

DMG Blockchain Solutions Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except as otherwise noted)

(Unaudited)

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

		As at March 31, 2025 (unaudited)	As at September 30, 2024 (audited)
	Notes	\$	\$
ASSETS			
Current			
Cash and cash equivalents		804,771	1,679,060
Amounts receivable	6	3,888,754	4,910,251
Digital currency	5	54,023,111	34,327,703
Prepaid expense and other current assets		494,184	337,042
Marketable securities	8	231,944	316,803
Short-term investment	9	7,116,500	-
Assets held for sale		30,408	-
Total current assets		66,589,672	41,570,859
Long-term deposits	10	5,791,547	2,047,682
Property and equipment	11	50,066,817	53,798,978
Intangible asset		276,040	-
Long-term investments	12	45,000	45,000
Amount recoverable	7	6,737,412	6,406,462
Total assets		129,506,488	103,868,981
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	13	5,024,344	5,183,107
Deferred revenue		113	-
Current portion of lease liability		99,641	43,483
Current portion of loans payable	14	20,421,551	13,928,462
Total current liabilities		25,545,649	19,155,052
Long-term lease liability		131,012	51,842
Total liabilities		25,676,661	19,206,894
Shareholders' Equity			
Share capital	15(a)	120,326,738	113,086,455
Reserves	15(b)(c)	55,773,443	45,853,100
Accumulated other comprehensive income		18,905,080	10,448,614
Accumulated deficit		(91,175,434)	(84,726,082)
Total shareholders' equity		103,829,827	84,662,087
Total liabilities and shareholders' equity		129,506,488	103,868,981
Contingencies	21		
Subsequent event	23		

Approved on Behalf of the Board of Directors on May 21, 2025:

/s/ John D. Abouchar
Director

/s/ Sheldon Bennett
Director

The accompanying notes are integral to these condensed consolidated financial statements

DMG Blockchain Solutions Inc.**Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)**

(Expressed in Canadian Dollars, except for number of shares)

(Unaudited)

	Notes	For the Three Months Ended		For the Six Months Ended	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
		\$	\$	\$	\$
Revenue	17	12,644,574	10,015,659	24,277,399	19,706,423
Expenses					
Operating and maintenance costs	18(a)	7,625,097	5,270,851	14,304,940	10,418,502
General and administrative	18(b)	1,936,402	1,846,398	3,773,081	2,732,459
Stock-based compensation		737,114	398,010	1,415,642	766,502
Research and development		608,448	486,216	1,162,412	924,395
Provision (recovery) for doubtful accounts		(1,976)	42	(6,719)	3,806
Depreciation	11	4,314,108	3,805,988	8,663,578	8,147,770
Total expenses		15,219,193	11,807,503	29,312,934	22,993,434
Loss before other items		(2,574,619)	(1,791,844)	(5,035,535)	(3,287,011)
Other income (expense)					
Interest and other income	7	166,648	170,044	330,950	335,825
Provision of sales tax receivable		(668,685)	(381,690)	(976,424)	(635,590)
Gain (loss) on disposition of assets		(1,618)	4,809	(1,619)	4,809
Foreign exchange loss		7,414	(28,341)	(901,975)	(122,926)
Unrealized gain on revaluation of digital currency	5	-	1,019,456	28,083	9,182,316
Realized gain (loss) on sale of digital currency		(147,601)	1,143,489	154,208	1,995,359
Gain (loss) on change in fair value of marketable securities		(127,890)	(133,708)	(84,859)	111,043
Gain (loss) on fair value of investments		-	-	37,819	(609,120)
Net income (loss)		(3,346,351)	2,215	(6,449,352)	6,974,705
Other comprehensive income					
Items that may be reclassified subsequently to income or loss:					
Unrealized revaluation gain (loss) on digital currency	5	(6,830,755)	15,472,215	8,488,687	15,472,215
Cumulative translation adjustment		(810)	(11,278)	(32,221)	(1,196)
Comprehensive income (loss)		(10,177,916)	15,463,152	2,007,114	22,445,724
Basic and diluted income (loss) per share	15(d)	(0.02)	0.00	(0.03)	0.04
Weighted average number of shares outstanding	15(d)				
- basic		203,242,018	169,029,065	194,424,988	168,585,910
- diluted		203,242,018	172,516,428	194,424,988	173,248,160

The accompanying notes are integral to these condensed consolidated interim financial statements

DMG Blockchain Solutions Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian Dollars, except the number of shares)

(Unaudited)

	Number of common shares	Share Capital	Share-based payment reserve	Accumulated deficit	Accumulated Other Comprehensive Income	Total
		\$	\$	\$	\$	\$
Balance, September 30, 2023	168,042,815	110,820,540	45,507,272	(79,496,520)	149,044	76,980,336
Share-based compensation expense recognized	-	-	766,502	-	-	766,502
Shares issued on exercise of options (Note 15)	1,336,250	1,000,147	(562,123)	-	-	438,024
Unrealized gain on digital currency revaluation (Note 5)	-	-	-	-	15,472,215	15,472,215
Net income for the period	-	-	-	6,974,705	-	6,974,705
Other comprehensive loss for the period	-	-	-	-	(1,196)	(1,196)
Balance, March 31, 2024	169,379,065	111,820,687	45,711,651	(72,521,815)	15,620,063	100,630,586
Balance, September 30, 2024	170,500,933	113,086,455	45,853,100	(84,726,082)	10,448,614	84,662,087
Share-based compensation expense recognized	-	-	1,415,642	-	-	1,415,642
Units issued for cash	32,556,500	9,326,175	7,928,771	-	-	17,254,946
Share issuance costs	-	(2,343,101)	772,226	-	-	(1,570,875)
Shares issued on exercise of options (Note 15)	184,585	257,209	(196,296)	-	-	60,913
Unrealized gain on digital currency revaluation (Note 5)	-	-	-	-	8,488,687	8,488,687
Net income for the period	-	-	-	(6,449,352)	-	(6,449,352)
Other comprehensive loss for the period	-	-	-	-	(32,221)	(32,221)
Balance, March 31, 2025	203,242,018	120,326,738	55,773,443	(91,175,434)	18,905,080	103,829,827

The accompanying notes are integral to these condensed consolidated interim financial statements

DMG Blockchain Solutions Inc.**Condensed Consolidated Interim Statements of Cash Flows**

(Expressed in Canadian Dollars)

(Unaudited)

	For the Six Months Ended	
	March 31, 2025	March 31, 2024
	\$	\$
OPERATING ACTIVITIES		
Net income (loss) for the period	(6,449,352)	6,974,705
Non-cash items:		
Accretion	7,827	23,272
Depreciation	8,663,579	8,147,770
Share-based payments	1,415,642	766,502
Unrealized foreign exchange loss	911,046	40,351
Loss (gain) on disposition of assets	1,618	(4,809)
Loss (gain) on change in fair value of marketable securities	84,860	(111,043)
Loss (gain) on fair value of investment	(37,819)	609,120
Provision for sales tax receivable	976,424	635,590
Bad debt (recovery) expense	(6,719)	3,806
Digital currency related revenue	(23,409,103)	(18,355,313)
Unrealized gain on digital currency	(28,083)	(9,182,315)
Digital currency sold	12,389,905	20,173,781
Realized gain on sale of digital currency	(154,208)	(1,995,359)
Non-cash interest income	(330,950)	(329,914)
Accrued interest	748,459	-
Changes in non-cash operating working capital:		
Prepaid expenses and other current assets	1,433,405	(144,388)
Amounts receivable	144,544	(212,015)
Deferred revenue	113	11,277
Trade and other payables	(76,596)	1,144,920
Net cash provided by operating activities	(3,715,408)	8,195,938
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,772,107)	(830,859)
Purchase of intangible assets	(276,040)	-
Deposits on mining equipment	(7,324,024)	(18,102,867)
Purchase of short-term investment	(7,116,500)	(609,120)
Refund of security deposits	1,792,907	-
Net cash used by investing activities	(17,695,764)	(19,542,846)
FINANCING ACTIVITIES		
Proceeds from issuance of units	17,254,945	-
Share issuance costs	(1,570,875)	-
Proceeds from option exercises	60,913	438,024
Principal lease payments	(37,596)	(61,187)
Proceeds from secured loan	5,829,013	10,791,288
Repayment of loans payable	(1,000,000)	(1,668)
Net cash provided by financing activities	20,536,400	11,166,457
Impact of currency translation on cash	483	17
Change in cash	(874,289)	(180,434)
Cash, beginning	1,679,060	1,789,913
Cash, end	804,771	1,609,479

The accompanying notes are integral to these condensed consolidated interim financial statements

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

1. NATURE OF OPERATIONS

DMG Blockchain Solutions Inc. (the “Company”) was incorporated under the provisions of the British Columbia Business Corporations Act on April 18, 2011. The Company’s head office and principal place of business is 4193 104 Street, Delta, B.C. V4K3N3. The Company is a sustainably-focused and vertically integrated blockchain and data center technology company that develops, manages and operates end-to-end digital solutions to monetize the blockchain and generative artificial intelligence compute ecosystems. The Company has operated data centers in Western Canada since October 2016. The Company also offers server colocation services as well as software products and services for digital asset transactions. The Company’s shares are listed on the TSX-V under the symbol DMGI.

2. BASIS OF PRESENTATION

a) *Statement of compliance*

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and follow the same accounting policies and methods of application as the Company’s September 30, 2024, consolidated audited annual financial statements. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with the Company’s most recent annual statements.

These consolidated financial statements were approved for issue by DMG’s board of directors on May 21, 2025.

b) *Basis of consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The financial transactions of subsidiaries are included in the financial statements from the date control is obtained. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Intercompany balances, transactions, income, and expense are eliminated and gains or losses on intercompany transactions are eliminated. The accounting policies of subsidiaries are the same as those of the Company.

Principal subsidiaries	Percentage ownership		Country of incorporation
	March 31, 2025	September 30, 2024	
DMG-US, Inc. (“DMG-US”)	100%	100%	United States
Datient, Inc.	100% indirect through DMG-US	100% indirect through DMG-US	United States
DMG Blockchain Services Inc.	100%	100%	United States
1141559 BC Ltd.	100%	100%	Canada
1132517 BC Ltd.	100%	100%	Canada
1300036 BC Ltd.	100%	100%	Canada
Systemic Trust Company Ltd.	100%	100%	Canada
2399760 Alberta Ltd.	100%	100%	Canada
2564400 Alberta Ltd.	100%	100%	Canada

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

2. BASIS OF PRESENTATION (continued)

c) *Basis of measurement*

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities, and digital currency measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional currency of the Company, 1141559 BC Ltd, 1132517 BC Ltd, 1300036 BC Ltd, 2399760 Alberta Ltd, Systemic Trust Company Ltd, and 2564400 Alberta Ltd. is the Canadian dollar. The functional currency of DMG-US, Datient Inc., and DMG Blockchain Services Inc. is the US dollar, which is determined to be the currency of the primary economic environment in which the subsidiary operates. The presentation currency used in preparation of these consolidated financial statements is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities and non-monetary assets and liabilities carried at fair value, that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

d) *New IFRS pronouncements*

There are no new or amended IFRS pronouncements that have been issued that have had a material impact on these financial statements.

e) *Future IFRS pronouncements and amendments*

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

IFRS Sustainability Disclosure Standards

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

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

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

2. BASIS OF PRESENTATION (continued)

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

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

IFRS 18 - Presentation and Disclosure in Financial Statements

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

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

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

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

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

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

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

DMG Blockchain Solutions Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended September 30, 2024 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgements were the same as those applied to the annual consolidated financial statements as at and for the year ended September 30, 2024.

5. DIGITAL CURRENCY

At March 31, 2025 and September 30, 2024, the Company held bitcoin as its digital currency. Bitcoin is recorded at its fair value on the date it is received and is revalued at its current market value at each reporting date. Fair value is determined by taking the closing price listed on "Yahoo.com" at the relevant dates.

The continuity of digital currency is as follows:

	Units	\$
Balance, September 30, 2023	468.44	17,142,683
Digital currency received from mining	502.51	33,975,569
Mining pool fees	(0.07)	(5,935)
Net pool revenue	(43.19)	(2,362,743)
Digital currency sold	(491.96)	(32,107,668)
Digital currency impairment	(49.01)	(1,791,851)
Digital currency revaluation	-	19,472,035
Exchange differences	-	5,613
Balance, September 30, 2024	386.72	34,327,703
Digital currency received from mining	187.85	23,409,103
Digital currency sold	(116.50)	(12,235,697)
Digital currency revaluation	-	8,516,769
Exchange differences	-	5,233
Balance, March 31, 2025	458.07	54,023,111

During the year ended September 30, 2023, the Company's custodian Prime Trust was placed into receivership by the state of Nevada, which ordered the custodian to cease all activities. As at March 31, 2025, the Company held 45.34 ETH and 49.01 BTC held in digital currency with Prime Trust valued at \$102,735 and \$1,739,534 respectively. At the time of the order, the Company had also placed trades for 8.2378 BTC valued at \$335,089 that were not complete due to the ceasing of activities; these amounts have been included in other receivables (Note 6).

DMG Blockchain Solutions Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

5. DIGITAL CURRENCY (continued)

Management assessed the recoverability of these amounts based on current available information. Due to the nature of the assets, BTC is expected to be returned in full as depositor property. As at September 30, 2023, due to the uncertainty around ETH and non-depositor property, the balance of ETH of \$102,735 has been impaired to \$Nil and an allowance of \$335,089 was recorded to bad debt expense that related to the placed trades that did not complete.

During the year ended September 30, 2024, management reassessed the recoverability of the BTC as there is uncertainty around the treatment of depositor versus estate property. Management estimates that approximately 75% of the value of the estate property will be recoverable. Estate property is repaid in cash based on the value of holdings on the petition date of August 14, 2023. As such, the Company has recorded an impairment of \$345,160 and reclassified the remaining balance of \$1,446,691 to amounts receivable. There was no change to the assessment of BTC or ETH and incomplete trades during the three months ended March 31, 2025.

As at March 31, 2025, the Company had 295.45 BTC (September 30, 2024: 295.45 BTC) deposited and pledged as collateral against a credit facility with Sygnum Bank (Note 14).

6. AMOUNTS RECEIVABLE

The Company's amounts receivable is as follows:

	March 31, 2025		September 30, 2024	
Trade receivables	\$	156,961	\$	295,336
Sales taxes recoverable		2,114,166		3,012,598
Other receivables		224,626		216,035
Receivable from Prime Trust (Note 5)		1,446,691		1,446,691
Provision for doubtful accounts		(53,690)		(60,409)
	\$	3,888,754	\$	4,910,251

The following is the continuity of the Company's expected credit loss movement:

	March 31, 2025		September 30, 2024	
Opening balance	\$	60,409	\$	54,868
Bad debt expense (recovery) related to trade receivables		(6,719)		5,541
	\$	53,690	\$	60,409

During the three months ended March 31, 2025, the Company recorded a net recovery of provision for doubtful accounts of \$6,719 for expected credit losses (September 30, 2024: bad debt expense of \$5,541).

In addition, based on management's analysis of the sales taxes recoverable, it was determined that a further provision of \$976,424 (March 31, 2024: \$635,590) was required to be expensed, to result in a net sales taxes recoverable of \$2,114,166.

DMG Blockchain Solutions Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

7. AMOUNT RECOVERABLE

	March 31, 2025		September 30, 2024	
Amortized Cost				
Opening balance	\$	7,823,307	\$	7,823,307
Ending balance		7,823,307		7,823,307
Expected Credit Losses				
Opening balance	\$	1,416,845	\$	1,377,056
Interest income		(330,950)		(634,511)
Loss on modification		-		674,300
Ending balance	\$	1,085,895	\$	1,416,845
Net Amount Recoverable	\$	6,737,412	\$	6,406,462

8. MARKETABLE SECURITIES

Marketable securities are recorded at their fair value at the end of each reporting period. The fair values of the common shares of publicly traded companies have been directly referenced to published price quotations in an active market. A continuity of the Company's marketable securities is as follows:

	March 31, 2025		September 30, 2024	
Fair value, opening	\$	316,803	\$	386,984
Loss on fair value change of marketable securities		(84,859)		(70,181)
	\$	231,944	\$	316,803

As at March 31, 2025, the Company holds 800,000 (September 30, 2024: 800,000) shares of INX Ltd. and 12,094 (September 30, 2024: 12,094) common shares of Marathon Digital Holdings, Inc. ("Marathon").

9. SHORT-TERM INVESTMENT

On December 12, 2024, the Company purchased a Guaranteed Investment Certificate ("GIC") issued by ATB Financial for \$5,516,500 at an interest rate of 2.25% which matures on December 12, 2025. On March 17, 2025, the Company purchased an additional GIC with ATB Financial for \$1,600,000 at an interest rate of 2.25%. The GICs are pledged against a letter of guarantee at an interest rate of 2.05% which expires on December 17, 2025 and March 17, 2026 respectively.

10. LONG-TERM DEPOSITS

	March 31, 2025		September 30, 2024	
Security deposits	\$	58,071	\$	1,856,345
Deposits on mining equipment		5,733,476		191,337
	\$	5,791,547	\$	2,047,682

The Company has currently outstanding \$5,733,476 (USD \$3,988,228) (September 30, 2024 - \$191,337 (USD \$141,742)) relating to the purchase of miners. On December 18, 2018, the Company entered into an agreement under which \$2,202,605 was paid as a security deposit for the provision of utilities, interest bearing at approximately 3%. As at March 31, 2025, \$50,930 (September 30, 2024 - \$1,649,399) of these funds still remain and are included in security deposits and will be repaid when the Company ceases the use of the services. The remaining security deposits are for various lease agreements and will be repaid at the end of each lease agreement. The remaining deposits are non-interest-bearing. No expected credit losses have been recorded against the deposits, as management believes that the deposits are held by large reputable companies and there should be no issues recovering deposits when they become due.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

11. PROPERTY AND EQUIPMENT

COST	Land	Construction in Progress (CIP)	Power Substation	Data Centre	Computer and mining equipment	Furniture and other equipment	Motor Vehicle	Right of use Assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at September 30, 2023	2,341,569	1,485,499	3,859,399	12,534,048	72,942,908	337,998	12,747	279,679	93,793,847
Additions	-	4,842,027	-	288,115	16,640,639	64,237	-	96,721	21,931,739
Disposals	-	-	-	-	-	-	-	(55,880)	(55,880)
Reclassification from Assets Held for Sale	-	-	-	-	3,414,858	-	-	-	3,414,858
Reclassification from CIP	-	(1,550,472)	-	1,659,242	-	24,361	-	(133,131)	-
Other adjustments	-	-	-	(3,414)	-	-	-	-	(3,414)
As at September 30, 2024	2,341,569	4,777,054	3,859,399	14,477,991	92,998,405	426,596	12,747	187,389	119,081,150
Additions	-	1,414,276	871	446,785	2,899,484	6,305	-	165,325	4,933,046
Disposals	-	-	-	-	(3,581)	-	-	-	(3,581)
Reclassification from CIP	-	(2,471,665)	-	2,486,936	-	6,093	-	(21,364)	-
As at March 31, 2025	2,341,569	3,719,665	3,860,270	17,411,712	95,894,308	438,994	12,747	331,350	124,010,615
ACCUMULATED DEPRECIATION									
As at September 30, 2023	-	-	733,334	3,748,245	41,675,414	91,358	7,078	139,833	46,395,262
Depreciation	-	-	122,775	745,045	17,978,195	50,205	1,485	48,499	18,946,204
Disposals	-	-	-	-	-	-	-	(55,880)	(55,880)
Reclassification	-	-	-	52,624	-	23,163	-	(75,787)	-
Other adjustments	-	-	-	(3,414)	-	-	-	-	(3,414)
As at September 30, 2024	-	-	856,109	4,542,500	59,653,609	164,726	8,563	56,665	65,282,172
Depreciation	-	-	59,579	462,980	8,064,502	26,181	590	49,746	8,663,578
Disposals	-	-	-	-	(1,952)	-	-	-	(1,952)
Reclassification	-	-	-	12,818	-	-	-	(12,818)	-
As at March 31, 2025	-	-	915,688	5,018,298	67,716,159	190,907	9,153	93,593	73,943,798
NET BOOK VALUE									
As at September 30, 2024	2,341,569	4,777,054	3,003,290	9,935,490	33,344,796	261,870	4,184	130,724	53,798,978
As at March 31, 2025	2,341,569	3,719,665	2,944,582	12,393,414	28,178,148	248,087	3,594	237,757	50,066,817

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12. LONG-TERM INVESTMENTS

	March 31, 2025	September 30, 2024
	\$	\$
Other	45,000	45,000
	\$ 45,000	\$ 45,000

On June 2, 2021, the Company purchased 8,000,000 units of Brane Inc. for \$3,000,000, representing a non-controlling interest in Brane Inc. Each unit consists of one common share and one warrant. Management has reviewed financial statements, internally generated forecasts of the company, and its business plan and concluded on September 30, 2022 that the value of the investment was \$Nil. As such, a decline in the fair value of \$3,000,000 in the Company's consolidated statements of loss and comprehensive loss during the year ended September 30, 2022.

During the six months ended March 31, 2025, management assessed based on available information that there was no change to the value of the Brane Inc. investment of \$Nil (September 30, 2024: \$Nil).

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the statements of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Brane Inc (Equity Investment - Common Share and Warrant)	Market Approach (Level 3)	Internal forecasts, business plan, market conditions	The fair value is influenced by internal and market assessments, resulting in a fair value of \$Nil.

The Company's investments in Brane are valued using the market approach, which falls under Level 3 of the fair value hierarchy. This approach involves using significant unobservable inputs including internally generated forecasts and business plans, as well as assessments of market conditions and likelihood of repayment. These inputs have a direct correlation with the fair value measurement, as they significantly influence the determination of fair value, especially in scenarios where the market presence is limited or non-existent. As at the reporting date, the fair value of both investments is assessed to be \$Nil due to the adverse conditions impacting the likelihood of recovery and market conditions.

13. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	March 31, 2025	September 30, 2024
Trade payables and accrued liabilities	\$ 4,091,830	\$ 4,815,217
Trade payables and accrued liabilities - related parties (Note 16)	760,159	173,851
Provincial sales taxes payable	28,905	41,137
Legal expense accrual	136,374	136,374
Refundable customer deposits on contracts	-	7,076
Interest payable (Note 14)	7,076	9,452
	\$ 5,024,344	\$ 5,183,107

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13. TRADE AND OTHER PAYABLES (continued)

Included in trade and other payables is a legal expense accrual of \$136,374 (September 30, 2024: \$136,374) that relates to a provision for a legal claim from a former customer. The legal expense accrual represents the maximum amount the Company expects to pay if it is found liable in the claim.

14. LOANS PAYABLE

		Face value		Carrying value
Balance, September 30, 2023	\$	1,291,881	\$	1,272,397
Loan proceeds		12,161,909		12,161,909
Repayment of principal		(1,668)		(1,668)
Accrued interest		491,925		491,925
Accretion		-		19,484
Foreign exchange loss		(15,585)		(15,585)
As at September 30, 2024	\$	13,928,462	\$	13,928,462
Repayment of principal		(1,000,000)		(1,000,000)
Loan proceeds		5,829,013		5,829,013
Accrued interest		748,459		748,459
Foreign exchange gain		915,617		915,617
As at March 31, 2025	\$	20,421,551	\$	20,421,551
Current portion		20,421,551		20,421,551
Long-term portion		-		-

During the six months ended March 31, 2025, the Company incurred interest expense of \$748,459 (2024: \$178,356) which is recorded as finance costs under general and administrative expenses. This amount is still owing as at March 31, 2025 included in loans payable and \$Nil (September 30, 2024: \$9,452) included in trade and other payables.

The current portion of the carrying amount represents the total deferred transaction costs that will be accreted over the following 12 months.

Polyphase Capital promissory note

On February 13, 2019, the Company issued a promissory note in the amount of \$291,881 to Polyphase Capital LLC. The promissory note bears no interest and is unsecured. The repayment of the note is dependent on the receipt of a Goods and Services Tax (GST) refund of the same amount by the Company on behalf of Polyphase Capital LLC from the Canada Revenue Agency.

Mortgage payable

As at September 30, 2024, the Company had a mortgage payable balance of \$1,000,000 due on November 1, 2024. The loan is interest bearing, determined as the greater of 11.50% per annum or at a variable rate of prime plus 4.55% per annum. On October 30, 2024, the Company repaid the amount owing in full.

Sygnum loan payable

On January 30, 2024, the Company entered into a loan agreement with Sygnum Bank AG ("Sygnum") for a Lombard loan of up to \$9,000,000 USD. For an indefinite term, the loan is interest bearing at 7.8%. On July 7, 2024, the interest rate was increased to 8.5% and total loan facility increased to a maximum of \$19,000,000 USD. The loan is secured against the Company's digital currency assets of 295.45 BTC (Note 5), 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.

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14. LOANS PAYABLE (continued)

As at March 31, 2025, \$20,129,671 (\$14,002,275 USD) (September 30, 2024, \$12,636,582 (\$9,361,125 USD)) of the loan was outstanding.

15. SHARE CAPITAL AND RESERVES**a) Share capital**

Authorized: unlimited Class A common shares without par value, and unlimited Class B preferred shares without par value.

Share capital activity for the six months ended March 31, 2025

On November 19, 2024, the Company closed a prospectus offering for 32,556,600 units for gross proceeds of \$17,254,945. Each unit consists of one common share and one warrant. Each warrant is exercisable at \$0.65 until November 19, 2029. These warrants have a relative fair value of \$7,928,770 determined using the Black Scholes Option Pricing Model with the following inputs: i) exercise price: \$0.65; ii) share price \$0.465; iii) term: 5 years; iv) volatility: 133%; v) discount rate: 3.12%.

In connection with the financing, the Company incurred finders' fees of \$1,035,297, legal and other fees of \$535,578 and issued 1,953,390 brokers' warrants. Each warrant is exercisable into one common share at \$0.65 until November 19, 2029. These warrants have a fair value of \$772,226 determined using the Black Scholes Option Pricing Model with the following inputs: i) exercise price: \$0.65; ii) share price \$0.465; iii) term: 5 years; iv) volatility: 133%; v) discount rate: 3.12%.

During the six months ended March 31, 2025, the Company issued 184,585 common shares in connection with the exercise of stock options for proceeds of \$60,913. As a result, \$196,296 has been reclassified from share-based payment reserve to share capital.

Share capital activity for the six months ended March 31, 2024

During the six months ended March 31, 2024, the Company issued 1,336,250 common shares in connection with the exercise of stock options for proceeds of \$438,024. As a result, \$562,123 has been reclassified from share-based payment reserve to share capital.

b) Stock options*Stock option activity for the six months ended March 31, 2025*

On December 23, 2024, the Company granted 424,680 stock options to employees and an officer of the Company. The options are exercisable at \$0.38 per option expiring on December 23, 2029. These options had a fair value of \$0.41 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.38; ii) share price: \$0.46; iii) term: 5.00 years; iv) volatility: 133%; v) risk free rate: 3.01%. The options vest 25% on each of the following: June 23, 2025, December 23, 2025, June 23, 2026, and December 23, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the six months ended March 31, 2025.

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15. SHARE CAPITAL AND RESERVES (continued)*Stock option activity for the six months ended March 31, 2024*

On December 20, 2023, the Company granted 1,167,770 stock options to employees, directors and officers of the Company. The options are exercisable at \$0.53 per option expiring on December 20, 2028. These options had a fair value of \$0.45 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.53; ii) share price: \$0.51; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.28%. The options vest 25% on each of the following: June 20, 2024, December 20, 2024, June 20, 2025, and December 20, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the six months ended March 31, 2024.

On March 20, 2024, the Company granted 1,184,430 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.58 per option expiring on March 20, 2029. These options had a fair value of \$0.49 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.58; ii) share price: \$0.56; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.57%. The options vest 25% on each of the following: September 20, 2024, March 20, 2025, September 20, 2025, and March 20, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the six months ended March 31, 2024.

The following table summarizes the share-based compensation in the period:

Grant date	Share-based compensation recognized	
	March 31, 2025	March 31, 2024
	\$	\$
November 30, 2021	-	35,031
May 9, 2022	-	42,775
August 22, 2022	-	14,502
September 30, 2022	-	49,120
December 22, 2022	3,600	26,235
January 5, 2023	932	5,976
March 31, 2023	16,426	76,497
April 26, 2023	2,938	17,318
June 30, 2023	45,369	175,359
September 20, 2023	41,640	153,912
December 20, 2023	101,377	151,503
March 20, 2024	149,413	18,274
June 5, 2024	263,618	-
August 7, 2024	9,772	-
September 19, 2024	538,752	-
December 23, 2024	241,805	-
Total	1,415,642	766,502

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15. SHARE CAPITAL AND RESERVES (continued)

The Black-Scholes model utilized the following inputs to value the options granted:

	March 31, 2025	March 31, 2024
Risk free interest rate	3.01%	3.28-3.57%
Expected term (years)	5	5
Expected volatility	133%	135-136%
Expected dividends	0%	0%

The following table discloses the weighted average exercise price and life remaining:

	Options outstanding and exercisable	Weighted average exercise price	Weighted average life remaining
		\$	
Balance, September 30, 2023	15,786,740	0.53	2.83
Issued	4,257,210	0.57	
Expired	(2,710,946)	1.10	
Exercised	(2,458,118)	0.33	
Cancelled / Forfeited	(811,033)	0.35	
Balance, September 30, 2024	14,063,853	0.48	3.27
Issued	424,680	0.38	
Expired	(1,537,125)	1.19	
Exercised	(184,585)	0.33	
Cancelled / Forfeited	(84,603)	0.39	
Balance, March 31, 2025	12,682,220	0.39	3.26

The following table discloses the number of options outstanding as at March 31, 2025:

Number of options	Price per share	Expiry Date	Number of options vested
1,567,500	\$0.39	May 9, 2027	1,567,500
100,000	\$0.52	August 7, 2027	50,000
200,000	\$0.33	August 22, 2027	200,000
1,487,500	\$0.25	September 30, 2027	1,487,500
810,500	\$0.18	December 22, 2027	810,500
200,000	\$0.17	January 5, 2028	200,000
941,750	\$0.32	March 31, 2028	941,750
150,000	\$0.31	April 26, 2028	112,500
1,539,360	\$0.33	June 30, 2028	1,142,020
1,182,690	\$0.29	September 20, 2028	887,018
1,134,360	\$0.53	December 20, 2028	567,180
1,158,020	\$0.58	March 20, 2029	579,010
1,392,680	\$0.61	June 5, 2029	348,170
395,180	\$0.48	September 19, 2029	98,795
422,680	\$0.38	December 23, 2029	-
12,682,220			8,991,943

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15. SHARE CAPITAL AND RESERVES (continued)**c) Warrants***Warrant activity for the six months ended March 31, 2025*

On November 19, 2029, the Company issued 34,509,890 warrants in connection with a private placement financing.

Warrant activity for the six months ended March 31, 2024

There was no warrant activity during the six months ended March 31, 2024.

	Warrants outstanding and exercisable	Weighted average exercise price	Weighted average life remaining
		\$	
Balance, September 30, 2023	36,474,014	2.24	0.53
Expired	(36,474,014)	2.24	
Balance, September 30, 2024	-	-	-
Issued	34,509,890	0.65	-
Balance, March 31, 2025	34,509,890	0.65	4.64

The following table discloses the number of warrants outstanding as at March 31, 2025:

Number of warrants	Exercise price per share	Expiry Date
	\$	
34,509,890	0.65	November 19, 2029
34,509,890		

c) Restricted Share Units ("RSUs")*Restricted share unit activity for the six months ended March 31, 2025*

On December 23, 2024, the Company granted 2,050,000 RSUs to officers and directors of the Company. The RSUs fully vest on December 23, 2025, and have a grant date fair value of \$0.37.

Restricted share unit activity for the six months ended March 31, 2024

There was no restricted share unit activity during the three months ended March 31, 2024.

The following table discloses the number of RSUs outstanding as at March 31, 2025:

Number of RSUs	Grant Date Fair Value	Vesting Date
	\$	
2,000,000	0.46	September 19, 2025
2,050,000	0.37	December 23, 2025
4,050,000		

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15. SHARE CAPITAL AND RESERVES (continued)**d) Earnings (loss) per share**

Basic earnings per share is calculated by dividing the income attributable to equity owners of the Company by the weighted average number of shares in issue during the period.

Diluted earnings per share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Net income (loss) for the period	(3,346,351)	2,215	(6,449,352)	6,974,705
Weighted average number of shares	203,242,018	169,029,065	194,424,988	168,585,910
Basic earnings (loss) per share	(0.02)	0.00	(0.03)	0.04

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. Potentially dilutive shares relate to the exercise of outstanding stock options and warrants.

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Net income (loss) for the period	(3,346,351)	2,215	(6,449,352)	6,974,705
Weighted average number of shares	203,242,018	169,029,065	194,424,988	168,585,910
Effect of dilutive securities:				
Stock options	-	3,487,363	-	4,662,250
Warrants	-	-	-	-
Weighted average diluted shares outstanding	203,242,018	172,516,428	194,424,988	173,248,160
Diluted earnings (loss) per share	(0.02)	0.00	(0.03)	0.04

16. RELATED PARTY TRANSACTIONS AND BALANCES**(a) Key management compensation and other related party transactions**

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

	For the six months ended March 31, 2025		2024	
Salaries, wages, and benefits	\$	1,047,556	\$	982,392
Consulting services		425,102		216,544
Share-based compensation		1,301,830		706,988
Total	\$	2,774,488	\$	1,905,924

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16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(b) Related party balances**

As at March 31, 2025, \$760,159 (September 30, 2024 – \$173,851) was owed to key management for outstanding salaries, wages and benefits, and consulting services and included in trade and other payables.

17. REVENUE

The Company's revenue is comprised of the following:

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Digital currency mining	12,142,916	10,885,159	23,409,103	20,661,513
Mining equipment hosting and set up service	162,927	282,876	333,417	654,968
Net pool revenue	-	(1,274,340)	-	(2,306,201)
Software license income	-	-	-	562,253
Other income	338,731	121,964	534,879	133,890
	12,644,574	10,015,659	24,277,399	19,706,423

Net Pool Revenue is earned from the operation of crypto-currency mining pools and shows the net pool revenue less the pool payouts. During the six months ended March 31, 2024, this resulted in a net loss of \$2,306,201 as the pool payouts exceeded the revenue.

During the six months ended March 31, 2024, the Company earned \$562,253 as software license income related to the termination of a software license agreement with Marathon Digital Holdings, Inc. (now MARA Holdings, Inc.). The Company had \$396,780 (USD \$300,000) in outstanding accounts receivable from Marathon related to the agreement. Marathon agreed to pay USD \$450,000 and USD \$150,000 in Marathon's common stock to settle the outstanding accounts receivable and as compensation for early termination of the agreement. During the year ended September 30, 2024, the Company received \$959,253 (US\$715,934) in cash as the full settlement, as such, \$562,253 has been recorded as income during the six months ended March 31, 2024.

18. EXPENSES**a) Operating and Maintenance Costs**

The Company's operating and maintenance costs are comprised of the following:

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Utilities	6,693,679	4,896,940	12,670,318	9,505,362
Wages, contractors and other	248,662	373,911	488,948	913,140
Hosting fees	682,756	-	1,145,674	-
	7,625,097	5,270,851	14,304,940	10,418,502

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18. EXPENSES (continued)**b) General and Administrative**

The Company's general and administrative costs are comprised of the following:

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	\$	\$	\$	\$
Consulting	569,541	266,400	882,225	400,126
General and administrative office expenses	42,544	23,141	61,376	47,823
Marketing, investor and public relations	15,038	39,000	25,374	59,777
Interest and bank charges	308,101	163,230	773,889	206,373
Insurance	78,491	37,375	115,866	64,850
Travel and entertainment	53,759	23,451	90,050	48,675
Professional fees	233,368	330,513	620,235	560,745
Regulatory and filing	86,181	53,778	145,431	96,919
Wages	549,379	909,510	1,058,635	1,247,171
	1,936,402	1,846,398	3,773,081	2,732,459

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue operating as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to identify and evaluate potential acquisitions and business opportunities for the Company. To secure the additional capital necessary to pursue these plans, the Company may raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY**(a) Fair values of financial instruments and digital currency measured at fair value on a recurring basis.**

	Quoted prices in active markets for identical instruments Level 1		Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
March 31, 2025					
Short-term investments	\$	7,116,500	\$ -	\$ -	\$ 7,116,500
Marketable securities	\$	231,944	\$ -	\$ -	\$ 231,944
Digital currency	\$	-	\$ 54,023,111	\$ -	\$ 54,023,111
Long-term investments	\$	-	\$ -	\$ 45,000	\$ 45,000
September 30, 2024					
Marketable securities	\$	316,803	\$ -	\$ -	\$ 316,803
Digital currency	\$	-	\$ 34,327,703	\$ -	\$ 34,327,703
Long-term investments	\$	-	\$ -	\$ 45,000	\$ 45,000

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20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

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

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

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

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

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

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

b) Management of Industry and Financial Risk

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

Digital Currency Risk

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

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currency. The Company may not be able to liquidate its digital currency at its desired price if required. Digital currencies have a limited history, their fair values have historically been volatile and the value of digital currency held by the Company could decline rapidly. A 40% variance in price of digital currency would impact the Company's comprehensive loss by \$21,610,000 (March 31, 2024: \$16,787,000) respectively (rounded to the nearest thousand). Historical performance of digital currency is not indicative of their future performance.

Credit Risk

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

The Company is exposed to a concentration of credit risk with respect to its trade accounts receivable balance because of its dependence on three major customers. The Company records an allowance against its trade receivables when there is uncertainty over collection of this amount. All balances due are expected to be settled partially or in full when due (typically within 60 days of submission) and because of the nature of the counterparties.

DMG Blockchain Solutions Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the condensed consolidated interim statements of financial position. At March 31, 2025, no amounts were held as collateral.

The Company's aging of trade receivables was as follows:

	March 31, 2025	September 30, 2024
Current	\$ -	\$ -
31- 60 days	-	52,910
61 - 90 days	-	53,848
91+ days	156,961	188,578
Total	\$156,961	\$295,336

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at March 31, 2025, the Company has a working capital of \$41,044,023 (September 30, 2024: \$22,415,807) and does not require any additional financing to meet short-term operating requirements. The Company's cash is held with large Canadian financial institutions and is available on demand. If there are additional cash requirements, the Company has the option to liquidate digital currency to meet operating needs. Digital currency is subject to fluctuations in the market price of digital currency. The current value of these assets as at March 31, 2025 is \$54,023,111 (September 30, 2024: \$34,327,703). In an event where the Company cannot rely upon the liquidation of digital currency to meet operating needs, the Company will have to explore debt financing opportunities of which there is no guarantee of the receipt of funds to cover operations.

For the period ended, March 31, 2025:

	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
	\$	\$	\$	\$
Trade payables and accrued liabilities	5,024,344	-	-	-
Lease obligations	110,899	89,906	47,044	-
Loan payable	20,421,551	-	-	-
Total	25,556,794	89,906	47,044	-

For the period ended, September 30, 2024:

	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
	\$	\$	\$	\$
Trade payables and accrued liabilities	5,183,107	-	-	-
Lease obligations	49,165	54,432	-	-
Loan payable	13,928,462	-	-	-
Total	19,160,734	54,432	-	-

Market Risk

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

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

Interest Rate Risk

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

Foreign Currency Risk

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

The Company's presentation currency is the Canadian dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the entity's functional currency. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. As at March 31, 2025, the Company held net financial liabilities of \$44,454 (September 30, 2024: assets of \$954,134) denominated in US dollars \$30,923 (2024: US\$706,818). A 10% change in the foreign exchange rate would result in a change in the net income for the period of approximately \$4,000 (2024: \$96,000).

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk through its holding of digital currency. As at March 31, 2025, the Company held bitcoin which has a limited history and historically prices have been volatile. A significant change to the price of bitcoin may affect the Company's ability to liquidate digital currency. A 40% variance in price of these digital currency would impact the Company's comprehensive net loss by \$21,610,000 (March 31, 2024: \$16,787,000) (rounded to the nearest thousand). The Company is not exposed to any other significant price risks with respect to its financial instruments other than its marketable securities and long-term investment which are measured at fair value totaling \$276,944. A 20% change in the market price would result in a change in the net loss for the period of approximately \$56,000 (March 31, 2024: \$109,000).

21. CONTINGENCIES

In the normal conduct of operations, there are other pending claims by and against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, the final determination of these other litigations will not materially affect the Company's financial position or results of operations.

DMG Blockchain Solutions Inc.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Six Months Ended March 31, 2025 and 2024****(Expressed in Canadian Dollars, except where indicated) (Unaudited)**

22. SUPPLEMENTAL CASH FLOW INFORMATION

This note provides supplemental information about the Company's cash flow for the fiscal year. The amounts detail non-cash transactions and other significant items that do not involve actual cash flow but are essential for understanding the company's financial position.

	For the six months ended March 31,	
	2025	2024
	\$	\$
Receipt of equipment purchased through deposits in the prior year	149,839	1,561,221
Interest paid	9,452	179,754
Interest income	598,796	452,628

23. SUBSEQUENT EVENTS

Subsequent to the period end, the Company issued 428,170 options and 1,050,000 RSUs to employees, officers and directors of the company. The options are exercisable over five years at \$0.24 per share vesting 25% on the six, twelve and twenty-four month anniversaries of the grant date. The RSUs vest one year after the grant date.

On April 29, 2025, the Company entered into an agreement to purchase two megawatts of Prefabricated Data Center infrastructure.