

DMG Blockchain Solutions Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended June 30, 2025 and 2024

(Expressed in Canadian Dollars, except as otherwise noted)

(Unaudited)

| | Page |
|--|------|
| Condensed Consolidated Interim Statements of Financial Position | 2 |
| Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) | 3 |
| Condensed Consolidated Interim Statements of Changes in Shareholders' Equity | 4 |
| Condensed Consolidated Interim Statements of Cash Flows | 5 |
| Notes to the Condensed Consolidated Interim Financial Statements | 6-25 |

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

| | Notes | As at June 30, 2025 (unaudited) \$ | As at September 30, 2024 (audited) \$ |
|---|----------|---|---|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | | 2,021,891 | 1,679,060 |
| Amounts receivable | 6 | 3,961,284 | 4,910,251 |
| Digital currency | 5 | 50,682,684 | 34,327,703 |
| Prepaid expense and other current assets | | 502,492 | 337,042 |
| Marketable securities | 8 | 394,718 | 316,803 |
| Short-term investment | 9 | 9,116,500 | - |
| Assets held for sale | | 30,408 | - |
| Total current assets | | 66,709,977 | 41,570,859 |
| Long-term deposits | 10 | 8,374,808 | 2,047,682 |
| Property and equipment | 11 | 51,236,941 | 53,798,978 |
| Intangible asset | | 276,040 | - |
| Long-term investments | 12 | 45,000 | 45,000 |
| Amount recoverable | 7 | 6,912,117 | 6,406,462 |
| Total assets | | 133,554,883 | 103,868,981 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current | | | |
| Trade and other payables | 13 | 6,310,864 | 5,183,107 |
| Deferred revenue | 17 | 43,795 | - |
| Current portion of lease liability | | 102,596 | 43,483 |
| Current portion of loans payable | 14 | 12,703,155 | 13,928,462 |
| Total current liabilities | | 19,160,410 | 19,155,052 |
| Long-term lease liability | | 107,367 | 51,842 |
| Total liabilities | | 19,267,777 | 19,206,894 |
| Shareholders' Equity | | | |
| Share capital | 15(a) | 120,326,738 | 113,086,455 |
| Reserves | 15(b)(c) | 56,508,983 | 45,853,100 |
| Accumulated other comprehensive income | | 29,007,973 | 10,448,614 |
| Accumulated deficit | | (91,556,588) | (84,726,082) |
| Total shareholders' equity | | 114,287,106 | 84,662,087 |
| Total liabilities and shareholders' equity | | 133,554,883 | 103,868,981 |

Contingencies 21

Approved on Behalf of the Board of Directors on August 25, 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 Nine Months Ended | |
|--|-------|----------------------------|--------------------|---------------------------|--------------------|
| | | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | | \$ | \$ | \$ | \$ |
| Revenue | 17 | 11,614,710 | 8,294,866 | 35,892,109 | 28,001,289 |
| Expenses | | | | | |
| Operating and maintenance costs | 18(a) | 6,519,599 | 4,675,279 | 20,824,539 | 15,093,781 |
| General and administrative | 18(b) | 1,930,372 | 1,476,973 | 5,703,453 | 4,209,432 |
| Stock-based compensation | | 735,540 | 480,945 | 2,151,182 | 1,247,447 |
| Research and development | | 487,309 | 603,919 | 1,649,721 | 1,528,314 |
| Provision (recovery) for doubtful accounts | | (231) | 2,628 | (6,950) | 6,434 |
| Depreciation | 11 | 4,483,564 | 5,037,240 | 13,147,142 | 13,185,010 |
| Total expenses | | 14,156,153 | 12,276,984 | 43,469,087 | 35,270,418 |
| Loss before other items | | (2,541,443) | (3,982,118) | (7,576,978) | (7,269,129) |
| Other income (expense) | | | | | |
| Interest and other income | 7 | 174,705 | 174,417 | 505,655 | 510,242 |
| Provision of sales tax receivable | | (171,905) | (10,584) | (1,148,329) | (646,174) |
| Gain (loss) on disposition of assets | | (375,907) | - | (377,525) | 4,809 |
| Foreign exchange gain (loss) | | 849,711 | (103,008) | (52,264) | (225,934) |
| Unrealized gain (loss) on revaluation of digital currency | 5 | - | (4,200) | 28,083 | 9,178,116 |
| Realized gain (loss) on sale of digital currency | | 1,520,910 | 177,005 | 1,675,118 | 2,172,364 |
| Gain (loss) on change in fair value of marketable securities | | 162,775 | (89,449) | 77,915 | 21,594 |
| Gain (loss) on fair value of investments | | - | - | 37,819 | (609,120) |
| Net income (loss) | | (381,154) | (3,837,937) | (6,830,506) | 3,136,768 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to income or loss: | | | | | |
| Unrealized revaluation gain (loss) on digital currency | 5 | 10,109,144 | (4,819,676) | 18,597,831 | 10,652,539 |
| Cumulative translation adjustment | | (6,251) | 6,686 | (38,472) | 5,490 |
| Comprehensive income (loss) | | 9,721,739 | (8,650,927) | 11,728,853 | 13,794,797 |
| Basic and diluted income (loss) per share | 15(d) | 0.00 | (0.02) | (0.03) | 0.02 |
| Weighted average number of shares outstanding | 15(d) | | | | |
| - basic | | 203,242,018 | 168,975,567 | 197,363,999 | 168,937,426 |
| - diluted | | 203,242,018 | 168,975,567 | 197,363,999 | 172,496,489 |

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 | - | - | 1,247,447 | - | - | 1,247,447 |
| Shares issued on exercise of options (Note 15) | 1,691,250 | 1,604,824 | (1,049,651) | - | - | 555,173 |
| Unrealized gain on digital currency revaluation (Note 5) | - | - | - | - | 10,652,539 | 10,652,539 |
| Net income for the period | - | - | - | 3,136,768 | - | 3,136,768 |
| Other comprehensive loss for the period | - | - | - | - | 5,490 | 5,490 |
| Balance, June 30, 2024 | 169,734,065 | 112,425,364 | 45,705,068 | (76,359,752) | 10,807,073 | 92,577,753 |
| 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 | - | - | 2,151,182 | - | - | 2,151,182 |
| 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) | - | - | - | - | 18,597,831 | 18,597,831 |
| Net loss for the period | - | - | - | (6,830,506) | - | (6,830,506) |
| Other comprehensive loss for the period | - | - | - | - | (38,472) | (38,472) |
| Balance, June 30, 2025 | 203,242,018 | 120,326,738 | 56,508,983 | (91,556,588) | 29,007,973 | 114,287,106 |

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 Nine Months Ended | |
|---|----------------------------------|----------------------|
| | June 30, 2025 | June 30, 2024 |
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net income (loss) for the period | (6,830,506) | 3,136,768 |
| Non-cash items: | | |
| Accretion | 11,764 | 28,876 |
| Depreciation | 13,147,142 | 13,185,010 |
| Share-based payments | 2,151,182 | 1,247,447 |
| Unrealized foreign exchange loss | 648 | 144,288 |
| Loss (gain) on disposition of assets | 377,525 | (4,809) |
| Gain on change in fair value of marketable securities | (77,915) | (21,594) |
| Loss (gain) on fair value of investment | (37,819) | 609,120 |
| Provision for sales tax receivable | 1,148,329 | 646,174 |
| Bad debt (recovery) expense | (6,950) | 6,434 |
| Digital currency related revenue | (34,848,860) | (26,137,726) |
| Unrealized gain on digital currency | (28,083) | (9,178,117) |
| Digital currency sold | 38,794,110 | 26,598,464 |
| Realized gain on sale of digital currency | (1,675,118) | (2,172,364) |
| Non-cash interest income | (505,655) | (504,311) |
| Accrued interest | 1,062,627 | 229,208 |
| Changes in non-cash operating working capital: | | |
| Prepaid expenses and other current assets | 617,227 | (184,748) |
| Amounts receivable | (102,595) | (1,345,463) |
| Deferred revenue | 43,795 | (28,254) |
| Trade and other payables | 1,053,742 | 611,762 |
| Net cash provided by operating activities | 14,294,590 | 6,866,165 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (10,824,859) | (1,710,629) |
| Purchase of intangible assets | (276,040) | - |
| Deposits on mining equipment and data center infrastructure | (8,908,076) | (18,088,936) |
| Purchase of short-term investment | (9,116,500) | (609,120) |
| Refund of security deposits | 1,792,907 | - |
| Net cash used by investing activities | (27,332,568) | (20,408,685) |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of units | 17,254,945 | - |
| Share issuance costs | (1,570,875) | - |
| Proceeds from option exercises | 60,913 | 555,173 |
| Principal lease payments | (65,320) | (85,793) |
| Proceeds from secured loan | 5,829,013 | 12,161,909 |
| Repayment of loans payable | (8,128,048) | (1,668) |
| Net cash provided by financing activities | 13,380,628 | 12,629,621 |
| Impact of currency translation on cash | 181 | 108 |
| Change in cash | 342,831 | (912,791) |
| Cash, beginning | 1,679,060 | 1,789,913 |
| Cash, end | 2,021,891 | 877,122 |

Supplemental cash flow information (Note 22)

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 Nine Months Ended June 30, 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, vertically integrated blockchain and data center technology company that mines bitcoin as well as develops, operates and manages end-to-end digital solutions to monetize the blockchain and artificial intelligence (AI) compute ecosystems. Focusing on its strategy and vision for blockchain and AI technologies, the Company strives to maximize the value it creates from all of its assets – from its Christina Lake, British Columbia-based data center facility, which includes its own substation, to its Systemic Trust Company subsidiary and Blockseer software platform, along with the continued strategic investments the Company has made and continues to make. 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 August 25, 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 |
|------------------------------|----------------------|--------------------|--------------------------|
| | June 30, 2025 | September 30, 2024 | |
| DMG-US, Inc. (“DMG-US”) | 100% | 100% | 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 Nine Months Ended June 30, 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, 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 Nine Months Ended June 30, 2025 and 2024

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

2. BASIS OF PRESENTATION (continued)

e) Future IFRS pronouncements and amendments (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.

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.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

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 June 30, 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 | 272.12 | 34,848,860 |
| Digital currency sold | (317.50) | (37,118,992) |
| Digital currency revaluation | - | 18,625,914 |
| Exchange differences | - | (801) |
| Balance, June 30, 2025 | 341.34 | 50,682,684 |

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 June 30, 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).

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 ETH and incomplete trades during the three months ended June 30, 2025.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

5. DIGITAL CURRENCY (continued)

As at June 30, 2025 the Company had 240.45 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:

| | June 30, 2025 | | September 30, 2024 |
|--------------------------------------|----------------------|-----------|---------------------------|
| Trade receivables | \$ 156,489 | \$ | 295,336 |
| Sales taxes recoverable | 2,146,744 | | 3,012,598 |
| Other receivables | 264,819 | | 216,035 |
| Receivable from Prime Trust (Note 5) | 1,446,691 | | 1,446,691 |
| Provision for doubtful accounts | (53,459) | | (60,409) |
| | \$ 3,961,284 | \$ | 4,910,251 |

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

| | June 30, 2025 | | September 30, 2024 |
|--|----------------------|-----------|---------------------------|
| Opening balance | \$ 60,409 | \$ | 54,868 |
| Bad debt expense (recovery) related to trade receivables | (6,950) | | 5,541 |
| | \$ 53,459 | \$ | 60,409 |

During the nine months ended June 30, 2025, the Company recorded a net recovery of provision for doubtful accounts of \$6,950 for expected credit recovery (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 \$32,578 (June 30, 2024: \$635,590) was required to be expensed, to result in a net sales tax recoverable of \$2,146,744.

Included in other receivables are accrued interest receivables of \$84,877 (September 30, 2024: \$Nil) on GIC investments. This interest is received upon the maturity of the investments (Note 9).

7. AMOUNT RECOVERABLE

| | June 30, 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 | (505,655) | | (634,511) |
| Loss on modification | - | | 674,300 |
| Ending balance | \$ 911,190 | \$ | 1,416,845 |
| Net Amount Recoverable | \$ 6,912,117 | \$ | 6,406,462 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

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:

| | | June 30, 2025 | | September 30, 2024 |
|--|-----------|--------------------------|-----------|-------------------------------|
| Fair value, opening | \$ | 316,803 | \$ | 386,984 |
| Loss on fair value change of marketable securities | | 77,915 | | (70,181) |
| | \$ | 394,718 | \$ | 316,803 |

As at June 30, 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. The GIC is pledged against a letter of guarantee at an interest rate of 2.05% which expires on December 17, 2025.

On March 17, 2025, the Company purchased a Guaranteed Investment Certificate ("GIC") issued by ATB Financial for \$1,600,000 at an interest rate of 2.25% which matures on March 12, 2026. The GIC is pledged against a letter of guarantee at an interest rate of 2.05% which expires on March 12, 2026.

On May 9, 2025, the Company purchased a Guaranteed Investment Certificate ("GIC") issued by ATB Financial for \$2,000,000 at an interest rate of 2.25% which matures on May 8, 2026.

Interest income on GIC investments of \$84,877 is accrued and recognized in other receivables (Note 6) and is received upon the maturity of the investments.

10. LONG-TERM DEPOSITS

| | | June 30, 2025 | | September 30, 2024 |
|---|-----------|----------------------|-----------|---------------------------|
| Security deposits | \$ | 58,071 | \$ | 1,856,345 |
| Deposits on mining equipment and data center infrastructure | | 8,316,737 | | 191,337 |
| | \$ | 8,374,808 | \$ | 2,047,682 |

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 June 30, 2025, \$50,930 (September 30, 2024 - \$1,649,399) of these funds 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.

The Company has made deposits of \$8,316,737 (USD \$6,000,000) (September 30, 2024 - \$191,337 (USD \$141,742)) relating to the purchase of miners and data center infrastructure.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 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 | - | 1,488,223 | 871 | 489,590 | 8,809,446 | 6,306 | - | 168,194 | 10,962,630 |
| Disposals | - | (375,896) | - | - | - | (3,581) | - | - | (379,477) |
| Reclassification from CIP | - | (2,805,513) | - | 2,820,784 | - | 6,093 | - | (21,364) | - |
| As at June 30, 2025 | 2,341,569 | 3,083,868 | 3,860,270 | 17,788,365 | 101,807,851 | 435,414 | 12,747 | 334,219 | 129,664,303 |
| 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 | - | - | 88,927 | 718,003 | 12,228,211 | 38,380 | 852 | 72,769 | 13,147,142 |
| Disposals | - | - | - | - | - | (1,952) | - | - | (1,952) |
| Reclassification | - | - | - | 12,818 | - | - | - | (12,818) | - |
| As at June 30, 2025 | - | - | 945,036 | 5,273,321 | 71,881,820 | 201,154 | 9,415 | 116,616 | 78,427,362 |
| 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 June 30, 2025 | 2,341,569 | 3,083,868 | 2,915,234 | 12,515,044 | 29,926,031 | 234,260 | 3,332 | 217,603 | 51,236,941 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

12. LONG-TERM INVESTMENTS

| | | June 30, 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 nine months ended June 30, 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:

| | | June 30, 2025 | September 30, 2024 |
|--|----|------------------|---------------------|
| Trade payables and accrued liabilities | \$ | 5,803,975 | \$ 4,815,217 |
| Trade payables and accrued liabilities - related parties (Note 16) | | 332,739 | 173,851 |
| Provincial sales taxes payable | | 30,700 | 41,137 |
| Legal expense accrual | | 136,374 | 136,374 |
| Refundable customer deposits on contracts | | 7,076 | 7,076 |
| Interest payable (Note 14) | | - | 9,452 |
| | \$ | 6,310,864 | \$ 5,183,107 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

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 | | (8,128,048) | | (8,128,048) |
| Loan proceeds | | 5,829,013 | | 5,829,013 |
| Accrued interest | | 1,062,627 | | 1,062,627 |
| Foreign exchange gain | | 11,101 | | 11,101 |
| As at June 30, 2025 | \$ | 12,703,155 | \$ | 12,703,155 |
| Current portion | | 12,703,155 | | 12,703,155 |
| Long-term portion | | - | | - |

During the nine months ended June 30, 2025, the Company incurred interest expense of \$1,062,627 (2024: \$178,656) which is recorded as finance costs under general and administrative expenses. This amount was paid with the no remaining accrued interest still owing as at June 30, 2025 (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 certain of the Company's digital currency assets (240.45 BTC at June 30, 2025), which are pledged and deposited with Sygnum. Because the collateral is subject to fluctuations in value, the Company may be required to provide additional collateral in order to restore the security margin on the loan.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

14. LOANS PAYABLE (continued)

As at June 30, 2025, \$12,411,275 (\$9,097,174 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 nine months ended June 30, 2025

On November 19, 2024, the Company closed a prospectus offering for 32,556,500 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 nine months ended June 30, 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 nine months ended June 30, 2024

During the nine months ended June 30, 2024, the Company issued 1,691,250 common shares in connection with the exercise of stock options for proceeds of \$555,175. As a result, \$1,049,649 has been reclassified from share-based payment reserve to share capital.

b) *Stock options*

Stock option activity for the nine months ended June 30, 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 nine months ended June 30, 2025.

On April 1, 2025, the Company granted 428,170 stock options to employees, and an officer of the Company. The options are exercisable at \$0.24 per option expiring on April 1, 2030. These options had a fair value of \$0.195 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.24; ii) share price: \$0.23; iii) term: 5.00 years; iv) volatility: 126%; v) risk free rate: 2.53%. The options vest 25% on each of the following: October 1, 2025, April 1, 2026, October 1, 2026, and April 1, 2027. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2025.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

15. SHARE CAPITAL AND RESERVES (continued)

b) Stock options (continued)

Stock option activity for the nine months ended June 30, 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 nine months ended June 30, 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 nine months ended June 30, 2024.

On June 5, 2024, the Company granted 1,406,090 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.61 per option expiring on June 5, 2029. These options had a fair value of \$0.53 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.61; ii) share price: \$0.60; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.43%. The options vest 25% on each of the following: March 5, 2025, September 5, 2025, March 5, 2026, and September 5, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2024.

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

| | June 30, 2025 | June 30, 2024 |
|-------------------------|---------------|---------------|
| Risk free interest rate | 2.53% | 3.28-3.57% |
| Expected term (years) | 5 | 5 |
| Expected volatility | 126% | 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 | 852,850 | 0.31 | |
| Expired | (1,537,125) | 1.19 | |
| Exercised | (184,585) | 0.33 | |
| Cancelled / Forfeited | (135,603) | 0.35 | |
| Balance, June 30, 2025 | 13,059,390 | 0.39 | 3.06 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

15. SHARE CAPITAL AND RESERVES (continued)**b) Stock options (continued)**

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

| Share-based compensation recognized | | |
|-------------------------------------|------------------|------------------|
| Grant date | June 30, 2025 | June 30, 2024 |
| | \$ | \$ |
| November 30, 2021 | - | 35,031 |
| May 9, 2022 | - | 52,013 |
| August 22, 2022 | - | 18,011 |
| September 30, 2022 | - | 59,027 |
| December 22, 2022 | 3,600 | 34,999 |
| January 5, 2023 | 932 | 8,019 |
| March 31, 2023 | 16,426 | 95,788 |
| April 26, 2023 | 3,291 | 22,422 |
| June 30, 2023 | 59,101 | 233,358 |
| September 20, 2023 | 48,131 | 193,322 |
| December 20, 2023 | 136,020 | 275,800 |
| March 20, 2024 | 190,912 | 167,056 |
| June 5, 2024 | 350,114 | 52,601 |
| August 7, 2024 | 7,149 | - |
| September 19, 2024 | 789,544 | - |
| December 23, 2024 | 465,030 | - |
| April 1, 2025 | 80,932 | - |
| Total | 2,151,182 | 1,247,447 |

The following table discloses the number of options outstanding as at June 30, 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 | 75,000 |
| 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 | 150,000 |
| 1,539,360 | \$0.33 | June 30, 2028 | 1,539,360 |
| 1,132,690 | \$0.29 | September 20, 2028 | 849,518 |
| 1,134,360 | \$0.53 | December 20, 2028 | 850,770 |
| 1,158,020 | \$0.58 | March 20, 2029 | 579,010 |
| 1,392,680 | \$0.61 | June 5, 2029 | 696,340 |
| 395,180 | \$0.48 | September 19, 2029 | 98,795 |
| 422,680 | \$0.38 | December 23, 2029 | 105,670 |
| 427,170 | \$0.24 | April 1, 2030 | - |
| 13,059,390 | | | 10,151,713 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

15. SHARE CAPITAL AND RESERVES (continued)*c) Warrants**Warrant activity for the nine months ended June 30, 2025*

On November 19, 2024, the Company issued 34,509,890 warrants in connection with a private placement financing.

Warrant activity for the nine months ended June 30, 2024

There was no warrant activity during the nine months ended June 30, 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, June 30, 2025 | 34,509,890 | 0.65 | 4.64 |

The following table discloses the number of warrants outstanding as at June 30, 2025:

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

*d) Restricted Share Units ("RSUs")**Restricted share unit activity for the nine months ended June 30, 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.

On April 1, 2025, the Company granted 1,050,000 RSUs to officers and directors of the Company. The RSUs fully vest on April 1, 2026, and have a grant date fair value of \$0.23.

The following table discloses the number of RSUs outstanding as at June 30, 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 |
| 1,050,000 | 0.23 | April 1, 2026 |
| 5,100,000 | | |

Restricted share unit activity for the nine months ended June 30, 2024

There was no restricted share unit activity during the nine months ended June 30, 2024.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

15. SHARE CAPITAL AND RESERVES (continued)

e) 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 Nine Months Ended | |
|-----------------------------------|----------------------------|---------------|---------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | \$ | \$ | \$ | \$ |
| Net income (loss) for the period | (381,154) | (3,837,937) | (6,830,506) | 3,136,768 |
| Weighted average number of shares | 203,242,018 | 168,975,567 | 197,363,999 | 168,937,426 |
| Basic earnings (loss) per share | (0.00) | (0.02) | (0.03) | 0.02 |

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 Nine Months Ended | |
|---|----------------------------|---------------|---------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | \$ | \$ | \$ | \$ |
| Net income (loss) for the period | (381,154) | (3,837,937) | (6,830,506) | 3,136,768 |
| Weighted average number of shares | 203,242,018 | 168,975,567 | 197,363,999 | 168,937,426 |
| Effect of dilutive securities: | | | | |
| Stock options | - | - | - | 3,559,063 |
| Warrants | - | - | - | - |
| Weighted average diluted shares outstanding | 203,242,018 | 168,975,567 | 197,363,999 | 172,496,489 |
| Diluted earnings (loss) per share | (0.00) | (0.02) | (0.03) | 0.02 |

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 Nine Months Ended | |
|-------------------------------|---------------------------|---------------|
| | June 30, 2025 | June 30, 2024 |
| Salaries, wages, and benefits | \$ 1,244,731 | \$ 1,197,861 |
| Consulting services | 538,500 | 331,291 |
| Share-based compensation | 1,987,602 | 1,150,702 |
| Total | \$ 3,770,833 | \$ 2,679,854 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party balances

As at June 30, 2025, \$332,739 (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 Nine Months Ended | |
|---|----------------------------|---------------|---------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | \$ | \$ | \$ | \$ |
| Digital currency mining | 11,439,757 | 7,837,112 | 34,848,860 | 28,498,625 |
| Mining equipment hosting and set up service | 126,424 | 297,309 | 459,841 | 952,277 |
| Net pool revenue | - | (54,699) | - | (2,360,900) |
| Software license income | - | - | - | 562,253 |
| Other income | 48,529 | 215,144 | 583,408 | 349,034 |
| | 11,614,710 | 8,294,866 | 35,892,109 | 28,001,289 |

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 three and nine months ended June 30, 2024, this resulted in a net loss of \$54,699 and \$2,360,900 respectively as the pool payouts exceeded the revenue.

During the nine months ended June 30, 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 nine months ended June 30, 2024.

The Company's deferred revenue consists of the following:

| | June 30, 2025 | September 30, 2024 |
|--|---------------|--------------------|
| Unearned revenue on hosting agreements | \$ 43,795 | \$ - |
| | \$ 43,795 | \$ - |

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 Nine Months Ended | |
|------------------------------|----------------------------|---------------|---------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | \$ | \$ | \$ | \$ |
| Utilities | 5,772,044 | 4,386,388 | 18,442,362 | 13,891,750 |
| Wages, contractors and other | 289,809 | 288,891 | 778,757 | 1,202,031 |
| Hosting fees | 457,746 | - | 1,603,420 | - |
| | 6,519,599 | 4,675,279 | 20,824,539 | 15,093,781 |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

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 Nine Months Ended | |
|--|----------------------------|------------------|---------------------------|------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | \$ | \$ | \$ | \$ |
| Consulting | 276,168 | 299,539 | 1,158,393 | 699,665 |
| General and administrative office expenses | 39,889 | 57,448 | 101,265 | 105,271 |
| Marketing, investor and public relations | 17,434 | 31,234 | 42,808 | 91,011 |
| Interest and bank charges | 324,700 | 271,627 | 1,098,589 | 478,000 |
| Insurance | 63,674 | 52,168 | 179,540 | 117,018 |
| Travel and entertainment | 31,705 | 53,538 | 121,755 | 102,213 |
| Professional fees | 451,755 | 247,818 | 1,071,990 | 808,563 |
| Regulatory and filing | 55,530 | 19,181 | 200,961 | 116,100 |
| Wages | 669,517 | 444,420 | 1,728,152 | 1,691,591 |
| | 1,930,372 | 1,476,973 | 5,703,453 | 4,209,432 |

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 directly subject to any capital requirements imposed by a regulator.

The Company's subsidiary, Systemic Trust Company Ltd., is required by the Minister of Finance of Alberta to maintain a minimum regulatory "capital base", as defined by the Province of Alberta's Loan and Trust Corporations Regulation, subject to a maximum of \$10,000,000, that is equal to the greater of \$2,000,000 or 0.50 per cent of assets under custody up to \$1,000,000,000 plus 0.2 per cent of assets under custody over \$1,000,000,000, in accordance with the calculation methodology approved by the Alberta Superintendent of Financial Institutions.

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY

a) *Fair Values of Financial Instruments and Digital Currency Measured at Fair Value on a Recurring Basis*

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:

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

a) Fair Values of Financial Instruments and Digital Currency Measured at Fair Value on a Recurring Basis

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.

| | Quoted prices in active markets for identical instruments Level 1 | Significant other observable inputs Level 2 | Significant unobserva- ble inputs Level 3 | Total |
|------------------------|---|---|--|---------------|
| June 30, 2025 | | | | |
| Short-term investments | \$ 9,116,500 | \$ - | \$ - | \$ 9,116,500 |
| Marketable securities | \$ 394,718 | \$ - | \$ - | \$ 394,718 |
| Digital currency | \$ - | \$ 50,682,684 | \$ - | \$ 50,682,684 |
| 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 |

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 net loss by \$20,273,000 (September 30, 2024: \$13,731,000) respectively (rounded to the nearest thousand). Historical performance of digital currency is not indicative of their future performance.

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

b) Management of Industry and Financial Risk (continued)

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.

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 June 30, 2025, no amounts were held as collateral.

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

| | June 30, 2025 | September 30, 2024 |
|--------------|---------------|--------------------|
| Current | \$ 1,443 | \$ - |
| 31- 60 days | - | 52,910 |
| 61 - 90 days | - | 53,848 |
| 91+ days | 155,046 | 188,578 |
| Total | \$ 156,489 | \$ 295,336 |

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at June 30, 2025, the Company has a working capital of \$47,549,568 (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 June 30, 2025 is \$50,682,684 (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, June 30, 2025:

| | Within 1 Year | 1 to 2 Years | 2 to 5 Years | More than 5 Years |
|--|---------------|--------------|--------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Trade payables and accrued liabilities | 6,310,864 | - | - | - |
| Lease obligations | 98,422 | 73,506 | 31,723 | - |
| Loan payable | 12,703,155 | - | - | - |
| Total | 19,112,441 | 73,506 | 31,723 | - |

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

b) Management of Industry and Financial Risk (continued)

Liquidity Risk (continued)

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.

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. At June 30, 2025, the Company held net financial assets of \$1,303,625 (September 30, 2024: assets of \$954,134) denominated in US dollars \$955,527 (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 \$131,000 (2024: \$96,000) (rounded to the nearest thousand).

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 June 30, 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 this digital currency would impact the Company's comprehensive net loss by \$20,273,000 (September 30, 2024: \$13,731,000) (rounded to the nearest thousand).

DMG Blockchain Solutions Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2025 and 2024

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

20. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCY (continued)

b) *Management of Industry and Financial Risk (continued)*

Price Risk (continued)

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 \$440,000 (September 30, 2024: \$362,000). A 20% change in the market price would result in a change in the net loss for the period of approximately \$88,000 (September 30, 2024: \$72,000).

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.

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 Nine Months Ended | |
|---|----------------------------------|----------------------|
| | June 30, 2025 | June 30, 2024 |
| | \$ | \$ |
| Receipt of equipment purchased through deposits in the prior year | 191,337 | 1,597,190 |
| Interest paid | 1,674,092 | 209,371 |
| Interest income | 505,655 | 751,347 |