

DMG BLOCKCHAIN SOLUTIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

This MD&A is current as at December 19, 2023.

DESCRIPTION OF THE BUSINESS

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

DMG's CORE

Christina Lake Data Centre

DMG operates its data centre in Christina Lake, BC. The Data Centre is 100% owned by DMG and includes its own privately constructed 85-megawatt substation on DMG's thirty-three-acre property along with a 27,000 square foot building. Owning this asset gives the company many advantages in power infrastructure, which is the foundation of any crypto mining operation. By owning our infrastructure, DMG is not only free from leases and landlords but also is independent from drawing community needs for power where it operates. Due to the location selected, DMG is also investigating the addition of both solar power generation and a small investment in hydrogen production as both, a long-term revenue generation stream and as part of the Company's renewables strategy.

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

DMG is actively working to retrofit its air-cooled infrastructure in its building to immersion cooling. Immersion cooling is an operational leap forward, as it allows for significantly improved heat transfer rates and an associated ability to increase hardware performance. At the same time, immersion cooling technology extends hardware useful life and reduces overall capital expenditures of server equipment when comparing hashrates and energy consumption between air and immersion cooled systems. DMG's retrofitting objective is to reduce energy consumption for the amount of computational hashrate it manages. In May 2023, DMG purchased the first set of long lead-time equipment that can provide up to 12 megawatts of immersion cooling capacity. The Company expects initial operation of its immersion cooling infrastructure by mid-2024.

To support longer term expansion, DMG is investigating additional crypto mining sites. DMG has ongoing discussions with multiple parties, as we believe that based on our expertise and our supply chain capabilities, we can move quickly to establish new low-cost sites. On May 15, 2023, DMG announced it entered into a non-binding agreement that would result in development of a new data processing center site with access to low-cost renewable energy located in Canada in a province outside of British Columbia. The blocking issue continues to be longer than expected regulatory approvals on utilities.

The Company continues to be actively focused on cash and crypto asset generation and conservation. Capital expenditures are carefully reviewed for enabling new revenue and potential efficiencies, while Research and Development funds are allocated to furthering the Company's Core+ initiatives as detailed below.

DMG's Core+

Blockseer Platforms

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

DMG has since continued to develop the Blockseer technology platform. After the acquisition of Datient, DMG invested to develop Walletscore, building on the value of Blockseer's data. Now we are continuing the development of the Blockseer platform focused on two distinct crypto categories: Safety & Security and Regulatory & Compliance. Multiple streams of software revenue are anticipated from Core+ products and initiatives, which will be generated through both transaction monetization as well as software licensing arrangements.

Blockseer Platforms – Regulatory & Compliance

Blockseer Walletscore: Launched in 2018, Walletscore measures the propensity of a crypto wallet to engage in criminal activity. It is focused on Anti-Money Laundering (AML) compliance obligations with a DMG API for users to interconnect and utilize this platform. The system identifies transactions related to unusual activities such as funding crimes or money laundering. Walletscore's technology is the basis for filtering out nefarious transactions if requested from the Blockseer pools managed by the Company.

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

Helm (Mine Manager): Launched in 2018, this platform assists Bitcoin network Computing Service Providers (CSPs) by maximizing overall efficiency and uptime. This real-time platform monitors key facility metrics, including temperature, humidity, individual and pooled hashrates, allowing any CSP staff to make real-time adjustments and repairs. While Helm is currently used by the Company, DMG has the ability to license this software to other CSPs.

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

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

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

Whereas with FPPS, Terra Pool will pay its CSPs for their hashrate based upon a formula that is a function of their hashrate contribution as a percentage of the total Bitcoin network. To determine the expected block reward, as transaction fees can significantly vary, the payout formula is based on the average network block reward over a specific prior 24-hour period. That number is multiplied by the CSP's average hashrate during that period and the expected network payout per amount of hashrate. An amount may be deducted for MPO fees. Any block reward for blocks successfully mined by Terra Pool is earned by Terra Pool and added to its designated bitcoin wallets. With FPPS, Terra Pool takes on the financial risk of mining a block and receiving the block reward.

Blockseer Petra: 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.

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

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 network 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 artists, who are already using less secure, but low-carbon intensity blockchains such as Ethereum, to instead utilize the Bitcoin blockchain and these artists 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 begun to create an inventory of uncommon and potentially other collectible sats, which it may be able to sell either individually or in combination with ordinals inscribed through Terra Pool.

DMG believes it may be the only company that is both creating bitcoin as a crypto miner (Core) and then monetizing bitcoin transactions after creation on a recurring basis through its Blockseer platforms (Core+) catered to the financial services and other industries.

Blockseer Platforms – Safety & Security

Blockseer Explorer: Launched in 2015, Explorer is an analytics tool that enables the tracking of cryptocurrency on both the Bitcoin and Ethereum blockchains. It examines cryptocurrency flows through wallets. This technology is catered to crypto exchanges, law enforcement agencies and industry participants. With the data gathered from user interaction and labelling, Explorer has been an essential blockchain investigative tool. Explorer provides the basis for Walletscore and its ability to provide filtering of nefarious transactions for MPOs. The Company uses the software internally, but is currently in the process of upgrading Blockseer Explorer for Bitcoin with planned availability for users in 2024.

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

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

Blockseer Freeze: This software wallet product is focused on equipping crypto wallet users including financial institutions with an enterprise-grade custody solution to securely manage digital assets with the choice of single or multiple signatures to execute a crypto transaction. Although de-prioritized in 2023 in relation to other opportunities, work on development of this platform continues, with an institutional-grade solution being planned.

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

Bitcoin Market Trends

For the quarter ended September 30, 2023, the bitcoin price increased 0.1% (quarter average vs prior quarter average) to \$37,715. Concurrently, the Bitcoin network hashrate and difficulty increased by 9% and 24% respectively (quarter average vs prior quarter average) to 390 EH/s and a 53.8 trillion difficulty level (average for the quarter), driving down profitability of mining for the industry as a whole. These fluctuations in bitcoin price are common, and entities within the industry need to be well-prepared to weather the volatility of bitcoin to thrive.

For the quarter ended September 30, 2023, the bitcoin price increased 36% (quarter average vs prior year quarter average) from \$27,712. Concurrently, the Bitcoin network hashrate and difficulty level respectively increased by 83% and 82% (quarter average vs prior year quarter average) from 213 EH/s and 29.5 trillion respectively.

For the year ended September 30, 2023, the bitcoin price decreased 32% over the prior year (full year average vs prior full year average) to reach \$32,693. Concurrently, the Bitcoin network hashrate and difficulty level respectively increased by 67% and 68% (full year average vs prior full year average) to 326 EH/s and 44.7 trillion.

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

The Jacobo FT Wilshire Bitcoin ETF was listed on the Euronext Amsterdam exchange on August 16, 2023, representing the first spot bitcoin ETF listed in Europe. The U.S. Securities and Exchange Commission (SEC) is considering applications from multiple firms to create a U.S.-listed spot bitcoin ETF. These include some of the largest U.S. financial services firms including Blackrock, VanEck, Fidelity and Invesco. If the first spot bitcoin ETF(s) are approved and listed in the U.S. in the near future, these could improve accessibility to, and market sentiment on bitcoin, potentially attracting new investors and having a positive impact on bitcoin price.

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

ANNUAL HIGHLIGHTS

- During November 2022, the Company opened access to the Bosonic Network for Terra Pool CSPs. The Bosonic multi-custodial blockchain-based solution is the only such solution in the market where client assets are held in the client's own account at a regulated custodian and not an exchange.
- In November 2022, the Company completed CAD \$1 million financing with a variable rate of Prime + 4.55% per annum and term of 18 months utilizing a secured real estate asset.
- In February of 2023, the Company successfully used its Petra platform to 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 Operator (MPO).
- In February of 2023, the Company purchased containers that in aggregate will support more than 40 megawatts of mining.
- During the year ended September 30, 2023, the Company received in its wallets from mining activity 872.6 bitcoin (prior year 784.5) and ended the year with a balance of 416.0 bitcoin (343.7 prior year). The production of bitcoin has ramped up during the year as the Company continues to receive and install additional miners. During the year ended September 30, 2023, the Company has installed 1852 miners (prior year 5,152) for a total of 9,921 operating miners (prior year 8,069).

OVERALL PERFORMANCE

	For the year ended September 30,		
	2023	2022	2021
	\$	\$	\$
Revenue	27,940,995	43,236,152	10,218,499
Net loss for the year	(16,461,728)	(16,975,396)	(9,552,406)
Basic and diluted loss per common share	(0.10)	(0.10)	(0.07)
Total assets	82,586,955	96,902,049	111,127,690
Total non-current liabilities	41,202	92,809	72,974

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Revenue has decreased by \$15,295,157 from \$43,236,152 in 2022 to \$27,940,995 in 2023. The decrease in revenue is attributable to decreases in digital currency mining revenues attributable to a 32% decline in the average price of bitcoin over the year as compared to the prior year, despite additions of new mining equipment received throughout the year. The Company continues to be focused on self-mining and development of software in the form of pools and technologies that monetize bitcoin transactions. Additionally, there was a \$1,588,512 decrease in software licenses and related development income as compared to the prior year.

Finally, there was a \$2,344,042 decrease in equipment hosting revenue as the Company continues to move toward a focus on self mining operations.

Net loss increased for the year by \$513,668 to \$16,461,728 for the year ended September 30, 2023 (2022 - \$16,975,396). Decreases in revenue of \$15,295,157 were offset by decreases in stock-based compensation of \$1,272,549, decrease in digital currency revaluations of \$15,830,104, and a decrease in write-downs on fair value investments of \$5,580,100.

Total assets as at September 30, 2023 was \$82,586,955 (2022 - \$96,902,049), a decrease of \$14,315,094. The decrease is mostly attributable to a net decrease of \$10,684,844 in property and equipment related to depreciation. The decrease was offset by an increase of \$3,451,024 in assets held for sale and an increase of \$6,448,644 in digital currency.

RESULTS OF OPERATIONS

Twelve Months Ended September 30, 2023

Operating and maintenance expenses for the year ended September 30, 2023, reached \$16,797,262, up from \$13,033,028 in the previous year ended September 30, 2022. This increase is primarily attributed to a \$3,446,379 rise in utilities expenses, driven by expanded digital currency mining operations. The number of miners grew by 23%, totaling 9,921, compared to 8,069 in the prior year. Despite the greater number of miners, the overall mining effort became more intensive due to an increase in the general difficulty of mining bitcoin.

General and administrative costs for the year ended September 30, 2023 was \$3,729,643 in comparison to \$3,447,690 for the year ended September 30, 2022. General and administrative costs consist mostly of wages, professional fees, consulting fees, and financing costs. The wages and consulting fees increased \$649,899. New mortgage financing resulting in financing costs increasing \$143,689. However, this was offset with decreases in marketing, investor, & public relations of \$127,413, decrease in professional fees of \$136,670, and decrease in regulatory and filing fees of \$159,561.

Stock-based compensation for the year ended September 30, 2023 was \$1,804,551 compared to the prior year of \$3,077,100. The decrease in the year is due to a lower weighted average grant date fair value of options issued, which was \$0.66 per option in the prior year and \$0.29 per option in the current year. In addition, the options issued in 2023 were 5,305,486 (down from the prior year number of 7,673,250).

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Research and development costs for the year ended September 30, 2023 was \$1,951,868 compared to \$2,364,513 in the prior year. These costs include salaries and wages for work on software and subscription costs for servers related to development software. Research in fiscal 2023 focused on software and relates to work on Helm, Terra Pool and Blockseer Petra. Although wage expense rose in 2023, this was offset by the reduction in subscription costs.

Depreciation for the year ended September 30, 2023 was \$21,902,282 compared to \$19,782,363 in the prior year. The increase is related to the additional miners installed over the past fiscal year and the current period. Depreciation is calculated on a declining basis, calculated monthly.

Fourth Quarter 2023

In Q4 2023, our revenue was \$5,647,823, down \$792,692 from Q4 2022. This decrease was largely due to a \$385,435 reduction in mining equipment hosting revenue as we transitioned more towards self-mining, and the absence of software revenue, particularly from Terra Pool licensing, which declined \$424,332 when compared to Q4 2022. Services relating to the Company's software agreement with a key customer have ceased. Future software revenue would be generated through other Core+ products and initiatives.

Digital currency mining saw a minor decline of \$37,166 related to the mining of 144.87 bitcoin, 54.81 less than the previous year same quarter. Overall hashrate production increased as a result of an additional miners in conjunction with miners received during the last fiscal year. In addition, bitcoin price increased 36% as compared to the same period in fiscal 2022. However, the decrease in bitcoin is attributable to the increase in difficulty of mining bitcoin by 82% over the last year. This resulted in the decrease in revenue from digital currency mining. It is a reasonable assumption based on how the Bitcoin protocol operates that over time, for a given amount of hashrate, the amount of digital currency received from mining and the amount paid out under FFPS (excluding the amount deducted for fees) will be the same over time.

Operating and maintenance costs for the three months ended September 30, 2023 was \$3,637,267 as compared to \$3,469,407 in the same quarter in the prior year. The increase is a result of increases in utilities costs of \$143,318 which is related to the increase in digital currency mining activity and the net increase in miners throughout the period. There were 9,921 miners installed as at September 30, 2023 as compared to 8,069 miners installed as at September 30, 2022.

General and administrative costs for the three months ended September 30, 2023 was \$1,129,568 in comparison to \$844,103 during the three months September 30, 2022. These consisted mostly of consulting, wages, and professional fees. The overall increase of \$285,465 is attributable to an increase of \$265,648 in wages and an increase in finance costs of \$37,674. A variety of other expenses declined compared to the prior year. The increase were partially offset by a decrease in regulatory and filing fees of \$57,666.

Stock-based compensation for the three months ended September 30, 2023 was \$321,376 compared to the 2022 prior period of \$550,003. The decrease in the year is due to a lower weighted average grant date fair value of options issued.

DMG Blockchain Solutions Inc.**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Research and development costs for the three months ended September 30, 2023 was \$531,959 compared to \$472,446 in the prior year, same period. These costs include salaries and wages for work on software and subscription costs for servers related to software. Research in fiscal 2023 continues to be focused on software and relates to work on Helm, Terra Pool and Blockseer Petra.

Depreciation for the three months ended September 30, 2023 was \$4,622,514 as compared to \$5,945,472 for the three months ended September 30, 2022. The decrease is largely attributable to the large amount of mining equipment received and installed in the prior year and depreciated on a declining balance basis.

Selected Quarterly Information for the most recent completed Quarters:

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	Q4	Q3	Q2	Q1
Revenue	5,647,823	7,495,257	7,623,323	7,174,592
Bitcoin earned from mining¹	144.87	195.71	264.10	273.53
Net income (loss)	(2,761,043)	(4,273,532)	(2,423,749)	(7,003,404)
Comprehensive income (loss)	(8,836,454)	(3,038,818)	2,454,269	(7,013,304)
Basic and diluted loss per share	(0.02)	(0.03)	(0.01)	(0.04)
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	Q4	Q3	Q2	Q1
Revenue	6,547,846	10,529,315	11,899,546	14,298,525
Bitcoin earned from mining	199.68	212.46	195.88	183.20
Net loss (loss)	(9,836,016)	(12,232,725)	56,466	5,036,897
Comprehensive income (loss)	(9,764,631)	(14,957,854)	1,729,278	5,929,933
Basic and diluted loss per share	(0.06)	(0.07)	0.00	0.03

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2023, the Company had positive working capital of \$19,875,378 (September 30, 2022: \$12,202,862). The increase in working capital primarily relates to the increase in digital currency of \$7,822,893 and an increase of \$3,451,024 in assets held for sale.

The Company incurred cash inflows from operations for the year ended September 30, 2023 of approximately \$4.9 million, compared to a decrease of \$10.3 million for the year ended September 30, 2022. The Company had significant decreases in revenue of \$15.3 million compared to last year. The Company invested \$1.8 million in property and equipment and made deposits of an additional \$3.4 million toward mining equipment. Of these deposits paid, all but \$1.6 million worth of mining equipment was received and installed as of September 30, 2023. As at September 30, 2023, the Company had 416.05 bitcoin valued at \$15,734,807 and 7.71 ether valued at \$33,627.

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

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

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

Significant Events, Milestones or Objectives

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

- The Company will continue to upgrade and expand the Christina Lake Facility and purchase additional Bitcoin mining servers. Continued upgrades and expansion of its Christina Lake facility, including containerized mining on its 33 acre property, and the purchase of Bitcoin mining servers are expected to occur over the course of fiscal 2024, with a target hash rate of 2 EH/s, including at least the first phase of its immersion cooling technology implementation.
- The Company will continue to develop its software and related services, through software engineering, research & development and strategic partnerships in order to meet both the current and anticipated needs of its customers, adding new capabilities and providing these at price-points that enable the Company to be highly competitive.
- The Company intends to increase its sales and marketing efforts of its Core+ initiatives both through online marketing (website traffic and social media engagement) and through outbound sales by employees or consultants.
- The Company is actively focused on cash management with a focus on tightly controlling expenditures and is actively reviewing and refining current outflows. The Company has demonstrated a decrease in expenses over the prior years and continues to strive to maintain a lean structure that is focused on achieving specific targeted objectives.
- The Company intends to raise funding in fiscal 2024 that may include debt, equity or a combination thereof in order to facilitate its growth.

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

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

SHARE CAPITAL ACTIVITY

Share capital activity for year ended September 30, 2023

During the year ended September 30, 2023, the Company issued 786,438 common shares in connection with the exercise of stock options for proceeds of \$182,540. As a result, \$256,559 has been reclassified from share-based payment reserve to share capital.

Share capital activity for year ended September 30, 2022

During the year ended September 30, 2022, the Company issued 110,000 common shares in connection with the exercise of stock options for proceeds of \$44,000. As a result, \$29,029 has been reclassified from share-based payment reserve to share capital.

During the year ended September 30, 2022, the Company issued 259,375 common shares in connection with the exercise of warrants for proceeds of \$55,000. As a result, \$146,023 has been reclassified from share-based payment reserve to share capital.

OUTSTANDING SHARE DATA

As at the date of this document, the Company had 168,192,815 common shares issued and outstanding, 15,636,740 stock options issued and outstanding, and 36,474,014 share purchase warrants issued and outstanding.

DMG Blockchain Solutions Inc.**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023****FINANCIAL INSTRUMENTS, DIGITAL CURRENCIES AND RISK MANAGEMENT****(a) Fair values of financial instruments and digital currencies measured at fair value on a recurring basis.**

	Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
September 30, 2023				
Marketable securities	\$ 386,984	\$ -	\$ -	\$ 386,984
Digital currencies	\$ -	\$ 17,142,683	\$ -	\$ 17,142,683
Long-term investments	\$ -	\$ -	\$ 45,000	\$ 45,000
September 30, 2022				
Marketable securities	\$ 401,542	\$ -	\$ -	\$ 401,542
Digital currencies	\$ -	\$ 9,319,790	\$ -	\$ 9,319,790
Long-term investments	\$ -	\$ 75,000	\$ -	\$ 75,000

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

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

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

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

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

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

b) Management of Industry and Financial Risk

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

Credit Risk

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

The Company is exposed to a significant concentration of credit risk with respect to its trade accounts receivable balance because of its dependence on three major customers. The Company decreased its exposure to concentration of credit by increasing the number of 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.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the condensed consolidated interim statements of financial position. As at September 30, 2023, no amounts were held as collateral.

Digital Currency Risk

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

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currencies. The Company may not be able to liquidate its digital currencies at its desired price if required. Digital currencies have a limited history, their fair values have historically been volatile and the value of digital currencies held by the Company could decline rapidly. A 40% variance in price of these digital currencies would impact the Company's comprehensive net loss by \$6,858,000 (2022: \$3,728,000) and \$Nil (2022: \$25,000) respectively (rounded to the nearest thousand). Historical performance of digital currencies is not indicative of their future performance.

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

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at September 30, 2023, the Company has a working capital of \$19,875,378 (2022: \$12,202,862) and does not require any additional financing to meet short-term operating requirements. The Company's cash is held with large Canadian financial institutions and is available on demand. If there are additional cash requirements, the Company has the option to liquidate digital currencies to meet operating needs. These digital currencies are subject to fluctuations in the market price of digital currencies. The current value of these assets as at September 30, 2023 is \$17,142,683 (2022: \$9,319,790). In the event where the Company cannot rely upon the liquidation of digital currencies to meet operating needs, the Company will have to explore debt financing opportunities of which there is no guarantee of the receipt of funds to cover operations.

Market Risk

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

Interest Rate Risk

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

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Foreign Currency Risk

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

The Company's presentation currency is the Canadian dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the entity's functional currency. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. At September 30, 2023, the Company held net financial assets of \$1,642,276 denominated in US dollars (US\$1,214,701). A 10% change in the foreign exchange rate would result in a change in the net income for the period of approximately \$165,000.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk through its holding of digital currencies. As at September 30, 2023, the Company held bitcoin and ether which have a limited history and historically prices have been volatile. A significant change to the price of bitcoin may affect the Company's ability to liquidate digital currencies. A 40% variance in price of these digital currencies would impact the Company's comprehensive net loss by \$6,858,000 (2022: \$3,728,000) and \$Nil (2022: \$25,000) respectively (rounded to the nearest thousand). The Company is not exposed to any other significant price risks with respect to its financial instruments other than its marketable securities and long-term investment which are measured at fair value totaling \$431,984. A 20% change in the market price would result in a change in the net loss for the period of approximately \$87,000 (2022: \$682,000).

DMG Blockchain Solutions Inc.
Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023

RELATED PARTY TRANSACTIONS

(a) Key management compensation and other related party transactions

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

		2023		2022
Salaries, wages, and benefits	\$	1,161,196	\$	770,153
Consulting services		430,884		216,922
Share-based compensation		1,631,417		2,635,888
Total	\$	3,223,497	\$	3,622,963

(b) Related party balances

As at September 30, 2023, \$573,402 (September 30, 2022 – \$390,600) was owed to key management for outstanding salaries, wages and benefits, and consulting services and included in trade and other payables.

Off-Balance Sheet Transactions

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

New accounting pronouncements

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

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

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

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

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

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

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

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

Amendments to IAS 8 Definition of Accounting Estimates

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

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

IFRS Sustainability Disclosure Standards

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

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

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.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Judgements

Revenues from cryptocurrency mining and related service contracts

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly described as "crypto-currency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates. Management has exercised significant judgement in determining the completion stage for this revenue stream and has examined various factors surrounding the substance of the Company's operations and determined the stage of completion being the addition of a block to a blockchain. The value of the revenue is a significant judgement and is based on the value of the cryptocurrency earned at the date of addition, at the rates identified on Yahoo.com.

DMG Blockchain Solutions Inc.**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

For hosting and other service contracts, the Company has determined that the substance of the service contracts is provision of services under IFRS 15 Revenue from Contracts with Customers. Revenue is recognized only when the amount of the contract and separate performance obligations are identified, the transaction can be measured reliably, the transaction price can be allocated to the performance obligations, and the performance obligation is satisfied. Accordingly, the Company has determined that revenue should be recognized as the provision of services under the contract is completed.

Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgement exercised by management.

Recoverability of sales tax receivable

The Company has certain refund claims for Goods and Services Tax Credits with the Canada Revenue Agency, the receipt of which are conditional upon review. Management has assessed the collectability of these refunds given the probability of collection and determined that the outstanding claims are likely collectible given current rulings and the status of the ongoing review.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

There is uncertainty regarding the taxation of cryptocurrency and the Canada Revenue Agency may assess the Company differently from the position adopted.

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Assessment of indicators of impairment

Management uses judgement when determining at each period end about the existence of impairment indicators. In the event management has determined that impairment indicators exist, management performs an impairment test, see “Carrying value of mining equipment and data center” below.

Estimates

Valuation of digital currencies

The Company currently holds bitcoin and ether as its digital currencies. Digital currencies are considered to be identifiable non-monetary assets without physical substance and are treated as intangible assets not subject to amortization under the scope of IAS 38 Intangible Assets.

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

Carrying value of mining equipment and data center

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about expected revenue from service contracts, digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

DMG Blockchain Solutions Inc.**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Key assumptions in the impairment assessment are modelled based on future events. As at September 30, 2023, the most sensitive assumptions in the development of the model are bitcoin, network difficulty and energy cost.

Useful life of digital asset mining equipment

Management is depreciating mining equipment over its useful life on a declining-balance method basis. The mining equipment is used to generate digital assets (refer to discussion on revenue recognition in Note 3). The rate at which the Company generates digital currencies and, therefore, consumes the economic benefits of its mining equipment are influenced by a number of factors including the following:

- (i) the complexity of the mining process which is driven by the algorithms contained within the digital assets open-source software;
- (ii) the general availability of appropriate computer processing capacity on a global basis technological obsolescence reflecting rapid development in the mining machines such that more recently developed hardware is more economically efficient to run in terms of digital assets mined as a function of operating costs, primarily power costs (i.e., the speed of mining machines evolution in the industry) is such that later mining machines models generally have faster processing capacity combined with lower operating costs and a lower cost of purchase.

Based on the Company's, and the industry's short life cycle to date, there is limited amount of market data available to management to use in its estimates. Furthermore, the data available also includes data derived from the use of economic modelling to forecast future digital assets and the assumptions included in such forecasts, including the price of bitcoin and network difficulty, are derived from management's assumptions which are inherently judgmental. Based on current data available, management has determined that the declining-balance method of depreciation at a rate of 55% per year until decommissioned best reflects the current expected useful life of mining equipment. Management reviews this estimate at each reporting date and will revise such estimates as and when data becomes available. Any remaining residual value for mining equipment is written off at the end of its useful life. Management reviews the appropriateness of its assumption of zero residual value at each reporting date.

Fair value measurement of stock options and broker warrants

Estimating fair value for stock options and broker warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and broker warrants, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock options and broker warrants are disclosed in Note 16 of the financial statements.

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended September 30, 2023

PROPOSED TRANSACTIONS

There are no proposed transactions as at the date of this document.

COMMITMENTS

As at September 30, 2023, the Company had outstanding executed purchase agreements for 4,550 T21 190 TH/s bitcoin miners for US\$12,103,000 (US\$14/TH/s). As at September 30, 2023, the Company had made \$1.6 million in deposits towards this commitment. Based on funds paid to date, there are no additional funds required based on current market pricing for such mining equipment. The remaining miners are scheduled to be delivered through December 2023.

SUBSEQUENT EVENTS

On December 11, 2023, the Company entered into an agreement with a customer to settle the outstanding accounts receivable balance and formally terminate the software license agreement. The Company will receive USD\$450,000 and 10,000 shares of Marathon Digital (MARA) in exchange for terminating the contract and settling outstanding trade receivables of USD \$299,038 (\$404,300 CAD).

On November 1, 2023, the Company advanced Bosonic USD \$150,000 to support their operations. The advance is interest bearing at 7.5% and due within 18 months.

After September 30, 2023, the Company announced it had signed an agreement with Bitmain Technologies to purchase 4,550 T21 190 TH/s bitcoin miners for US\$12,103,000 (US\$14/TH/s). Financing of the purchase may be through existing cash/liquidated bitcoin, debt or a combination of both. DMG expects shipment of its T21 miners in the March quarter of 2024; terms of the purchase are 10% downpayment (paid subsequent to year-end) with the balance due in the month prior to shipment.

Subsequent to September 30, 2023, the Company issued 150,000 shares related to the exercise of stock options for proceeds of \$56,819.

RISKS AND UNCERTAINTIES

Digital Currency and Risk Management

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

DMG Blockchain Solutions Inc.**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

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

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

There is also a risk that the Company could be negatively affected by a Bitcoin halving event. Halving is a process designed to control the overall supply and reduce the risk of inflation in Bitcoin. At a predetermined block, the mining reward is cut in half. The Bitcoin blockchain has undergone three halvings since its inception. A Bitcoin halving is scheduled to occur once every 210,000 blocks, or roughly every four years, until the total amount of Bitcoin rewards issued reaches 21 million, which is expected to occur around 2140. The next Bitcoin halving is expected to occur in April 2024. Most recently, in May 2020, the Bitcoin Block Reward decreased from 12.5 to 6.25 BTC per block and, consequently, the number of new Bitcoin issued to miners as a subsidy decreased to 900 per day. The next halving would decrease the Bitcoin Block Reward from 6.25 BTC per block to 3.125 BTC per block. While Bitcoin prices have had a history of price fluctuations around Bitcoin halvings, there is no guarantee that the price change will be favorable or would compensate for the reduction in mining reward. There is a risk that the Bitcoin halving will render the Company unprofitable and unable to continue as a going concern.

Negative Operating Cash Flows

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

Reliance on Key Personnel and Advisors

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

Market Risk for Securities

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

Uninsured or Uninsurable Risk

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

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

Conflicts of Interest Risk

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

DMG Blockchain Solutions Inc.**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

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

Loss of Access Risk

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

Bitcoin is controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the bitcoin is held. While the Bitcoin Network requires a public key relating to a digital wallet to be published when used in a spending 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 by the Bitcoin Network.

Global Economic Risk

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

DMG Blockchain Solutions Inc.

**Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Year Ended September 30, 2023**

Dividend Risk

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

Share Price Volatility Risk

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

OTHER INFORMATION

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