021, the Company entered into a memorandum of understanding with Marathon Digital Holdings Inc. (previously "Marathon Patent Group") ("Marathon") to form Digital Currency Miners of North America ("DCMNA"), a U.S. based non-profit entity whose mission is to create a better mining environment for North American miners, to help improve their financial performance and to create North America's first cooperative mining pool. DCMNA is focused on increasing transparency, trust, and accountability in the emerging mining industry, particularly as more financial institutions embrace bitcoin as a store of value. Unlike other Bitcoin mining pools, Blockseer's pool will be audited by an independent auditing firm, ensuring that the miners receive earned rewards and that auditors and regulators can trust the data provided. Using the Company's proprietary patent pending technologies, the pool will also create transaction blocks that specifically omit any transactions deemed risky by Walletscore, and which may not meet the OFAC's standards. As a result, North American miners who are DCMNA members will reduce the risk that the blocks they mine contain transactions tied to criminal or terrorist-related activities.

On January 21, 2021, the Company announced a corporate update and discussed its plans to retrofit its Christina Lake Facility with immersion cooling technology. The Company previously signed a letter of intent with SixtyOneC to co-develop and co-market turnkey immersion cooling solutions for cryptocurrency, but this letter of intent was later terminated. More recently, the Company has decided to pursue development of its own proprietary single-phase immersion cooling technology.

On March 5, 2021, the Company announced that it sold 23,333,334 Common Shares and Common Share purchase warrants to purchase up to 11,666,666 Common Shares at a purchase price of $3.00 per Common Share and associated half warrant by way of a private placement to U.S. and foreign institutional investors (the "**March 2021 Private Placement**"). Each whole warrant entitles the holder thereof to purchase one Common Share at an exercise price of $3.55 per Common Share at any time on or before March 5, 2024. In connection with the March 2021 Private Placement, the Company issued 1,283,333 non-transferable compensation warrants to H.C. Wainwright, the exclusive placement agent for the March 2021 Private Placement. Each compensation warrant entitles the holder thereof to purchase one Common Share at an exercise price of $3.75 per Common Share at any time on or before March 5, 2024.

On March 15, 2021, the Company announced the engagement of CORE IR to assist the Company with investor relations, public relations and shareholder communications services. In connection with this engagement, the Company granted this service provider stock options to acquire up to 200,000 Common Shares at an exercise price of $3.00 per share for a period of two years, vesting in equal portions every three months over a 12 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On March 22, 2021, the Company announced the purchase of 2,915 Bitcoin miners (with approximate computing power of 200 PH/s).

On March 26, 2021, the Company announced that it entered into a memorandum of understanding with Argo Blockchain Plc to establish Terra Pool, a cooperative effort to launch a Bitcoin mining pool focused on clean energy.

On March 31, 2021, the Company announced that it entered into a definitive license agreement with Marathon pursuant to which the Company would provide technology solutions for Marathon and the new DCMNA pool. As part of the agreement, DMG licensed its proprietary Blockseer pool technology to the entity operating the Digital Currency Miners of North America pool. In consideration, the Company received: (i) USD$500,000 in common shares of Marathon; (ii) a monthly license fee paid in cash or Bitcoin (at DMG's election) with a sliding scale based on DCMNA's block rewards and transaction fees received by the pool; and (iii) technical support services to be provided on an as-needed basis with payment in US dollars. This agreement was subsequently terminated in the December quarter of 2023.

On that same day, the Company reported that Daniel Reitzik resigned from DMG as a director and CEO. Sheldon Bennett was appointed as CEO, with Steven Eliscu joining the Board. Mr. Eliscu was granted 200,000 stock options with an exercise price of $2.49 for a three-year term in connection with his appointment to the Board.

On April 19th, 2021, the Company announced the purchase of 3,600 Bitcoin miners (with approximate computing power of 360 PH/s). This contributed to the ongoing effort to fully occupy its 85 MW flagship facility in Christina Lake.

On April 26, 2021, the Company announced the purchase of 1,800 Bitcoin miners (with approximate computing power of 180 PH/s) increasing DMG's total hashrate to over 680 PH/s.

On the same day, the Company announced the issuance of 1,972,106 stock options to managing directors and employees at an exercise price of $1.41 for a three-year term pursuant to the Company's stock option plan.

On May 3, 2021, the Company announced that it closed a private placement to institutional investors of 22,297,644 Common Shares and Common Share purchase warrants to purchase up to 22,297,644 Common Shares at a purchase price of $1.26 per Common Share and associated Warrant (the "**May 2021 Private Placement**"). Each whole warrant entitles the holder thereof to purchase one Common Share at an exercise price of $1.50 per Common Share at any time prior to May 3, 2024. In connection with the May 2021 Private Placement, the Company issued 1,226,370 non-transferable compensation warrants to H.C. Wainwright, the exclusive placement agent for the May 2021 Private Placement. Each compensation warrant entitles the holder thereof to purchase one Common Share at an exercise price of $1.575 per Common Share at any time on or before May 3, 2024.

On May 14, 2021, the Company and Argo Blockchain Plc. announced their partnership in the Crypto Climate Accord to promote the decarbonization of the cryptocurrency industry.

On June 8, 2021, the Company announced a $3-million strategic investment in Ottawa-based Brane Capital ("Brane"), a leading cryptocurrency and digital asset custodian. DMG agreed to purchase 8 million units of Brane at a price of $0.375 per unit. Each unit is comprised of one common share in the capital of Brane and one half of a common share purchase warrant, with each whole warrant entitling DMG to purchase one additional common share of Brane at an exercise price of $0.50 per common share for a period of 24 months.

On July 14, 2021, the Company announced the purchase of 2,450 Bitcoin miners from Bitmain (with approximate computing power of 245 PH/s).

On July 20, 2021, the Company announced an investment in Black Box Manufacturing Inc. ("**Black Box**"), a Vancouver-based manufacturing company that specialises in the design and manufacture of electrical and mechanical enclosures for multiple industries including crypto mining. DMG made a $30,000 passive investment for a 15% equity position in Black Box. In 2023, DMG divested of its equity ownership in Black Box at the original investment cost.

On July 28, 2021, the Company announced that it has been engaged by a new hosting client to host 2,000 S19 Pro Bitcoin miners (with approximate computing power of 220 PH/s) at its Christina Lake facility.

On July 29, 2021, the Company announced an investment of US$2,000,000 in Bosonic Inc., a leading Silicon Valley technology company, which provides critical infrastructure eliminating counterparty credit and settlement risk in digital asset markets.

On the same day, the Company announced the issuance of 2,478,000 stock options to managing directors and employees at an exercise price of $0.84 for a three-year term pursuant to the Company's stock option plan.

On August 11, 2021, the Company announced the appointment of Heather Sim as CFO and John Kim as Corporate Secretary, succeeding Ryan Cheung, who was CFO and Corporate Secretary prior to these appointments.

Fiscal 2022 (October 1, 2021 to September 30, 2022)

On November 30, 2021, the Company announced the purchase of 1,800 Antminer S19 XP Bitcoin miners (with approximate computing power of 252 PH/s).

On the same day, the Company announced the issuance of 2,845,750 stock options to directors and employees at an exercise price of $1.20 for a three-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On December 1, 2021, the Company appointed John M. Place as a new independent director of the Board.

On January 26, 2022, the Company announced that its auditors required additional time to complete its internal review and audit procedures for the Company's financial year ended September 30, 2021. As a result, the Company was not able to file its audited annual financial statement for the year ended September 30, 2021 and related MD&A (the "**2021 Annual Filings**") before the requisite filing deadline under applicable Canadian securities laws. The Company applied for a management cease trade order from the BCSC in relation to the delayed filing of the 2021 Annual Filings. The BCSC granted the management cease trade order effective as of January 31, 2022. The Company filed the 2021 Annual Filings on March 22, 2022.

On May 10, 2022, the Company appointed Steve Eliscu as Chief Operating Officer of the Company.

On the same day, the Company announced the issuance of 2,730,000 stock options to directors and employees at an exercise price of $0.37 for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On May 18, 2022, the Company announced a US$1 million strategic investment in The INX Digital Company, one of the world's first companies to receive FINRA clearance for trading security tokens and the first to execute an SEC-registered IPO for a digital security made available to the general public.

On May 25, 2022, the Company announced that the US Patent and Trademark Office issued to the Company U.S. Patent No. 11,188,899 B2, which relates to a method for facilitating identity tracking in a cryptocurrency transaction, even if the associated blockchain itself does not store user identity information.

On June 22, 2022, the Company announced the conclusion of testing, and the opening to the general public, of its Terra Pool, the first environmentally focused bitcoin mining pool.

On July 6, 2022, the Company announced that the US Patent and Trademark Office issued to the Company U.S Patent No. S2020/0167791A1, which relates to a novel method for detecting and tracking tainted cryptographic wallets in order to screen out nefarious actors.

On July 19, 2022, Justin Rasekh resigned as an independent director of the Board. On that same day, the Company announced that Kelly Allin would succeed Justin Rasekh as an independent Board director and also that Mr. Allin was appointed as Chair of the Audit Committee.

On August 11, 2022, the Company announced the appointment of Kingston Ross Pasnak LLP as the auditors of the Company, as a result of Manning Elliot LLP resigning as the auditors of the Company.

On August 22, 2022, Nick Seto resigned from his position as an independent director of the Board. On that same day, John D. (J.D.) Abouchar was appointed as a new independent director of the Board. The Company also announced that J.D. Abouchar and Kelly Allin were each awarded 200,000 stock options, exercisable at a price of $0.33 per share for a period of five years from the date of grant.

Fiscal 2023 (September 30, 2022 to September 30, 2023)

On October 3, 2022, the Company announced the onboarding and integration of the Bosonic Network into the Company's business operations including trading, the Blockseer product line, and Terra Pool.

On that same day, the Company announced the issuance 1,607,500 stock options to certain directors and employees of the Company at an exercise price of $0.25 per share for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date being September 30, 2022, pursuant to the Company's stock option plan.

On November 4, 2022, the Company announced the appointment of Heather Sim, CFO, to the role of Corporate Secretary, following the resignation of John Kim who had occupied that role previously.

On November 22, 2022, the Company announced the opening of access to the Bosonic Network for Terra Pool members. On that same day, the Company announced the completion of a $1 million debt financing secured by a real estate asset with a variable interest rate of Prime plus 4.55% per annum and term of 18 months.

On December 23, 2022, the Company announced the issuance of 914,800 stock options to employees and directors of the Company at an exercise price of $0.18 for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On January 6, 2023, the Company announced the issuance of 200,000 stock options to a Company director at an exercise price of $0.17 for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On the same day, the Company announced that it planned to use accumulated credits from Bitmain to purchase more Bitcoin miners and to deploy capital to move miners into containerized units located on its property adjacent to the substation at Christina Lake. The Company also announced that it would extend its timeframe for the deployment of immersion cooling beyond mid-2023.

On February 15, 2023, the Company announced that its Petra platform was used to successfully submit multiple transactions to the Bitcoin blockchain. Petra as a platform is designed to bring subscribers enhanced options when initiating crypto transactions, including KYC on wallets, AML on transactions and routing via DMG's Terra Pool, a carbon neutral mining pool. DMG has created a way for bitcoin network participants to make a choice if they want to ensure that the movement of their bitcoin is done with minimal carbon footprint.

On March 14, 2023, the Company announced the completion of the purchase of air-cooled containers that in aggregate will support more than 40 megawatts of mining. Based on the efficiency of the latest generation of mining rigs, this capacity would support more than 1 EH/s of additional mining capacity.

On April 3, 2023, the Company granted 1,072,050 stock options to employees and directors of the Company. The stock options are exercisable for a period of five years at a price of $0.32 per share and will vest as to 25% on each of the six-, 12-, 18- and 24-month anniversaries of the grant date.

On April 12, 2023, the Company announced the re-pricing of 3,321,076 stock options held by non-executive employees and consultants. The re-pricing does not affect the stock options' existing vesting schedules and does not extend the term of the stock options. The 3,321,076 existing stock options will be repriced from an exercise price of between $0.65 and $3.00 per common share to $0.33 per common share.

On April 18, 2023, the Company announced the purchase of 350 Bitmain S19 Pro (35 PH/s), 350 Bitmain S19 XP (49 PH/s) and 850 Bitmain S19j Pro+ (104 PH/s) miners, which total an additional 1,550 units (with approximate aggregate computing power of 245 PH/s).

On April 27, 2023, the Company announced that the US Patent and Trademark Office issued to the Company US Patent US11373170B1, which specifically pertains to methods to implement DMG's Petra technology, which enables DMG pools, specifically Terra Pool, to uniquely place transactions onto the Bitcoin blockchain.

On the same day, the Company announced the resignation of Kelly Allin from the Board. Mr. Allin will continue to provide consulting services to DMG with a focus on financial reporting. Replacing Mr. Allin, the Board appointed Heather Sim, DMG's current CFO, as Director. Additionally, J.D. Abouchar was appointed as Audit Committee Chair and Heather Sim was appointed to the Audit Committee. Heather Sim resigned as Corporate Secretary and Catherine Cox was appointed to the role.

On the same day, the Company announced the issuance 213,736 stock options to directors and a consultant at an exercise price of $0.31 per share for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On May 15, 2023, the Company 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. This initiative is now being advanced forward with work towards executing a definitive agreement and planning of the deployment of electrical infrastructure for the site.

On July 4, 2023, the Company announced the issuance 1,638,790 stock options to employees and directors of the Company at an exercise price of $0.33 per share for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On September 21, 2023, the Company announced the appointment of Lawrence Truong as Strategic Advisor.

On the same day, the Company announced the issuance 1,266,110 stock options to employees and directors of the Company at an exercise price of $0.29 per share for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

Subsequent to September 30, 2023

On December 6, 2023, the Company announced it signed an agreement with Bitmain to purchase 4,550 T21 190 TH/s Bitcoin miners for US$12,103,000. Financing of the purchase may be through existing cash/liquidated bitcoin, debt or a combination of both. Terms of the purchase are 10% downpayment (which was paid at the time of the agreement) with the balance due in the month prior to shipment. As of the date of this AIF, DMG has received a partial shipment of these miners from Bitmain. The Company anticipates these miners to be operational in the June 2024 quarter. However, delivery to DMG's Christina Lake data center facility is subject to change given macro factors including but not limited to shipping logistics and customs processing.

On December 21, 2023, the Company announced the issuance 1,167,770 stock options to employees and directors of the Company at an exercise price of $0.53 per share for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On February 15, 2024, the Company announced it established a relationship with Sygnum Bank ("**Sygnum**"), a Swiss bank specialized in servicing crypto-native companies, as a strategic banking partner providing US$9 million (equivalent) in a credit facility to the Company for the purpose of increasing its operational capacity ahead of the upcoming Bitcoin halvening in April 2024. The primary use of proceeds from the credit facility will be used to fund the purchase of 4,550 T21 190 TH/s bitcoin miners from Bitmain Technologies for US$12,103,000. The loan is interest bearing at an annual rate of 7.8% for an indefinite term. Sygnum has the right to terminate the agreement at any time, at which time the loan would be due immediately. The loan is secured against the Company's digital currency assets of 237.8 BTC, which are pledged and deposited with Sygnum. Because the collateral is subject to fluctuations in value, the Company may be required to provide additional collateral in order to restore the security margin on the loan. DMG may repay the amount of debt outstanding at any time.

On February 20, 2024, the Company announced it has provided a total of an additional US$600,000 of debt financing to Bosonic, Inc. to support its continued development and help enable it to sustain cash flow positive operations. As of September 30, 2023, DMG had provided US$150,000 of debt and during the three months ended December 31, 2023, DMG had provided a further US$450,000 of debt to Bosonic. The debt is interest bearing at 7.5% and is due within 18 months.

Also on February 20, 2024, the Company provided an operational update and announced it has received all the major electrical distribution components and mining containers which are now located either at its Christina Lake data center facility or with its integration partners. Subsequent to the container deployment, DMG's total electrical capacity will be approximately double its current Christina Lake building capacity of 36 megawatts. DMG has ordered its first production environment immersion cooling tanks with the goal to have an initial closed loop set-up completed in the June 2024 quarter.

On February 22, 2024, the Company announced it has committed $3.5 million to establish Systemic Trust, an 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. The capital commitment for this digital asset custody solution will be made over time and as required to support the regulatory review process.

On March 21, 2024, the Company announced the issuance of 1,184,430 stock options to employees and directors of the Company at an exercise price of $0.58 for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

On April 24, 2024, the Company announced a strategic collaboration with PayPal and Energy Web to explore ways to decarbonize the Bitcoin blockchain. The companies are working together on developing methods for transacting on the Bitcoin network which would expand its use as a carbon neutral payment rail, thus advancing its application.

On May 7, 2024, the Company announced an operational update whereby to maximize its profitability post-halvening (which occurred April 19, 2024), DMG improved its legacy fleet efficiency via software from 28.4 J/TH to approximately 26 J/TH with a commensurate reduction in hashrate from 1 EH/s to approximately 0.85 EH/s. This was the major contributor to the reduction in hashrate in April versus the prior month. Additionally, DMG installed the first of its ordered 4,550 units of new Bitmain T21 miners, which when fully installed and operating, would be expected to generate 0.86 EH/s with a miner efficiency of 19 J/TH.

On June 5, 2024, the Company announced the issuance of 1,406,090 stock options to employees and directors of the Company at an exercise price of $0.61 for a five-year term, vesting in equal portions every six months over a 24 month period beginning as of the grant date, pursuant to the Company's stock option plan.

DESCRIPTION OF THE BUSINESS

General

Summary

The Company is a vertically integrated blockchain and data center technology company that manages, operates, and develops end-to-end digital solutions to monetize the blockchain ecosystem. The Company is focused on its Core and Core+ strategies for data center operations along with software licensing and services.

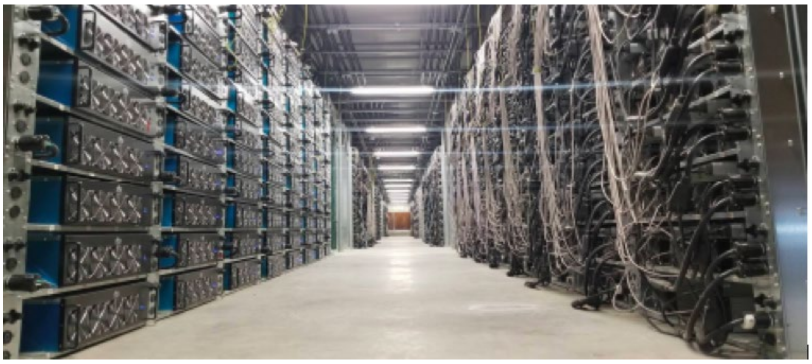
Products and Services

Data Center Operations

The Company's flagship data center operation is the Christina Lake Facility. This location offers mining hosting services, which allow the Company to host third-party cryptocurrency servers as well as self-mining capacity from which it mines its own cryptocurrencies using its own mining equipment. The Company has been deemphasizing hosted mining for third-party clients. The Company will continue to acquire mining hardware, subject to cost and profitability constraints, to ensure its mining fleet includes the most efficient hardware available and to avoid the need to replace the entire fleet simultaneously in the future.

The Company's operating and maintenance expenses are composed of electricity to power its computing equipment as well as networking, cooling and lighting. Other site expenses include costs for the Christina Lake Facility such as internet access, equipment maintenance and software optimization, insurance, as well as facility security, maintenance staff and management.

As of the date of this AIF, the Christina Lake Facility is currently equipped with 9,921 ASIC mining rigs for bitcoin mining, the majority of which are for the Company's own self-mining and the balance representing hosted clients. In December of 2023, the Company signed an agreement with Bitmain Technologies to purchase 4,550 T21 190 TH/s bitcoin miners for US$12,103,000, which are expected to be operational in the June 2024 quarter. As of the date of this AIF, DMG has received shipment of these miners from Bitmain.



This photo shows GPU and Bitcoin mining rigs in the Christina Lake Facility.

For its Christina Lake Facility, electric energy is provided to the Company by FortisBC, being the regulated electric utility provider for the Christina Lake area. The Company constructed its own 85 MVA substation in October 2018 and contracted FortisBC to build a new transmission power line connecting to the Christina Lake Facility, which was also completed in October 2018. The power rates charged by FortisBC for the Christina Lake Facility have not materially fluctuated year-over-year and are regulated by the British Columbia Utilities Commission. The Christina Lake Facility has a capacity of up to 85 MVA through its substation. The Christina Lake Facility has 15 MW of firm power supplied by FortisBC and up to an additional 45 MW non-firm operational power supplied by FortisBC. Firm power or service is electricity that is provided year-round without interruption (subject to any catastrophic or natural disaster interruption). Non-firm power or service is subject to availability from FortisBC. To access additional power above 36 MW for consumption, the Company is constructing additional medium-to-low-voltage infrastructure at its Christina Lake Facility.

This photo shows a portion of the electrical distribution infrastructure at the Christina Lake Facility.

The Christina Lake Facility is located in Christina Lake, British Columbia, in a remote area approximately 20 kilometres east of Grand Forks, British Columbia. The Christina Lake Facility's security consists of physical security staff, cameras and pin-codes at each door, along with fencing around the 85 MW substation and data center.

The sites are equipped with the following media of connectivity: (a) fiber internet connections; and (b) back-up satellite network. Fiber is provided by TELUS and satellite by Starlink.

All key components of the Christina Lake Facility are monitored including the intake air temperature, hashboard temperature, voltage, hashrate, data center air temperature, exhaust air temperature and humidity. In addition, the Company also uses its Mine Manager Software, called "Helm." Parallel monitoring is performed by local on-site staff, who are responsible for implementing any necessary repairs to mining infrastructure. In the event that the Company's remote monitoring or any parallel monitoring identifies any malfunction or technical issue, personnel are dispatched to physically inspect and if necessary, repair defective components.

The majority of the Company's cryptocurrencies are held in either self-custody solutions, including Cold Wallet Storage, or with digital asset custodians. The Company only transfers its cryptocurrencies to Hot Wallet Storage or exchanges for the purpose of selling or transferring the cryptocurrencies. The Company does not manage or hold cryptocurrencies on behalf of third-party clients that it hosts at its Christina Lake Facility, and any cryptocurrencies mined from the hosting services are connected directly to the third-party clients' cryptocurrency wallets. For holding cryptocurrencies, the Company intends to use its Systemic Trust digital asset custody solution when it becomes a qualified custodian. Given the novelty of digital currency mining and associated businesses, insurance coverage for theft of private keys is generally not available or uneconomical for the Company to obtain.

The Company has adopted the following internal company policies with respect to its data center operations:

(i) anti-fraud policy;
(ii) code of conduct policy;
(iii) information security policy;
(iv) internet usage policy;
(v) personal information protection and privacy policy;
(vi) anti-money laundering policy;
(vii) Employee Handbook;
(viii) Code of Business Conduct and Ethics; and
(ix) Communications Policy.

The anti-money laundering policy and procedures include, but are not limited to, the following:

1. Performing a risk assessment to determine all areas of the Company where money laundering or terrorist financing may be created and provide a report to senior management of the Company. This risk assessment is to include:

    a. An increased focus on the Company's operations (products, services, customers and geographic locations) that are more vulnerable to abuse by money launderers and other criminals;

    b. The environment with which the Company operates and the activity in its marketplace.

2. Ensuring that adequate controls are in place before new products are offered;

3. Informing Company management of compliance initiatives, identified compliance deficiencies, corrective action taken, and suspicious activity reports filed;

4. Providing the program continuity despite changes in management or employee composition or structure;

5. Maintaining all regulatory recordkeeping and reporting requirements, recommendations for AML compliance and providing timely updates in response to changes in regulations;

6. Implementing and reviewing any related policies and procedures to ensure compliance with the Company's AML Program requirements;

7. Providing adequate controls for higher risk customers, transactions and products as necessary, such as transaction limits or management approvals;

8. Enabling the timely identification of reportable transactions and ensure accurate filing of required reports;

9. Providing for adequate supervision of employees that handle currency transactions, complete reports, grant exemptions, monitor for suspicious activity, or engage in any other activity that forms part of the AML Program;

10. Incorporating AML compliance into job descriptions and performance evaluations of appropriate personnel;

11. Training Company personnel on AML Program directives; and

12. Supporting an independent AML audit program.

DMG Software Platforms

Historically, the Company's data analytics and technical support operations leveraged its industry expertise to provide cryptocurrency specific services to mainly audit, accountancy, legal and law enforcement organizations around the world. The cryptocurrency specific consulting focused on leveraging its deep understanding of cryptocurrencies, which was applied mainly to legal questions, accounting standards and audit and assurance reporting requirements.

As of the date of this AIF, these types of consulting services are not a material source of revenue. However, this expertise provided the basis for the Company's development of commercial software and services platforms: Blockseer Pool (Terra Pool), Helm Mine Manager, Petra, Systemic Trust customer portal, Blockseer Explorer and Walletscore. The Company's software platforms strategy is centered on becoming a vertically integrated cryptocurrency company. These products are used by the Company for internal purposes and may be licensed to third parties for commercial usage where applicable.

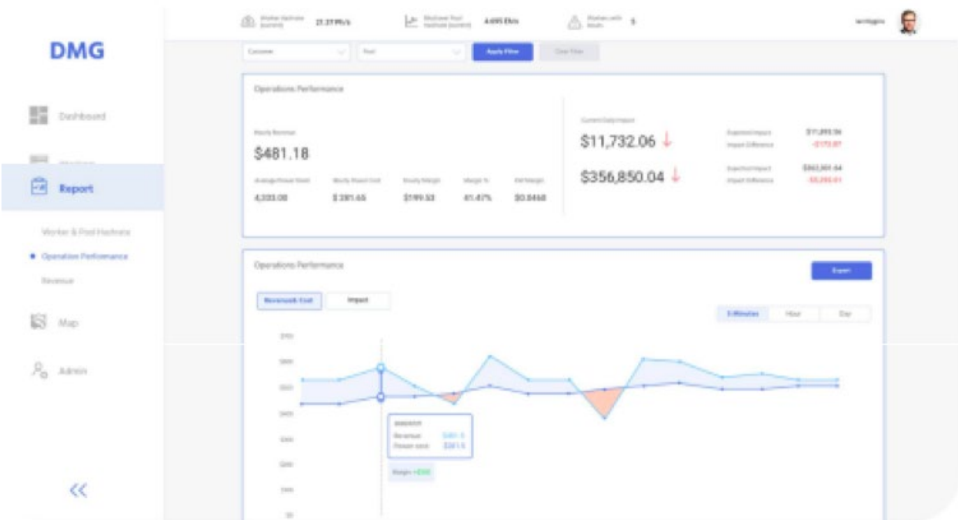
Blockseer Pool (Terra Pool)

Blockseer Pool is the basis for North American based cryptocurrency mining pools dedicated to decentralizing the Bitcoin network and providing more transparency in the crypto-mining industry.

As an integral part of the Company's ecosystem, the Blockseer Pool platform integrates with the Company's cryptocurrency products such as Walletscore, a software product for AML compliance, and Helm Mine Manager, a software product for industrial level cryptocurrency server management to provide cryptocurrency miners with not only quality operations data but also a new standard in mining compliance and governance.

Pursuant to a memorandum of understanding and software and technology agreement with Marathon, the Company had planned to form the DCMNA (Digital Currency Miners of North America) which would license Blockseer Pool However, over a few months of negotiations, Marathon Digital Holdings decided to move away from the DCMNA in favor of creating a simpler self-mining pool called Mara Pool, in which DMG and Marathon entered into a licensing agreement. This agreement was subsequently terminated in the December quarter of 2023.

In addition, DMG and Argo Blockchain started a similar bitcoin mining pool called Terra Pool which is focused on creating new Bitcoin blocks of transactions using carbon neutral energy as its main differentiating factor. Terra Pool started operating in beta in December 2021 and became open to the public to apply for admission to the pool on June 22, 2022. The Terra Pool business model is to generate revenue via participant pool fees.



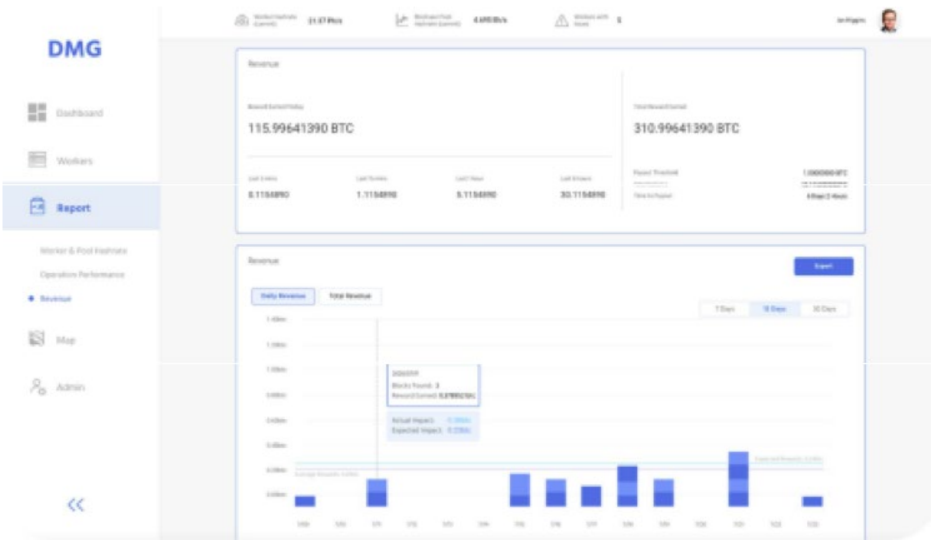
This picture depicts the user interface of DMG's Blockseer Pool.

Helm Mine Manager

The Company has developed its own proprietary software, Helm Mine Manager, to manage its data center's performance. Helm provides the capability for automated management of cryptocurrency mining data centers and remote container deployments.

Helm displays an individual mining server's Hashrate, temperature and operational status. This provides guidance to facility staff and enables remote monitoring and control of each mining server.

The purpose of the Mine Management Software is to enable large-scale mining operations to automate much of the maintenance of its mining hardware, creating efficiencies of scale and minimizing staffing requirements. Helm is also designed to provide for rules-based facility management, enabling control systems that optimize operation of individual or groups of miners for both air-cooled and immersion-cooled operating environments.



This picture depicts the user interface of DMG's Helm Mine Manager.

<u>Blockseer Petra</u>

The Company launched Petra in February 2023 on the Bitcoin mainnet. Petra is a business-to-business software integration geared for financial institutions and exchanges to interact with DMG's compliance and regulatory software framework. We believe Petra will allow regulated financial institutions new options to become more directly involved with bitcoin. DMG is currently working with ecosystem partners 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 recently developed protocol that aims to create 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.

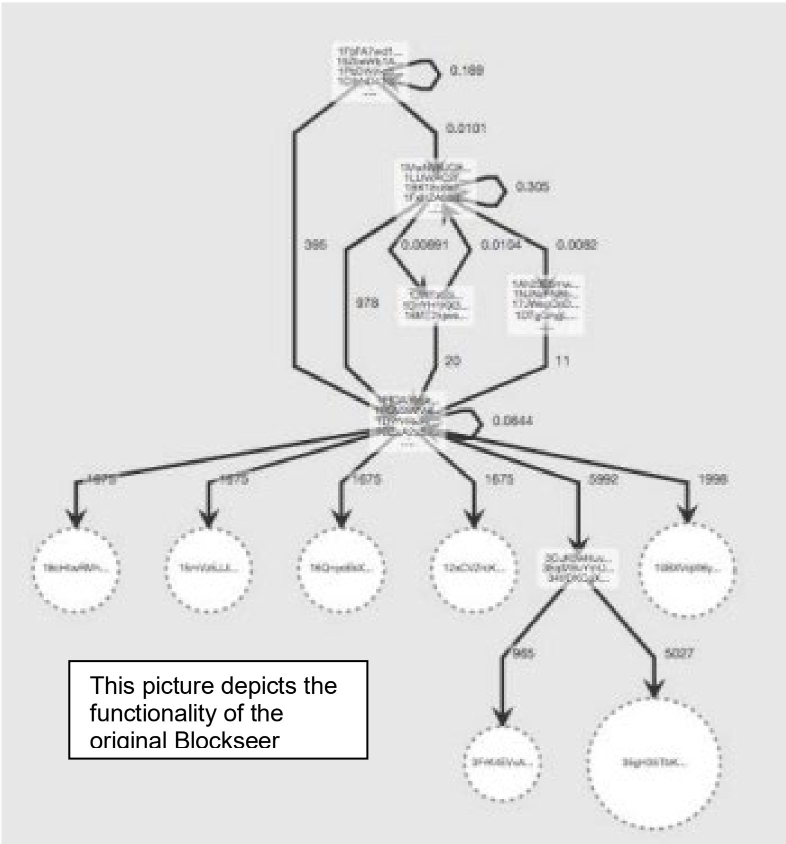
Blockseer Explorer

Blockseer Explorer is an analytics tool that enables the tracking of cryptocurrency on the Bitcoin Blockchain. It examines cryptocurrency flows through cryptocurrency wallets and performs the following functions:

1. Creates private labels and network graphs; and

2. Exports analytics data such as wallet addresses, associated transactions and labels.

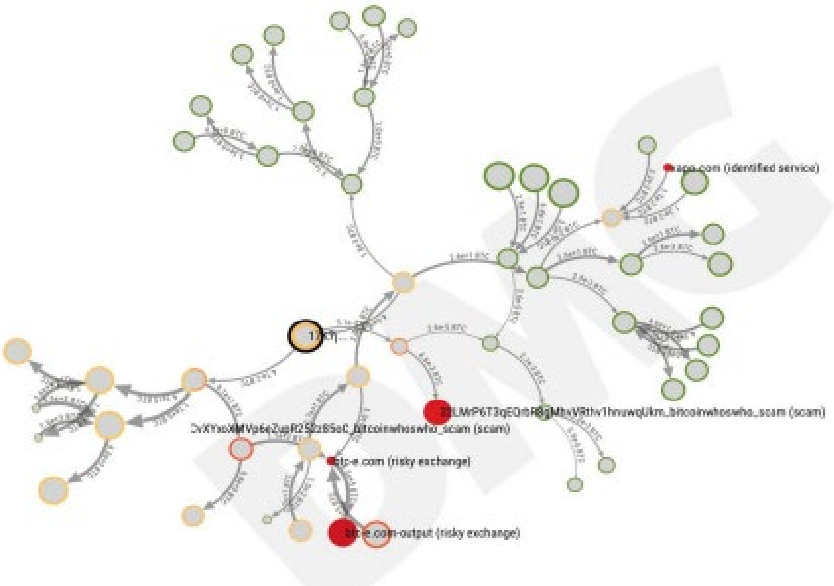
The original version of Blockseer Explorer was an essential blockchain investigative tool with more than eight thousand users and contributors. DMG is no longer offering the original Blockseer Explorer but is developing a new version that supports the much larger and feature-rich Bitcoin blockchain. DMG intends to develop the new Blockseer Explorer to be a broadly used tool for the entire industry.



Walletscore

Walletscore was originally developed to measure the propensity of a cryptocurrency wallet to engage in criminal activity in order to meet anti-money laundering (AML) compliance obligations for cryptocurrency exchanges and payment platforms. The product identified transactions related to unusual activities, such as funding crimes or money laundering by running three processes:

- Clustering: Reducing the topological complexity by identifying addresses that belong to a single entity;
- Address Labelling: Finding the owner of the cluster by scouring the internet, dark web, forums and other third-party sources; and
- Risk Score: Assigning a risk score that is determined by analyzing the degree to which the transaction sequence may be associated with any nefarious activity.



Currently, Walletscore supports Blockseer's pool software for 'clean block mining,' the process by which Walletscore can filter out Bitcoin transactions received by Blockseer pools that include designated blacklisted wallet addresses. The Company uses the US Department of Treasury's OFAC (Office of Foreign Assets Control) wallet address blacklist for determining which transactions to filter.

Competition and Market Participants

The cryptocurrency mining industry is highly competitive, as there are many large mining operations, including those of the kind operated by the Company's principal publicly listed competitors. Some of the largest competitors operating in the cryptocurrency mining industry include Marathon Digital Holdings Inc. (NASDAQ: MARA), Riot Blockchain, Inc. (NASDAQ: RIOT), Bitfarms Ltd. (TSXV: BITF), Hut 8 Mining Corp. (TSX: HUT), Hive Blockchain Technologies Ltd. (TSXV: HIVE) and Argo Blockchain Plc (LSE: ARB).

The vast majority of mining is undertaken by mining pools, whereby miners organize themselves and pool their processing power over a network and mine transactions together. Rewards are then distributed proportionately to each miner based on the amount of work (measured in hashrate) sold to the pool. Mining pools generally exist for each well-known proof-of-work cryptocurrency. BTC.com, a website that tracks known mining pools, lists the top known Bitcoin mining pools and the prior 3-month blocks distribution, a proxy for approximate market share. As of the date of this AIF, the top 4 mining pools identified by BTC.com are as follows: foundrydigital.com (28%); antpool.com (27%); viabtc.net (11%); f2pool.com (11%).

Other market participants in the cryptocurrency industry include investors and speculators, retail users transacting in cryptocurrencies and service companies that provide a variety of services including buying, selling, payment processing and storing of cryptocurrencies.

Revenues for Fiscal 2023 and Fiscal 2022

The breakdown of the Company's revenues for the financial year ended September 30, 2023 and financial year ended September 30, 2022 is as follows:

Product/Service Category	**For the year ended September 30, 2023**	**For the year ended September 30, 2022**
Digital currency mining	$27,397,433	$37,411,525
Mining equipment hosting and set-up service	$1,319,118	$3,663,160
Net pool revenue	$(1,031,794)	-
Mining pool fees	-	$411,925
Software License Income	$68,935	$1,657,447
Forensics, consulting and other revenue	$187,303	$92,095
Total	**$27,940,995**	**$43,236,152**

Note: Financial Statements and MD&A for the Company's 2023 and 2022 financial years are available for review, under DMG's profile on the SEDAR+ website located at www.sedarplus.ca.

Employees

As of the date of this AIF, the Company had 26 employees (excluding independent directors). The Company also utilizes temporary and/or contract employee labour on an as-needed basis.

Foreign Operations

As at the date of this AIF, the Company does not have any foreign operations, notwithstanding that DMG has US-based subsidiaries.

Effect of Seasonality

The Company's business and operations are not materially affected by seasonality. However, should the Christina Lake area experience a severe heatwave (as was the case in 2023), this could have a negative impact on the Company's hashrate production and overall revenue.

Changes to Contracts

In the current fiscal year, it is possible that hosting revenue will continue to decline in the future, as the Company is currently not focused on bringing in new hosting clients and existing hosting clients may reduce their fleet, especially given the possibility of lower profitability subsequent to the halvening event.

DMG is in discussions with its utility provider, FortisBC, about a split of its power from all firm power delivery as per Rate 31, to a mixture of Rate 31 and Rate 38, non-firm power delivery, which also is based on market prices in the Mid-Columbian power market. These discussions are ongoing at this time, but there is no guarantee that an agreement will be reached with FortisBC. If DMG does opt to use Rate 38 in addition to Rate 31, the price paid for Rate 38 can be capped at DMG's discretion so as to insulate DMG from paying "peak" rates, which would negatively impact the Company's mining operations.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized knowledge and technical skill and such knowledge and technical skills include the areas of blockchain technology, research and development, digital currency market, security, forensics, power markets, data center expertise, sales and marketing, as well as legal compliance, finance and accounting. The Company has been able to locate and retain competent employees and consultants in such areas and believes it will continue to be able to do so.

Government Regulation

With wider adoption of cryptocurrency underway, the groundswell movement to introduce and implement regulatory regimes and controls to safeguard investors will continue to grow and will be spurred on by the entry of global corporations, hedge funds, family offices and institutional investors into the cryptocurrency sector.

There has been a recent flurry of announcements in the cryptocurrency industry that will likely have the effect of driving forward regulation while simultaneously adding legitimacy to the sector.

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 having a positive impact on bitcoin price.

On February 4, 2022, the Canadian Department of Finance announced draft legislative changes to the *Excise Tax Act* which contains rules respecting the application of the goods and services tax (GST) to mining activities in respect of crypto-assets and to remuneration received as a consequence of performing a mining activity. Under the proposed language, miners may not be eligible to claim input tax credits. Enactment of this proposal could have a negative effect on the Company's financial performance, as input costs for mining activities would be subject to GST that would not be subsequently recoverable.

In 2021, 17 U.S. states passed laws and resolutions concerning cryptocurrency regulation. On October 16, 2021, the U.S. Securities Exchange Commission approved the ProShares Bitcoin Strategy ETF, the first bitcoin ETF in the United States. On February 17, 2022, the United States Department of Justice appointed the first director of a National Cryptocurrency Enforcement Team to aid in identification of and dealing with misuse of cryptocurrencies. On March 29th and September 30th 2021, Canadian Securities Administrators - Investment Industry Regulatory Organization of Canada ("**CSA-IIROC**") released guidance titled "Notice 21-329 Guidance for Crypto Asset Trading Platforms: Compliance with Regulatory Requirements" and "Notice 21-330 Guidance for Crypto-Trading Platforms – Requirements relating to Advertising, Marketing and Social Media Use" respectively.

The events related to the downfall of FTX and its related entities have had a negative impact on the public image of the cryptocurrency industry in general. That negative impact, with time, could culminate in increased regulation of cryptocurrency and related activities.

A part of the Company's business involves providing services and products applicable to the regulation of the cryptocurrency market.

Intangible Properties

The Company relies on a combination of intellectual property laws (including patents), trade secrets, confidentiality procedures, contractual provisions and other measures to protect the Company's proprietary information and technology, including the Company's main software platforms (i.e., are Blockseer (Terra) Pool, Helm Mine Manager Software, Blockseer Explorer and Walletscore). The Company seeks to limit the disclosure of its intellectual property by requiring customers and potential business partners to execute confidentiality agreements. The Company owns and controls the following patents registered in the United States:

Simplified Table of Assets

Title	Subject Matter Summary	Inventors
SELECTION OF CRYPTOGRAPHIC IDENTIFIERS IN A BLOCK	"Clean block technology" - where allow/deny lists are implemented to prevent transactions belonging to unwanted public addresses to be included in blocks. Purges mempool of unwanted transactions.	Sheldon Bennett, Adrian Glover, James Stafford-Coyte
OFF NETWORK IDENTITY TRACKING IN ANONYMOUS CRYPTOCURRENCY EXCHANGE NETWORKS	Generation of a mapping table the identifies whether a given public address belongs to a particular exchange in order to identify owner of public address.	Danny Yang
PROVIDING DATA PROVENANCE, PERMISSIONING, COMPLIANCE, AND ACCESS CONTROL FOR DATA STORAGE SYSTEMS USING AN IMMUTABLE LEDGER OVERLAY NETWORK	Use of a blockchain to create a data sharing permissioning structure that enables users to share data sets e.g., for AI with controls over the data and history of creation/sharing.	Danny Yang, Mohamad El Balaa, Rudi Cilibrasi, Shihao Guo
CRYPTOGRAPHIC TAINT TRACKING	Schema to identify distribution of funds from criminal activity and label wallets associated therewith and quarantine	Timothy Eller, Patrick De La Garza, Daniel Klein, George Kellerman, Steven Eliscu, Danny Yang
CUSTOM MEMPOOL PROTOCOL ASSOCIATED WITH PROCESSING OF CRYPTOGRAPHIC EVENTS	Petra technology" - deliberate selection of miners via transaction submission platform. Miners execute custom protocol that enables processing of non-standard transactions.	Sheldon Bennett, Adrian Glover
CRYPTOGRAPHIC PROTOCOL INCLUDING PAIRED CRYPTOGRAPHIC EVENTS ASSOCIATED WITH A BLOCKCHAIN	"Bounty Transactions" - ability to claim a bounty transaction after processing a corresponding zero fee transaction.	Adrian Glover, Steven Eliscu, Sheldon Bennett, Wei Jang
MULTIPLE ORDINALS IN ONE TRANSMISSION	Protocol that enables mining transactions that include multiple ordinals.	William Jackson, Wei Jiang, Adrian Glover

Research and Development

The Company believes that research and development is a principal competitive advantage in its industry and that much of the Company's future success will depend on its ability to maintain its technological leadership by:

3. identifying and responding to emerging technological trends in the cryptocurrency industry and the Company's target sectors;

4. designing, developing and maintaining competitive solutions that take into account customers' changing needs; and

5. continuing to enhance existing products by improving performance and adding features and functionality to meet the requirements of our customers.

RISK FACTORS

In addition to the other information contained in this AIF, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Company may suffer a material adverse effect. In that event, the market price of the Common Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may, if realized, also impair or have a material adverse effect on the Company's operations.

In addition to the risks described elsewhere and the other information contained in this AIF, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors. There is no assurance that management of the Company will be able to take adequate steps in order to mitigate or avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

An investment in the Company is speculative and involves a high degree of risk due to the nature of the Company's business. The risk factors noted below do not necessarily comprise all risks faced by the Company. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business, operations and future prospects. If any of the known or unknown risks and uncertainties actually occur, our future business may be harmed, and our financial condition and results of operations may suffer significantly.

General Cryptocurrency Risks

The Value of Cryptocurrencies May Be Subject to Momentum Pricing Risk and Volatility

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, cryptocurrencies may be more likely to fluctuate in value due to changing investor confidence in future change in their market prices, which could adversely affect the value of the Company's cryptocurrency inventory and financial condition.

The profitability of the Company's operations will be significantly affected by changes in prices of cryptocurrencies. Cryptocurrency prices are highly volatile, can fluctuate substantially in a short period of time and are affected by numerous factors beyond the Company's control, including the total amount of bitcoin or other cryptocurrencies in existence; global cryptocurrency demand; global cryptocurrency supply; investors' expectations with respect to the rate of inflation of fiat currencies and the rate of deflation of cryptocurrencies; interest rates; currency exchange rates, including the rates at which cryptocurrency may be exchanged for fiat currencies; fiat currency withdrawal and deposit policies of cryptocurrency exchanges and liquidity of such cryptocurrency exchanges; interruptions in service from or failures of major cryptocurrency exchanges; cyber theft of cryptocurrency from online cryptocurrency wallet providers, or news of such theft from such providers or from individuals' cryptocurrency wallets; investment and trading activities of large investors; monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, if any, that restrict the use of cryptocurrency as a form of payment or the purchase of cryptocurrencies; the availability and popularity of businesses that provide cryptocurrency-related services; global or regional political, economic or financial events and situations; and fees associated with processing a cryptocurrency transaction. If cryptocurrency prices should decline and remain at low market levels for a sustained period while network difficulty does not decrease proportionally, the Company could determine that it is not economically feasible to continue activities. Volatility may have a significant and negative impact on the value of the Company's inventory of cryptocurrencies and financial condition.

In addition, investors should be aware that there is no assurance that bitcoin and other cryptocurrencies will maintain their long-term value. In the event that the price of cryptocurrencies declines, the Company expects the value of an investment in the Common Shares to also decline.

The Impact of Geopolitical Events on The Supply and Demand for Cryptocurrencies is Uncertain

Crises may motivate large-scale purchases of cryptocurrencies, which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Company's cryptocurrency inventory and financial condition.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies such as bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoin or other cryptocurrencies either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's operations, profitability and financial condition.

Cryptocurrency Network Difficulty and Impact of Increased Global Computing Power.

Network difficulty is a measure of how difficult it is to solve the cryptographic hash that is required to validate a block of transactions and earn a cryptocurrency reward from mining. If the network difficulty increased at a significantly higher rate than the Company's hashrate and the price of cryptocurrency did not increase at the same rate as network difficulty, then the profitability of the Company's operations would be significantly and negatively affected. There can be no assurance that cryptocurrency prices will increase in proportion to the rate of increase of network difficulty as network difficulty is subject to volatility in growth and beyond the Company's control.

Limited History of The De-Centralized Financial System

Compared with traditional and existing centralized financial systems, the cryptocurrency financial system is relatively new and has only limited history. Online cryptocurrency exchanges and trades therein operate with comparatively little regulation and are particularly liable to platform failures and fraudulent activities, which may have an effect on underlying prices of cryptocurrencies. In fact, many of the largest online cryptocurrency exchanges have been compromised by hackers. Traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply cryptocurrencies as payment and may refuse to accept money derived from cryptocurrency-related businesses. This may make the management of bank accounts challenging for cryptocurrency companies.

Regulatory Changes or Actions

As the market for cryptocurrencies have grown, governments around the world have reacted differently, with certain governments deeming them illegal while others have allowed their use and trade. Furthermore, the events related to the downfall of FTX and its related entities have had a negative impact on the public image of the cryptocurrency industry in general. That negative impact, with time, could culminate in increased regulation of cryptocurrency and related activities, which may impact the ability of the Company to continue to operate and adversely affect the Company's operations, profitability and financial condition.

The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine or hold is impossible to predict, but such change could be substantial and adverse to the Company. Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanctions. Governments may in the future take regulatory actions that may increase the cost and/or subject cryptocurrency companies to additional taxes and regulation or prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies, to manage a pool of cryptocurrency miners or to exchange cryptocurrencies for fiat currency. For example, on February 4, 2022, the Canadian Department of Finance announced draft legislative changes to the *Excise Tax Act* which contains rules respecting the application of the goods and services tax (GST) to mining activities in respect of crypto-assets and to remuneration received as a consequence of performing a mining activity. Under the proposed language, miners may not be eligible to claim input tax credits. Enactment of this proposal could have a negative effect on the Company's financial performance, as input costs for mining activities would be subject to GST that would not be subsequently recoverable. Similarly, the BC government has introduced draft Bill 24 – 2024, *Energy Statutes Amendment Act, 2024*, which adds in new language specific to the "Provision of electricity service for the purpose of cryptocurrency mining" that could result in reduced access to energy that could negatively affect the Company's operations. Similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Common Shares. Such a restriction could result in the Company liquidating its bitcoin or other cryptocurrency inventory at unfavourable prices and may adversely affect Shareholders.

Cessation of Banking Services to Cryptocurrency Businesses

A number of companies that provide bitcoin and/or other cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to bitcoin and/or other cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide bitcoin and/or other cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing bitcoin and/or other cryptocurrency related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's cryptocurrency inventory and financial condition.

Cryptocurrency Exchanges and Other Trading Venues are Relatively New and Largely Unregulated

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. During the past five years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches.

Potential Failure to Maintain the Bitcoin Network

The Bitcoin Network operates based on an open-source protocol maintained by the core developers of the Bitcoin Network and other contributors. As the Bitcoin Network protocol is not sold and its use does not generate revenues for its development team, the core developers are generally not compensated for maintaining and updating the Bitcoin Network protocol. Consequently, there is a lack of financial incentive for developers to maintain or develop the Bitcoin Network, and the core developers may lack the resources to adequately address emerging issues with the Bitcoin Network protocol. Although the Bitcoin Network is currently supported by the core developers, there can be no guarantee that such support will continue or be sufficient in the future. To the extent that material issues arise with the Bitcoin Network protocol and the core developers and open-source contributors are unable to address the issues adequately or in a timely manner, the Bitcoin Network and an investment in the Common Shares may be adversely affected.

Incorrect or Fraudulent Coin Transactions May Be Irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrency may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company’s investments. Incorrectly executed transactions may be the result of computer or human error, despite rigorous controls to prevent such errors.

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible, and the Company may not be capable of seeking compensation for any such transfer or theft. Although transfers of cryptocurrency will regularly be made by experienced members of the Company’s management team, it is possible that, through computer or human error, or through theft or criminal action, the Company’s cryptocurrency could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

If the reward of cryptocurrency for solving blocks is not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Company’s mining activities, inventory of cryptocurrency, and future investment strategies.

In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from rewards being primarily based on a block subsidy to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. Either of these may decrease demand for the relevant cryptocurrency and prevent the expansion of the network, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company’s cryptocurrency inventory and investments.

Global Financial Conditions

Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. The response to the Russian invasion of Ukraine has also triggered significant chaos in financial markets and continues to cause anxiety about the reliability of supply chains. Supply chain uncertainty also persists in part due to other global conflicts. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it or acquire hardware and equipment necessary for its mining activities in the future in a timely manner. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Common Shares may be adversely affected.

Further Development and Acceptance of the Cryptographic and Algorithmic Protocols Governing the Issuance of and Transactions in Cryptocurrencies is Subject to a Variety of Factors That Are Difficult to Evaluate

The use of cryptocurrencies to complete transactions is part of a new and rapidly evolving industry that employs digital assets based on a computer-generated mathematically based cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the Company's operations. A significant portion of cryptocurrency demand may be attributable to speculation. The failure of marketplaces to adopt cryptocurrency payment methods may result in increased volatility and/or a reduction in market prices, either of which may adversely impact the Company's operations and profitability. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of bitcoin specifically and cryptocurrencies generally.

Acceptance and/or Widespread Use of Cryptocurrency is Uncertain

Currently, there is relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies and profitability.

As relatively new products and technologies, cryptocurrencies and their underlying networks have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's operations, investment strategies and profitability. Furthermore, if fees increase for recording transactions in cryptocurrency blockchains, demand may be reduced and prevent the expansion of cryptocurrency networks to retail merchants and commercial businesses, resulting in a reduction in the price of cryptocurrencies generally.

Potential Manipulation of Blockchain

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains control of more than 50% of the processing power dedicated to mining on the Bitcoin Network, it may be able to alter or manipulate the blockchain on which the Bitcoin Network and most bitcoin transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new bitcoin or transactions using such control. The malicious actor could "double-spend" its own bitcoin (i.e., spend the same bitcoin in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that this malicious actor or botnet did not yield its control of the processing power on the Bitcoin Network or the Bitcoin community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Although there are no known reports of malicious activity or control of the Bitcoin Blockchain achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of bitcoin transactions. To the extent that the Bitcoin ecosystem, including the core developers and the administrators of mining pools, do not act to ensure greater decentralization of Bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network could increase, which may adversely affect an investment in the Company.

Response To Changing Security Needs

As technological change occurs, the security threats to the Company's cryptocurrency inventory will likely adapt, and previously unknown threats may emerge. The Company's ability to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of the Company's cryptocurrency inventory. To the extent that the Company is unable to identify and mitigate or stop new security threats, the Company's cryptocurrency inventory may be subject to theft, loss, destruction or other attack.

Changes To Prominence of Bitcoin and Other Digital Assets

Demand for bitcoin is driven, in part, by its status as the most prominent and secure digital asset. It is possible that a digital asset other than bitcoin could have features that make it more desirable to a material portion of the digital asset user base, resulting in a reduction in demand for bitcoin, which could have a negative impact on its price. The Bitcoin Network and bitcoin as an asset hold a "first-to-market" advantage over other digital assets. This first-to-market advantage is driven in large part by having the largest user base, and more importantly, the largest combined mining power in use to secure the Bitcoin Blockchain and transaction verification system. Having a large mining network results in greater user confidence regarding the security and long-term stability of a digital asset's network and its blockchain; as a result, the advantage of more users and miners makes a digital asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first-to-market advantage. Despite the marked first-mover advantage of the Bitcoin Network over other digital asset ecosystems, it is possible that an alternative cryptocurrency could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin Network protocol that is not immediately addressed by the core developers or a perceived advantage of an altcoin that includes features not incorporated into bitcoin. If an alternative cryptocurrency obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce bitcoin's market share and have a negative impact on the demand for, and price of bitcoin.

Bitcoin Halvening Risk and Bitcoin Hasrate

Future changes in the Bitcoin network-wide mining difficulty rate or Bitcoin hashrate may materially affect the future performance of the Company's production of bitcoin, and future operational results could also be materially affected by changes in the mining hashrate and difficulty.

Bitcoin halvening is an event where the block subsidy for mining new Bitcoin is halved, meaning that bitcoin miners will receive 50% less bitcoin in the block subsidy for every block they verify. In 2009, when Bitcoin was first launched the block subsidy amount for mining a new block was 50 bitcoin. As of the most recent halvening in April 2024, the block subsidy amount is 3.125 bitcoin per block as of the date of this AIF. See "INTRODUCTION TO BLOCKCHAIN AND CRYPTOCURRENCY – Bitcoin Halvening Event."

It is anticipated that each subsequent halvening event will cause many less efficient miners to shut off their miners unless the price of bitcoin rises significantly. This will result in a decrease in the Bitcoin Network's network hashrate and the corresponding difficulty. Without a corresponding increase in the price of bitcoin, the Company's revenue will be negatively impacted. If the price of bitcoin, the network hashrate and difficulty remain flat, the Company's corresponding self-mining revenue would be reduced by approximately 50%. The future price of bitcoin and difficulty are challenging to forecast. The Company believes that although the halvening event reduces the block subsidy amount by 50%, other market factors such as the network difficulty, transaction fees and price of bitcoin could change to offset the impact of the halvening sufficiently for the Company to maintain profitability. Nevertheless, there is a risk that a halvening event will render the Company unprofitable and have a materially adverse impact on the Company's business, financial conditions and operations.

The Price of Cryptocurrency May Be Affected by the Sale of Cryptocurrency by Other Vehicles Investing in Cryptocurrency or Tracking Cryptocurrency Markets

To the extent that other vehicles investing in cryptocurrency or tracking cryptocurrency markets form and come to represent a significant proportion of demand, large redemptions of the securities of those vehicles and the subsequent sale of cryptocurrency by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by the Company.

Company Specific Risks

The Company's Cryptocurrency Inventory May Be Exposed to Cybersecurity Threats and Hacks

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the bitcoin exchange market since the launch of the Bitcoin Network. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could materially harm the Company's business operations or result in loss of the Company's assets. Any breach of the Company's infrastructure could result in damage to the Company's reputation and reduce demand for the Company's services, which could materially and adversely affect the Company's business and results of operations. Furthermore, the Company believes that if its assets grow, it may become a more appealing target for security threats. As with any other computer code, flaws in the cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Although discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money has historically occurred, more recently, they have become more rare.

The computer network operated by the Company may further be vulnerable to intrusions by hackers who could interfere with and introduce defects to its mining operation. Private keys, which enable holders to transfer funds may also be lost or stolen, resulting in irreversible loss of cryptocurrencies.

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (i.e., employees, contractors, service providers, suppliers and operational risks) or external sources (i.e., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data (i.e., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the Company's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures.

A cyber incident that affects the Company or its service providers may cause disruptions and adversely affect their respective business operations and may also result in violations of applicable law (i.e., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

The Company believes that the security procedures in place, such as hardware redundancy, segregation and offline data storage protocols (i.e., the maintenance of data on computers and/or storage media that is not directly connected to, or accessible from, the internet and/or networked with other computers, also known as "cold storage") are reasonably designed to safeguard the Company's cryptocurrency inventory from theft, loss, destruction or other issues relating to hackers and technological attack. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or Act of God that may be borne by the Company.

Possibility of Less Frequent or Cessation of Monetization of Cryptocurrencies

A decision by the Company to cease monetization of cryptocurrencies or to monetize cryptocurrencies less frequently can increase the risk of cryptocurrencies held decreasing in value and the risk of loss or theft of cryptocurrencies. This in turn, may increase the level of audit risk for the Company's auditors in the area of auditing the existence and ownership rights of crypto-asset holdings. If the Company's auditors deem the audit risk too high, there is risk that the Company's auditors would withdraw from the audit which, in turn, would increase the risk of the Company's ability to comply with the requirement for reporting annual audited financial statements as part of its ongoing continuous disclosure reporting requirements as a publicly listed company under applicable Canadian securities laws. Failure by the Company to comply with its continuous disclosure reporting obligations could result in the Company's securities being cease traded by Canadian securities regulators, which would have a significant adverse impact on the liquidity of the Common Shares and Shareholders may suffer a significant decline or total loss in value of its investment in the Common Shares as a result.

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks

The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets. As of the date of this AIF, the Company conducts its mining operations in the Province of British Columbia, which has regulated electrical power suppliers. There can be no assurances, however, that electricity can be provided on terms which are economic for the Company's current and future operations, anticipated growth and sustainability, or that regulatory changes in the future will not result in the reduce accessibility to power for the Company. See also "*Regulatory Changes or Actions*" above.

Electrical Risks and Back-Up Power

The Company's mining operations consume a large amount of energy; accordingly, it is not practical or economical for the Company's operations to run on back-up generators in the event of a power outage. If the Company experiences a prolonged power outage at its Christina Lake Facility, this would have a material adverse impact on the Company's business, financial condition and operations.

Server Failures

There is a risk of serious malfunctions of servers or central processing units and/or their collapse. The Company works to reduce this risk by employing and training a team with experience in building and managing data centers. The Company utilizes this team of experts that enables, among other things, control, management and reporting of malfunctions in real time, which enables ongoing control over the operation of the equipment, including its cooling. The Company also uses its Helm Mine Manager software to monitor the Christina Lake Facility, both on site and remotely. Malfunctions or damage in servers or central processing units may cause significant economic damage to the Company.

Local, Political and Regulatory Risks

The Company's Christina Lake Facility is located in the Province of British Columbia and will be subject to changes in political conditions and regulations within such jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in the jurisdiction in which the Company operates could adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on price controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, electricity use and safety. For example, cryptocurrency mining involves considerable computing power, which is likely to increase. This computing power necessitates a high consumption of energy. Although the cost of electrical energy in British Columbia is determined and regulated by the British Columbia Utilities Commission, there is no certainty that regulatory changes will not increase the cost of electricity, which would reduce the profitability of the Company's cryptocurrency mining operations and make hosting services less attractive to third parties. The jurisdictions in which the Company operates may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Furthermore, ongoing and future regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations. The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the Company.

Risk Related to Technological Obsolescence and Difficulty and Delays In Obtaining Hardware

To remain competitive, the Company will continue to invest in hardware and equipment at its facilities required for maintaining the Company's mining activities. Should competitors introduce new services/software embodying new technologies, the Company's hardware and equipment along with the underlying technology may become obsolete and require substantial capital to replace such equipment. Furthermore, supply chain uncertainties could result in the Company having difficulty sourcing hardware and equipment for its mining activities in a timely manner. There can be no assurance that mining hardware will be readily available when the need is identified.

Equipment in the Christina Lake Facility will require replacement from time to time. Moreover, there can be no assurance that new and unforeseeable technology, either hardware-based or software based, will not disrupt the existing cryptocurrency industry. For example, the arrival of commercially viable quantum computers, which would be capable of executing certain types of mathematical algorithms fundamental to cryptocurrency more quickly and efficiently than traditional computers, may have a significant impact on the cryptocurrency industry. The process of upgrading miners and equipment requires substantial capital investment, and the Company may face challenges in executing upgrades on a timely and cost-effective basis based on availability of new miners and the Company's access to adequate capital. If the Company is unable to obtain a sufficient unit volume of miners and equipment at scale, it may be unable to remain competitive in a highly competitive and evolving industry, which could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company May Be Required to Sell Its Inventory of Cryptocurrency to Pay Suppliers

The Company may sell its inventory of cryptocurrency to pay necessary expenses, irrespective of then-current cryptocurrency prices. Consequently, the Company's inventory of cryptocurrency may be sold at a time when the price is low, resulting in a negative effect on the Company's cash position.

Facility Developments

The continued development of the Christina Lake Facility to access and use additional power is subject to various factors and may be delayed or adversely affected by such factors beyond the Company's control, including delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment into existing infrastructure, shortages in materials or labour, defects in design or construction, diversion of management resources, insufficient funding, negotiating with FortisBC or other resource constraints. Actual costs for development may exceed the Company's planned budget. Delays, cost overruns, changes in market circumstances and other factors may result in different outcomes than those intended.

Interruptions or Delays in Service from the Company's Christina Lake Facility

The Christina Lake Facility may be vulnerable to damage or interruption due to floods, fires, power loss, telecommunications failures, and similar events. The Christina Lake Facility may also be subject to destruction, break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any damage to, or failure of, the Company's systems generally could result in stoppage interruptions in its service. The Company's business will also be harmed if its customers and potential customers believe the Company's service and product is unreliable. Despite precautions taken, such as disaster recovery plans at the Christina Lake Facility, the occurrence of a natural disaster, an act of terrorism, a decision to close the Christina Lake Facility without adequate notice or other unanticipated problems at the facility could result in lengthy interruptions in the Company's services. Even with the disaster recovery arrangements and precautions taken at the Christina Lake Facility, the Company's services could be interrupted. Further, as the Company continues to grow and scale its business to meet the needs of its customers, additional burdens may be placed on the Christina Lake Facility. These interruptions, stoppages and burdens could adversely affect an investment in the Company.

The Company's Operations, Investment Strategies and Profitability May Be Adversely Affected by Competition from Other Methods of Investing in Cryptocurrencies

The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly, which could limit the market for the Common Shares and reduce their liquidity.

Regulation of cryptocurrency outside of Canada has led some mining companies to consider Canada as a jurisdiction in which to operate. This may increase competition to the Company. Such competition could erode the Company's expected market share and could adversely impact the Company's profitability. Increased competition could result in increased network computing resources and consequently increased network difficulty.

The Company's Cryptocurrency Inventory May Be Subject to Loss, Theft or Restriction on Access

There is a risk that some or all of the Company's cryptocurrency inventory could be lost or stolen. Access to the Company's cryptocurrency could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability.

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 will be unable to access the bitcoin held in the related digital wallet and the private key will not be capable of being restored.

Risks Related to Potential Undetected Errors in the Company's Software

The Company's software applications and products could contain undetected errors or "bugs," vulnerabilities or defects that could adversely affect their performance. The Company regularly updates and enhances its applications and other online systems, introducing new versions of its software applications and products. The occurrence of errors in any of these may cause the Company to lose market share, damage its reputation and brand name, and reduce its revenues.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required.

Risks Related to Insurance

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency mining and associated businesses, such may be unavailable or uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance coverage. The occurrence of an event that is not covered or fully covered by insurance could have a materially adverse effect on the Company. The Company currently has general liability and property insurance for the Christina Lake Facility. Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, the Company's insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks, and the Company may become subject to liability for risks which are uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for 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.

Environmental Regulations and Liability

All of the Company's operations will be subject to environmental regulations, which can make operations expensive or prohibitive. The continued evolution of environmental regulations may lead to the imposition of stricter standards, more diligent enforcement, and heavier fines and penalties for noncompliance. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or cause delays in the development of mining projects.

The Company may be subject to potential risks and liabilities associated with the impact to the environment through its use of electrical energy to mine cryptocurrencies. In addition, environmental hazards may exist on a property the Company directly or indirectly holds an interest that are unknown to the Company at present, which would have been caused by previous or existing owners or operators of the property that would result in environmental degradation. A breach of such legislation may result in the imposition of fines and penalties. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental degradation would reduce funds otherwise available to it and could have a materially adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a materially adverse effect on the Company.

Limited Operating History

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. In particular, the Company has a limited history with its mining operations (less than 6 years) and remains in the early stage of development. The Company is subject to many risks common to venture enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on Shareholders' investment or meeting other metrics of success.

The Company incurs substantial expenses in the establishment and operation of its business. A significant portion of the Company's financial resources have been and will continue to be, directed to the development of its business and related activities. The success of the Company will ultimately depend on its ability to generate cash from its business. There is no assurance that the required funds will be available for future expansion of the Company's business. If the Company does not have access to the required funds to continue the operation and development of its business and operational activities, and to the extent that it does not generate cash flow and income, the Company's long-term viability may be materially and adversely affected.

Future Capital Needs, Uncertainty of Additional Financing and Dilution

The ability of the Company to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management.

The Company may need to raise additional funds in order to support more rapid expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies, or take advantage of unanticipated opportunities. The Company may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Even if such funding is available, the Company cannot predict the size of future issues of the Common Shares or securities convertible into the Common Shares or the effect, if any, that future issues and sales of the Company's Shares will have on the price of the Company's Shares.

Furthermore, any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the Shareholders will be reduced, Shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the common shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Failure to Innovate

The Company's success depends upon its ability to design, develop, test, market, license and support new software products and enhancements of current products on a timely basis in response to both competitive threats and marketplace demands. In addition, software products and enhancements must remain compatible with the other software products and systems used by its customers. Often, the Company must integrate software licensed or acquired from third parties with its proprietary software to create or improve its products. If the Company is unable to successfully integrate third party software to develop new software products and enhancements to existing products, or to complete products currently under development, its operating results will materially suffer. In addition, if the integrated or new products or enhancements do not achieve acceptance by the marketplace, the Company's operating results will materially suffer. Also, if new industry standards emerge that the Company does not anticipate or adapt to, its software products could be rendered obsolete and as a result, its business and operating results, as well as its ability to compete in the marketplace, would be materially harmed. The technology sector, and particularly the cryptocurrency space, evolves at an extremely rapid pace. The Company works diligently to stay current; however, there is a risk it will not keep pace with industry developments.

Competition

The Company is engaged in an industry that is highly competitive. Because its industry is evolving and is characterized by technological change, it is difficult for the Company to predict whether, when and by whom new competing technologies may be introduced or when new competitors may enter the market. The Company faces increased competition from companies with strong positions in certain markets that the Company intends to serve and in new markets and regions it may enter. Many of the Company's competitors have significantly greater financial, technological and other resources than the Company currently possesses and may spend significant amounts of resources to gain market share. The Company cannot assure investors that it will be able to compete effectively against current and future competitors. In addition, increased competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a materially adverse effect on the Company's business, financial condition or results of operations.

Competitors may be able to respond more effectively than the Company to new or emerging technologies and changes in customer requirements, or devote greater resources to the development, promotion and sale of products than the Company can. Current and potential competitors may establish cooperative relationships among themselves or with third parties, including through mergers or acquisitions, to increase the ability of their products to address the needs of the Company's prospective customers. If these competitors were to acquire significantly increased market share, it could have a material adverse effect on the Company's business, financial condition or results of operations. The Company's competitors may also establish or strengthen co-operative relationships with systems integrators, third-party consulting firms or other parties with whom the Company has relationships, thereby limiting its ability to promote its products.

If the Company is not able to differentiate its business from those of its competitors, drive value for customers or effectively align its financial and operations resources with its goals and objectives, it may not be able to compete effectively against its competitors. If the Company fails to compete effectively against its competitors, its business and profitability may be adversely affected.

Failure to Protect the Company's Intellectual Property

Failure to protect the Company's intellectual property could harm its ability to compete effectively. The Company is highly dependent on its ability to protect its proprietary technology. The Company intends to rely on a combination of patents, copyright, trademark and trade secret laws, as well as non-disclosure agreements and other contractual provisions to establish and maintain its proprietary rights. The Company intends to protect its rights vigorously. However, there can be no assurance that these measures will, in all cases, be successful. Enforcement of the Company's intellectual property rights may be difficult, particularly in some nations outside of North America in which the Company may seek to market its products. While U.S. and Canadian patent and copyright laws, international conventions and international treaties may provide meaningful protection against unauthorized duplication of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the laws of Canada or of the United States. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of the Company's proprietary rights. Software piracy has been, and is expected to be, a persistent problem for the software industry, and piracy of the Company's products represents a loss of revenue to the Company. Despite the precautions the Company may take, unauthorized third parties, including its competitors, may be able to: (i) copy certain portions of its products; or (ii) reverse engineer or obtain and use information that the Company regards as proprietary. Also, the Company's competitors could independently develop technologies that are perceived to be substantially equivalent or superior to the Company's technologies. The Company's competitive position may be materially adversely affected by its possible inability to effectively protect its intellectual property.

Reliance on Third-Party Software

The Company currently depends upon third-party software products to develop its products. If in future such reliance existed and the software products were not available, the Company might experience delays or increased costs in the development of its products. The Company currently relies on software products that it licenses from third parties. Should the Company in the future rely upon third-party software licenses that may not continue to be available to the Company, and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors, the loss by the Company of the license to use, or the inability by licensors to support, maintain, and enhance any of such software, could result in increased costs or in delays or reductions in product shipments until equivalent software is developed or licensed and integrated with internally developed software. Such increased costs or delays or reductions in product shipments could materially adversely affect its business. The loss of the Company's rights to use software licensed to it by third parties could increase its operating expenses by forcing the Company to seek alternative technology and materially adversely affect its ability to compete. In addition, the Company's web-based software applications depend on the stability, functionality and scalability of the underlying infrastructure software including application servers, databases, software and operating systems produced by others. If weaknesses in such infrastructure software exist, the Company may not be able to correct or compensate for such weaknesses. If the Company is unable to address weaknesses resulting from problems in the infrastructure software such that its products do not meet customer needs or expectations, its reputation, and consequently, its business may be significantly harmed.

Intellectual Property Infringement

Other companies may claim that the Company has infringed their intellectual property, which could materially increase costs and materially harm the Company's ability to generate future revenue and profits. Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents are applied to software products. Although the Company does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against the Company in the future. Although most of the Company's technology is proprietary in nature, the Company includes third-party software in its products. In these cases, this software is licensed from the entity holding the intellectual property rights. Although the Company believes that it has secured proper licenses for all third-party software that is integrated into its products, third parties may assert infringement claims against the Company in the future. Any such assertion may result in litigation or may require the Company to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, such litigation could be disruptive to the Company's ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of the Company's efforts to defend against those claims or its attempt to license the patents or rework its products to ensure they comply with judicial decisions.

Any of the foregoing could have a significant adverse impact on the Company's business and operating results as well as its ability to generate future revenue and profits. The loss of licenses to use third-party software or the lack of support or enhancement of such software could materially adversely affect the Company's business. The Company could also be forced to do one or more of the following: (i) stop selling, incorporating or using its products that use the challenged intellectual property; (ii) obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; (iii) redesign those products that use allegedly infringing technology, which may be costly or time-consuming; or (iv) refund license fees and other amounts received, and make payments of additional amounts in damages or settlement payments for allegedly infringing technology or products.

Requirement to Attract and Retain Customers and Users to Company's Products

The Company's continued success with operations will depend on its ability to continue to sign up new customers and users to its products and services and growing its active customer and user bases. No assurance can be given that the Company will be able to procure a sufficient number of customers and/or users to reach profitability.

Management of Growth

The Company has recently experienced, and may continue to experience, rapid growth in the scope of its operations. This growth has resulted in increased responsibilities for the Company's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Company will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Company's operations.

Loss of Key Employees and Contractors

The Company depends on a number of key employees and contractors, the loss of any one of whom could have an adverse effect on the Company. The Company does not have and is not expected to purchase key person insurance on such individuals, which would provide the Company with insurance proceeds in the event of their death. Without key person insurance, the Company may not have the financial resources to develop or maintain its business until it replaces the individual. The development of the business of the Company will be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company will face competition for personnel from other employers. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan.

Climate Change May Make Mining Operations More Expensive

Due to changes in local and global climatic conditions, many analysts and scientists predict an increase in the frequency of extreme weather events such as floods, droughts, forest and brush fires and extreme storms. Such events could materially disrupt the Company's operations, particularly if they affect the Christina Lake Facility, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. Any such event could result in material economic harm to the Company such as causing a power outage at the Christina Lake Facility. Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on the Company's financial condition or results of operations.

Conflicts of Interest

Certain of the officers and directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matters. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Liquid Market for Securities

Currently, the Common Shares, which trade on the TSXV, Frankfurt Stock Exchange ("FSE") and OTCQB, have an active and liquid market. There can be no assurance that an active and liquid market for the Common Shares will continue or be maintained.

Dividends

To date, the Company has not paid any dividends on its outstanding securities, and the Company does not expect to do so in the foreseeable future. Any decision to pay dividends on the Common Shares will be made by the Board.

Litigation Risk

The Company may be subject to litigation arising out of its operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Company's operations and the value of the Common Shares. While the Company will assess the merits of any lawsuits and defend such lawsuits accordingly, it may be required to incur significant expense and devote significant financial resources to such defenses. In addition, the negative publicity surrounding such claims may have a materially adverse effect on the Company's operations.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company will be exposed to interest rate changes on its investments that are expected to pay interest and any credit facilities it may have that bear interest at a floating rate. Changes in the prime lending rate would affect earnings and could adversely affect the Company's profitability.

Currency Exchange Risk

The Company is exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations. In particular, exchange rate fluctuations may affect the payments received by the Company from hosting clients that utilize the Company and the Christina Lake Facility for hosting services. Cryptocurrencies are generally sold in U.S. dollars and the Company's operational costs are incurred principally in Canadian dollars as well as other foreign currencies. The appreciation of non-U.S. dollar currencies against the U.S. dollar could increase the cost of mining in U.S. dollar terms. In addition, the Company holds cash balances in both U.S. dollars and Canadian dollars, the values of which are impacted by fluctuations in currency exchange rates.

Trading Price of Common Shares and Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, and the trading price of the Company's shares may be subject to large fluctuations and may decline below the price at which an investor acquired its shares. The trading price may increase or decrease in response to a number of events and factors, which may not be within the Company's control nor be a reflection of the Company's actual operating performance, underlying asset values or prospects. Accordingly, investors may not be able to sell their securities at or above their acquisition cost.

Requirements of Being a Public Company

As a reporting issuer, the Company is subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with those rules increase the legal and financial costs of the Company compared to being private and make some activities more difficult, time consuming or costly and increase demands on its systems and resources.

Forward-Looking Statements

Statements contained in this AIF that are not historical facts, but rather are forward looking statements involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements.

DIVIDENDS AND DISTRIBUTIONS

No cash dividends or distributions were declared on the Common Shares for the fiscal years ended 2021, 2022, and 2023. The Board will make all decisions with respect to dividends on the Common Shares, and shall consider the following factors in determining if and when dividends should be declared and paid in the future based on, among others:

- The actual and expected financial results of the Company at the relevant time (including whether the Company has adequate retained earnings);
- Economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company;

- The Company's business strategy and operational plans, including future cash commitments and investment needs to sustain the long-term growth of the Company;
- The current and expected liquidity position and capital requirements of the Company; and
- Any other factors that the Board considers appropriate.

The Company has not paid any dividends on the Common Shares since its incorporation, and the Board does not anticipate that any dividends will be declared on the Common Shares in the immediate or foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As at September 30, 2023, there were 168,042,815 Common Shares issued and outstanding.

The holders of Common Shares are entitled to one vote per Common Share at all meetings of Shareholders except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series. Subject to the prior rights of the holders of any other shares ranking senior to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board, and to receive a pro rata share of the remaining property and assets of the Company in the event of liquidation, dissolution or winding up of the Company.

The Common Shares have no pre-emptive, redemption, purchase or conversion rights. There are no sinking fund provisions in relation to the Common Shares and they are not liable to further calls or to assessment by the Company and are not subject to any conversion, exchange rights, exercise, redemption or retraction provisions. The BCBCA provides that the rights and provisions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of shares of that class.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the trading symbol "DMGI." The following table sets forth the high and low market prices and the trading volumes of the Common Shares on the TSXV for each month during the periods indicated:

Date	**Price Range (CDN$)**		**Volume (no. of Common Shares)**
	High	Low	
July 2024(1)	0.54	0.51	767,434
June 2024	0.60	0.51	6,446,643
May 2024	0.55	0.46	6,469,654
April 2024	0.60	0.455	6,903,529
March 2024	0.62	0.485	16,194,159
February 2024	0.71	0.47	19,547,247

January 2024	0.72	0.45	26,382,600
December 2023	0.77	0.24	29,573,372
November 2023	0.39	0.35	5,294,551
October 2023	0.38	0.235	8,018,885
September 2023	0.32	0.265	4,719,272
August 2023	0.455	0.285	5,474,979
July 2023	0.53	0.33	11,195,275
June 2023	0.325	0.26	3,218,077
May 2023	0.30	0.26	1,588,729
April 2023	0.335	0.295	3,205,879
March 2023	0.34	0.255	4,948,022
February 2023	0.36	0.29	7,347,686
January 2023	0.38	0.13	12,579,500
December 2022	0.20	0.13	1,754,100
November 2022	0.22	0.13	2,591,100
October 2022	0.27	0.18	3,764,100

(1) From July 1, 2024 to July 4, 2024.

Prior Sales

The following table summarises the issuances of securities issued or granted by the Company during the most recently completed financial year and the period from the most recent financial year ended to the date of this AIF that are not traded or quoted on a marketplace.

Security	Date of Issuance	Number of Securities	Exercise Price per Security (CDN$)	Expiry Date

Stock Options	December 22, 2022	914,800	0.18	December 22, 2027
Stock Options	January 5, 2023	200,000	0.17	January 5, 2028
Stock Options	March 31, 2023	1,072,050	0.32	March 31, 2028
Stock Options	April 26, 2023	213,736	0.31	April 26, 2028
Stock Options	June 30, 2023	1,638,790	0.33	June 30, 2028
Stock Options	September 20, 2023	1,266,110	0.29	September 20, 2028
Stock Options	December 20, 2023	1,167,770	0.53	December 20, 2028
Stock Options	March 20, 2024	1,184,430	0.58	March 20, 2029
Stock Options	June 5, 2024	1,406,090	0.61	June 5, 2029

As of September 30, 2023, there were 36,474,014 common share purchase warrants outstanding, and 15,786,740 stock options outstanding.

ESCROWED SECURITIES

As at September 30, 2023, no securities of the Company were held in escrow or subject to contractual restrictions.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The following table sets out the names, province or state and country of residence, positions with or offices held with the Company, and principal occupation for the past five years of each of the Company's directors and executive officers, as well as the period during which each has been a director or executive offer of the Company.

Name, Position and Province/State and Country of Residence	Principal Occupation During the Past Five Years	Date Served as Director or Executive Officer Since
Sheldon Bennett[(2)] CEO & Director *British Columbia, Canada*	CEO of the Company since March 2021; Director of the Company since February 2018; COO of the Company February 2018 to March 2021.	CEO since March 31, 2021 Director since February 8, 2018
Adrian Glover CTO *British Columbia, Canada*	CTO of the Company since April 2020; former Director of the Company from May 2020 through September 2022; Director of Software Engineering for DMG from October 2017 to April 2020.	CTO since April 7, 2020 Director from May 2020 through September 2022

Name, Position and Province/State and Country of Residence	Principal Occupation During the Past Five Years	Date Served as Director or Executive Officer Since
Steven Eliscu COO *California, USA*	COO of the Company since May 2022; former Director; Head of Finance at DSP Concepts Inc. from June 2019 to April 2022; EVP Corporate Development at the Company from September 2017 to March 2019.	COO since May 10, 2022 Director from March 2021 through September 2022
Heather Sim(1)(3) CFO and Director *British Columbia, Canada*	CFO of the Company since August 2021; Director of the Company since April 2023; former Corporate Secretary of the Company from November 2022 through April 2023; President of Treewalk Consulting Inc. (formerly ACM Management Inc.) from January 2019 to present; Chief Financial Officer of VSBLTY from March 2020 to August 2021.	CFO since August 11 2021, Director since April 26, 2023
John D. Abouchar (1)(2)(3) Independent Director *California, USA*	Founder of Glass Creek Partners, Inc. since 2014; Chairman of the Board of CynergisTek, Inc. from 2016 to 2020.	Since August 22, 2022
John M. Place (1)(2)(3) Independent Director *Ontario, Canada*	Director, Compliance & Ethics, Export Development Canada. Previously practiced law in the areas of corporate finance and securities.	Since November 29, 2021

Notes:

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee
(3) Member of the Governance Committee

Each director’s term of office expires at the next annual general meeting of the Company.

Shareholdings of Directors and Senior Management

As of the date of this AIF, to the best of the Company’s knowledge, the Company’s directors and executive officers as a group, beneficially owned, directly and indirectly, or exercised control or direction over, a total of 4,687,309 Common Shares, being approximately 2.8% of the Company’s issued and outstanding Common Shares on an undiluted basis before giving effect to the exercise of rights, options, or warrants to purchase or otherwise receive Common Shares held by such directors and executive officers.

Committees of the Board

There are three committees of the Board, the Audit Committee, Compensation Committee and Governance Committee. The members of the Audit Committee are: J.D. Abouchar (Chair), John Place and Heather Sim. The members of the Compensation Committee are: J.D. Abouchar (Chair), John Place and Sheldon Bennett. The members of the Governance Committee are: John Place (Chair), J.D. Abouchar and Heather Sim. The charters for all three committees are attached as Schedule A, B and C, respectively, to this AIF.

Biographies of Directors and Officers

Sheldon Bennett, Director and Chief Executive Officer

Sheldon Bennett has over 20 years of management experience with international companies including PwC (Price Waterhouse Coopers), Ernst & Young, Baker & McKenzie, and Cisco Systems. Previous to his engagement with DMG, Mr. Bennett led Bitfury's Canadian bitcoin mining operations for three years, first as a consultant and later as a director, where he was responsible for the setup and development of industrial bitcoin mining operations, including government relations, power optimization with Canadian utilities, and the engineering and development of mining operations. Mr. Bennett has an undergraduate degree from the University of British Columbia (1995), a MBA from Athabasca University (2002) and has been Certified Fraud Examiner since 2006.

Adrian Glover, Chief Technology Officer

Adrian Glover is a 20-year software industry professional, who has over 10 years of experience delivering software products as a Project and Development Manager. His experience began in research & development and includes one of the first connected mobile applications using Geographical Information System (GIS) technology for asset tracking on Windows CE. As a Project Manager, he was certified as a Project Management Professional (PMP) and mentored new Project Managers in the trade. He has successfully introduced Agile Project and Product Management techniques to multiple companies using industry-standard tools and techniques. Mr. Glover has a track record of repeated success delivering products built on emerging technologies, including Big Data, VR, and Mobile VR. Mr. Glover has a Diploma from BCIT in Computer Systems Technology (1999).

Heather Sim, Chief Financial Officer

Heather Sim is a CPA with previous experience working in public audit and currently assists public companies navigate regulatory markets in Canada and the US. Heather was leading DMG's public reporting at Treewalk Consulting Inc. for two years prior to joining DMG as CFO.

Steven Eliscu, Chief Operating Officer

Steven Eliscu is an experienced executive with a demonstrated record of accomplishments in roles at Blockchain/FinTech start-ups and the semiconductor industry. Steven most recently worked as Head of Finance for DSP Concepts and was the Sr. Director of Finance at Bitfury while advising several Blockchain start-ups. Mr. Eliscu is also a former equity research analyst for UBS, having provided investment coverage of the semiconductor industry to institutional investors. He holds a Bachelor of Science in Computer Engineering from Rensselaer Polytechnic Institute and an MBA from the University of Chicago Booth School of Business.

John M. Place, Independent Director

Mr. Place is an experienced business, legal and compliance leader with an international track record of success in both the public and private sectors. Called to the Bar of Ontario in 2004, he previously practiced law with leading international firms in the areas of corporate finance, mergers and acquisitions and business law. As part of his legal practice, John provided regular advice to issuers on corporate governance matters, including compliance, governance policies and continuous disclosure requirements. Mr. Place is currently based in Ottawa and serves as Director, Compliance & Ethics for Export Development Canada, a federal Crown corporation. Mr. Place holds a Bachelor of Arts in Economics from Dalhousie University and a Juris Doctor degree from the University of Victoria, Faculty of Law.

J.D. Abouchar, Independent Director

John D. (J.D.) is the founder and managing partner of Glass Creek Partners, Inc., an investment and consulting firm focusing on publicly listed emerging technology companies. Mr. Abouchar has significant capital markets experience over the past 30 years as a portfolio manager, technology equity research analyst and board member of several U.S. publicly listed companies. Recently, he was Chairman of the Board of CynergisTek a cybersecurity firm, for which he was instrumental in re-incorporating and uplisting it to a major US exchange. He holds a B.S. in Economics from the Wharton School at the University of Pennsylvania.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Other than disclosed below, to the knowledge of the Company, no director, executive officer or Shareholder of the Company holding a sufficient number of Common Shares to materially affect control is, as at the date in this AIF, or has been, within 10 years before the date in this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity:

- was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has within the 10 years before the date in this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Sheldon Bennett was a director and/or executive officer of the Company when it was subject to a failure-to-file financial statements cease trade order ("FFCTO") issued by the BCSC and OSC on February 1, 2019. The FFCTO was revoked on August 28, 2019.

Sheldon Bennett, Heather Sim, Adrian Glover, Steven Eliscu and John Place were each a director and/or executive officer of the Company when the BCSC issued a management cease trade order on January 31, 2022. The management cease trade order was revoked on March 24, 2022.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors and officers serve as directors and officers of other public companies, and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies. See "RISK FACTORS – General Risk Factors – Conflicts of Interest." Conflicts of interest will be subject to, and will be resolved in accordance with, the procedures and remedies under the BCBCA.

AUDIT COMMITTEE DISCLOSURE

The Audit Committee's Charter

The charter of the Audit Committee is reproduced in its entirety in Schedule A. to this AIF.

The following are members of the Audit Committee as of the date of this AIF:

Member	Independent[(1)]	Financially Literate[(2)]	Relevant Education and Experience
John D. Abouchar	Yes	Yes	B.S. in Economics from the Wharton School at the University of Pennsylvania; Founder of Glass Creek Partners, Inc.; former Chairman of the Board of Directors of CynergisTek; former Board Member of SED International, Inc.; former Portfolio Manager at GRT Capital.
John Place	Yes	Yes	Bachelor of Arts (Economics) from Dalhousie University; former corporate and securities lawyer; executive education (Finance and Accounting for the Non-Financial Executive) from Columbia University, certified leadership professional in Compliance & Ethics (LPEC), Director, Compliance & Ethics at Export Development Canada.
Heather Sim	No	Yes	Bachelor of Arts (Psychology) from the University of British Columbia; Diploma in Accounting from the University of British

Columbia; CPA; former Senior Account, Financial Reporting Lead, and CFO; President of accounting firm Treewalk.

Notes:

(1) A member of the Audit Committee is independent if he or she has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the CEO, is deemed to have a material relationship with the Company.

(2) A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each audit committee member has gained financial literacy through their years of experience serving as directors and officers of several companies (including this Company) as financial industry executives and serving on other audit committees and boards. In these positions, each member would be responsible for receiving financial information relating to their company and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of the Company and its operating results. Each member has significant understanding of the blockchain and cryptocurrency business which the Company engages in and has an appreciation for the relevant accounting principles for that business.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

The Company is a "venture issuer" as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations) thereof.

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "External Auditors Service Fees (By Category)" below.

External Auditor Service Fees (By Category)

The table below sets out all fees billed by the Company's external auditor in each of the last two fiscal years:

- "Audit Fees" refers to fees billed by the Company's external auditor for services provided in auditing the Company's financial statements for the fiscal year;
- "Audit Related Fees" are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements;
- "Tax Fees" are fees billed by the Company's external auditors for professional services rendered for tax compliance, tax advice and tax planning; and
- "All Other Fees" are fees billed by the external auditor for products and services not included in the foregoing categories:

Financial Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
September 30, 2023	$165,000	$17,500	Nil	Nil

September 30, 2022	$155,000	$17,250	Nil	Nil

PROMOTERS

The Company has not had any promoters within the past two years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

On September 23, 2022, the Company filed a notice of civil claim for an undisclosed amount in the Supreme Court of British Columbia against a former business partner Apifiny Inc., its CEO, Haohan Xu, and its Director of Mining Operations, Ao Zhou, for breach of contract and material misrepresentation. On November 16, 2022, the defendants filed a Jurisdictional Response.

Regulatory Actions

Neither the Company nor any of its subsidiaries has been subject to any:

- penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during Fiscal 2023 or subsequently;
- other penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority that would likely be considered important to a reasonable investor making an investment decision; or
- settlement agreements entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during Fiscal 2023 or subsequently.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this AIF, no director, executive officer or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities and no associate or affiliate of any of such persons or companies has any material interest, direct or indirect, in any transaction within the three most recently completed fiscal years or since the commencement of the Company's last completed fiscal year or in any proposed transaction, which, in either case, has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for its Common Shares is Computershare Investor Services Inc. with offices at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

The auditors of the Company are Kingston Ross Pasnak LLP, with its offices located at Suite 1500 - 9888 Jasper Avenue, Edmonton, Alberta T5J 5C6.

MATERIAL CONTRACTS

Material contracts under NI 51-102 are contracts, other than contracts entered into in the ordinary course of the Company's business, which are material to the Company. The Company has not entered into any material contracts prior to the date hereof that is still in effect.

INTERESTS OF EXPERTS

Names of Experts

The following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under NI 51-102 by the Company during or relating to Fiscal 2023 and whose profession or business gives authority to such report, valuation, statement or opinion:

- Kingston Ross Pasnak LLP is the independent auditors of the Company and have provided an auditor's report in respect of the financial statements for the year ended September 30, 2023. Kingston Ross

Pasnak LLP confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Interests of Experts

Kingston Ross Pasnak LLP does not beneficially own, directly or indirectly, any securities; nor does it have any interest in the property of the Company, and neither Kingston Ross Pasnak LLP nor any of its directors, officers or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Company or its associates or affiliates.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca

Additional information, including directors' and officers' remuneration and indebtedness, options to purchase securities, interests in material transactions, and securities authorized for issuance under equity compensation plans (as applicable) is and will be contained in the Company's management information circulars for its prior and upcoming annual general meetings, which are and will be available under the Company's profile on SEDAR+.

Additional financial information, including information with respect to risks and uncertainties, is provided in the Company's audited consolidated financial statements and management discussion & analysis for the year ended September 30, 2023. Copies of the financial statements and MD&A are available under the Company's profile on SEDAR+ at www.sedarplus.ca.

BY ORDER OF THE BOARD OF DIRECTORS

"Sheldon Bennett"

Sheldon Bennett
Chief Executive Officer

SCHEDULE "A" – AUDIT COMMITTEE CHARTER

This charter (the "Charter") sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of DMG Blockchain Solutions Inc. ("DMG").

1.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of DMG; and
- external and internal audit processes.

2.0 Composition and Membership

(a) The Board will appoint the members ("Members") of the Committee after the annual general meeting of shareholders of DMG. The Members will be appointed to hold office until the next annual general meeting of shareholders of DMG or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.

(b) The Committee will consist of at least three directors with a majority meeting the criteria for independence and financial literacy established by applicable laws and the rules of the TSX Venture Exchange, including Multilateral Instrument 52-110 – Audit Committees. In addition, a majority of directors will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(c) The Board will appoint one of the Members to act as the Chairman of the Committee. The corporate secretary of DMG (the "Corporate Secretary") will be the recording secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Corporate Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the recording secretary of that meeting.

3.0 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.

(b) At the request of the external auditors of DMG, the Chief Executive Officer or the Chief Financial Officer of DMG or any member of the Committee, the Chairman may convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(c) The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select one their number to act as Chairman of the meeting.

(d) Two Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.

(e) The Committee may invite, from time to time, such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet *in camera* without management at each meeting of the Committee.

(f) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Corporate Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of DMG to produce such information and reports as the Committee may deem appropriate in order to fulfil its duties.

4.0 Duties and Responsibilities

The duties and responsibilities of the Committee as they relate to the following matters are to:

4.1 *Financial Reporting and Disclosure*

a. Review, and recommend to the Board for approval, the audited annual financial statements including the auditors' report thereon, the quarterly financial statements and the annual and quarterly management discussion and analyses.

b. Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy materials, material change disclosures of a financial nature and similar disclosure documents.

c. Disclosure Controls: satisfying itself that procedures are in place for the review of the Corporation's public disclosure of financial information and assessing the adequacy of those procedures annually.

d. Review with management of DMG and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS") all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly DMG's financial position and the results of its operations in accordance with IFRS.

e. Annually review DMG's corporate disclosure policy and recommend any proposed changes to the Board for consideration.

4.2 *Internal Controls and Audit*

a. Review and assess the adequacy and effectiveness of DMG's system of internal control and management information systems through discussions with management and the external auditor to ensure that DMG maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect DMG's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of DMG at any particular time.

b. Satisfy itself that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations.

c. Review and discuss DMG's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

d. Review and assess, and in the Committee's discretion, make recommendations to the Board regarding the adequacy of DMG's risk management policies and procedures with regard to identification of DMG's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by DMG.

e. Review and assess annually, and in the Committee's discretion, make recommendations to the Board regarding DMG's investment policy.

4.3 *External Audit*

a. Recommend to the Board a firm of external auditors to be engaged by DMG.

b. Ensure the external auditors report directly to the Committee on a regular basis.

c. Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.

d. Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors.

e. Review the audit plan of the external auditors prior to the commencement of the audit.

f. Establish and maintain a direct line of communication with DMG's external and internal auditors.

g. Meet *in camera* with only the auditors, with only management, and with only the members of the Committee at every Committee meeting whose purpose is to review the Annual Financial Statements of the Company.

h. Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team.

i. Oversee the work of the external auditors appointed by the shareholders of DMG with respect to preparing and issuing an audit report or performing other audit, review or attest services for DMG, including the resolution of issues between management of DMG and the external auditors regarding financial disclosure.

j. Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of DMG, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences.

k. Discuss with the external auditors their perception of DMG's financial and accounting personnel, records and systems, the cooperation which the external auditors received during the course of their review and availability of records, data and other requested information and any recommendations with respect thereto.

l. Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

4.4 *Associated Responsibilities*

Review and approve DMG's hiring policies regarding employees and partners, and former employees and partners of the present and former external auditor of DMG.

4.5 *Non-Audit Services*

Pre-approve all non-audit services to be provided to DMG or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

4.6 *Whistle-Blowing Procedures*

Overseeing the implementation, operation and effectiveness of DMG's mechanisms for: the receipt, retention, and treatment of complaints received by DMG regarding accounting, internal controls, and auditing matters; and the confidential, anonymous submission of complaints by employees of DMG of concerns regarding questionable accounting or auditing matters.

4.7 *Conflict of Interest*

If a Member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chairman. If the Committee Chairman faces a potential or actual conflict of interest, the Committee Chairman shall advise the Chairman of the Board. If the Committee Chairman, or the Chairman of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the Member faced with such conflict shall disclose to the Committee the Member's interest and shall not participate in consideration of the matter and shall not vote on the matter.

4.8 *Oversight Function*

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that DMG's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of DMG, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of DMG's financial information or public disclosure.

5.0 Reporting

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Corporate Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

6.0 Access to Information and Authority

The Committee will be granted unrestricted access to all relevant information regarding DMG and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at DMG's expense and at a reasonable cost, independent legal, financial and other advisors, consultants and experts, where necessary, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

7.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Approval Date: July 28, 2022

Approved by: Audit Committee & Board of Directors

SCHEDULE "B" – COMPENSATION COMMITTEE CHARTER

DMG Blockchain Solutions Inc.
(the "Corporation")

PURPOSE

The purpose of the Compensation Committee (the "Committee") is to develop and monitor the Corporation's approach to the compensation of directors and officers of the Corporation and assist Board oversight of executive and director compensation.

COMPOSITION, PROCEDURES AND ORGANIZATION

The Committee shall consist of at least two and, where practical, at least three members of the board of directors of the Corporation (the "**Board**"), the majority of whom should be, in the determination of the Board, "independent" (as such term is defined in both National Policy 58-201 – *Corporate Governance Guidelines* and the TSX Venture Exchange Corporate Finance Manual, as amended from time to time).

The Board, at its organizational meeting following each annual meeting of shareholders, shall appoint the members of the Committee (the "**Members**") for the ensuing year. The Board may at any time remove or replace any Member and may fill any vacancy in the Committee. Unless the Board shall have appointed a chair of the Committee (the "**Chair**"), the Members shall select a Chair from amongst their number. The Committee shall meet at such times as the Chair shall determine. Meetings will be held virtually unless held in conjunction with an in-person meeting of the Board. Any Member of the Committee, or any member of the Board, may request a meeting of the Committee by making notice of their request to the Chair.

DUTIES OF THE COMMITTEE

The duties of the Committee are as follows:

(a) develop and monitor the Corporation's overall approach to compensation and, subject to approval by the Board, implement and administer a system of compensation that reflects appropriate standards of compensation practices for the Corporation;

(b) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance and, either as a committee or together with other independent directors, determine and approve the CEO's compensation level based on this evaluation;

(c) in consultation with the CEO, review the performance of and recommend to the Board other (non-CEO) executive compensation;

(d) in consultation with the CEO, implement and administer compensation policies approved by the Board concerning non-CEO executive compensation, employment and related contracts, stock option plans, deferred share plans and other incentive and equity-based plans;

(e) in consultation with the CEO, recommend for approval to the Board the granting of stock options to eligible participants under the Corporation's stock option plan and restricted share units to eligible participants under the Corporation's restricted share unit plan;

(f) review periodically and make recommendations to the Board of Directors on the adequacy and form of the compensation of the directors of the Corporation with a view to ensuring that such compensation reflects the workload, responsibilities and risks of being a director of the Corporation; and

(g) consider any other questions or matters of compensation referred to it by the Board and to advise the Board of any other compensation issues that the Committee determines should be considered by the Board.

COMPENSATION-RELATED PUBLIC DISCLOSURE

The Committee shall review and recommend to the Board for approval any public disclosure of information relating to the Corporation's executive compensation, including the disclosure to be included in the Corporation's information circular and any statement of executive compensation.

ACCESS TO PERSONNEL & INFORMATION

The Committee shall have access to such officers and employees of the Corporation and, subject to prior discussion with and approval by the Board of Directors, to the Corporation's independent auditors and its legal counsel, to separate legal counsel and advisors and to such information respecting the Corporation as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee shall have authority, subject to approval by the Board of Directors, to engage, and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

COMMITTEE REVIEW AND EVALUATION

The Committee shall review and assess the adequacy of this Charter and the performance of the Committee on a regular basis, no less than annually, and recommend to the Board any changes it deems appropriate.

APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS ON 05 JANUARY 2023.

SCHEDULE "C" – GOVERNANCE COMMITTEE CHARTER

DMG Blockchain Solutions Inc.
(the "Corporation")

Purpose

The purpose of the Governance Committee (the "**Committee**") is to oversee the Corporation's approach to governance issues, to recommend to the Board corporate governance practices consistent with the Corporation's commitment to high standards of corporate governance and to address potential risk related to governance matters. The Committee also reviews and makes recommendations to the Board on governance matters related to the Corporation's subsidiaries.

Composition, Procedures and Organization

The Committee shall consist of at least three members of the board of directors of the Corporation (the "**Board**") a majority of whom should be, in the determination of the Board, "independent" (as such term is defined in both National Policy 58-201 – *Corporate Governance Guidelines* and the TSX Venture Exchange Corporate Finance Manual, as amended from time to time).

Members of the Committee shall be appointed by the Board and shall serve as members at the pleasure of the Board. The Board shall also appoint the chair of the Committee (the "**Chair**"). The Committee shall meet at such times and at such locations as the Chair shall determine. Any member of the Committee, or any member of the Board, may request a meeting of the Committee by making notice of their request to the Chair.

Duties of the Committee

The duties of the Committee shall include the following:

(a) regular review and, as required, recommending to the Board for approval the charters for the Board of Directors and the various Board committees;

(b) recommending to the Board the establishment of appropriate Board committees and the composition and appropriate sizes for the Board and for committees of the Board;

(c) regular review and, where required, recommending to the Board for update or approval key governance documents, including but not limited to the *Code of Conduct* and board-approved policies;

(d) working with the Chief Executive Officer and other members of management to ensure that the Corporation has a strong corporate governance culture and strong governance processes;

(e) monitoring developments in the area of corporate governance and undertaking other initiatives that may be desirable to maintain high standards of corporate governance;

(f) review and, as required, recommending actions and improvements related to subsidiary operations and governance to the Board with a view to ensuring visibility and alignment between subsidiary objectives and overall corporate strategy;

(g) review and consider possible conflicts of interests that may arise between the Corporation and any director that may impair a director's independence and to review other potential conflict of interest matters regarding the directors or officers that may be brought to the Committee's attention; and

(h) considering any other questions or matters referred to it by the Board and to advise the Board of any other governance-related issues which the Committee determines ought to be considered by the Board.

Compensation-RELATED PUBLIC Disclosure

The Committee shall review and recommend to the Board for approval any public disclosure of information relating to the Corporation's corporate governance, including the disclosure to be included in the Corporation's information circular.

Access to Personnel & Information

The Committee shall have access to such officers and employees of the Corporation, to the Corporation's independent auditors and its legal counsel, to separate legal counsel and advisors and to such information respecting the Corporation as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee shall have authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties

Adopted January 10, 2024