

DMG Blockchain Solutions Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three Months Ended December 31, 2025

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 three months ended December 31, 2025. The MD&A provides a detailed account and analysis of the Company's financial and operating performance for the period. The Company's functional and reporting currency is the Canadian dollar. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended December 31, 2025, and the Company's audited consolidated financial statements for the Company's year ended September 30, 2025 and 2024, and other corporate filings available at www.sedarplus.ca ("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 February 25, 2026.

This document contains forward looking statements, including Future Oriented Financial Information ("FOFI") that relate to our current expectations and views of future events. Certain information contained herein and certain oral statements made are forward-looking and relate to DMG's business strategy, any estimate of potential earnings, the completion of any transaction including colocation contracts with potential customers, acquisition of additional miners, expected benefits and outcomes of hydro cooling, product development including the development and completion of Bitcoin pools and other Blockseer products, blockchain platforms, forensics and data analytics, timing of product development, events, courses of action, expected price of bitcoin and other digital assets, access to power, upgrading facility, expected hash-rates, the potential of DMG's technology, regulatory approvals and other matters. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as "anticipate," "objective," "may," "will," "might," "should," "could," "can," "intend," "expect," "believe," "estimate," "predict," "potential," "plan," "is designed to", "project", "continue" or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements may include, among other things, statements about: our expectations regarding our expenses, sales and operations; our future customer concentration; our anticipated cash needs and our estimates regarding our capital requirements and our need for additional financing; our ability to anticipate the future needs of our customers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate.

The securities of DMG are considered highly speculative due to the nature of DMG's business. Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, business, economic and capital market conditions; the ability to manage our operating expenses, which may adversely affect our financial condition; our ability to remain competitive as other better financed competitors develop and release competitive products; regulatory uncertainties; market conditions and the demand and pricing for our products; the demand and pricing of bitcoin; security threats, including a loss/theft of DMG's bitcoin; our relationships with our customers, distributors and business partners; our ability to successfully define, design and release new products in a timely manner that meet our customers' needs; our ability to attract, retain and motivate qualified personnel; competition in our industry; our ability to maintain technological leadership; the impact of technology changes

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on our products and industry; our failure to develop new and innovative products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect our business; our ability to manage working capital; and our dependence on key personnel. DMG may not actually achieve its plans, projections, or expectations.

Factors that could cause actual results to differ materially from those in forward-looking statements include, failure to obtain regulatory approval, the continued availability of capital and financing, equipment failures, lack of supply of equipment, power and infrastructure, failure to obtain any permits required to operate the business, the impact of technology changes on the industry, the impact of viruses and diseases on the Company's ability to operate, secure equipment, and hire personnel, competition, security threats including stolen bitcoin from DMG or its customers, consumer sentiment towards DMG's products, services and blockchain technology generally, decrease in the price of bitcoin and other digital assets, increase in difficulty rate when mining bitcoin, failure to develop new and innovative products, litigation, increase in operating costs, increase in equipment and labor costs, failure of counterparties to perform their contractual obligations, government regulations, loss of key employees and consultants, and general economic, market or business conditions.

Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Neither we nor any of our representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of the information in this presentation. Neither we nor any of our representatives shall have any liability whatsoever, under contract, tort, trust or otherwise, to you or any person resulting from the use of the information in this presentation by you or any of your representatives or for omissions from the information in this presentation.

DESCRIPTION OF THE BUSINESS

DMG Blockchain Solutions Inc. is a sustainably focused, vertically integrated digital asset and data center technology company that mines bitcoin as well as develops, operates and manages end-to-end digital solutions to monetize the digital asset and artificial intelligence (AI) compute ecosystems. Focusing on its strategy and vision for digital asset 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 business lines are referred to as Data Center Infrastructure (Core) and Digital Asset Software and Services (Core+).

DMG's DATA CENTER INFRASTRUCTURE BUSINESS (CORE)

1. Christina Lake, BC Data Center Facility

DMG operates its data center in Christina Lake, BC. The data center is 100% owned by DMG and includes an 85-megawatt substation and a 27,000 square foot building on a 33-acre property. Owning this asset gives the Company advantages in power infrastructure, which is the foundation of any data center operation. By

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owning its infrastructure, DMG is not only independent from leases and landlords but also avoids the need to draw energy from the community where it operates its data centers. The Company continues to actively focus on cash and crypto asset generation at Christina Lake.

DMG is making a transition from utilizing air-cooled infrastructure to the latest generation of direct liquid cooling (DLC) technologies, which include immersion cooling and hydro. DLC is an operational advance, as it allows for significantly improved heat transfer rates and an associated ability to increase hardware performance. DMG's objective for adopting DLC technology is to increase energy efficiency as well as be able to access the industry's most advanced silicon technology.

In October of 2024, the Company purchased its first six megawatts of hydro mining containers, and in November 2024, it purchased 214 units of the Bitmain S21 Hydro and 1,050 units of the Bitmain S21+ Hydro miners to fill the six megawatts of hydro mining containers. Combined, these generate approximately 0.4 EH/s of hashrate. DMG fully deployed these miners in May 2025 and reached a total fleet hashrate of 2.1 EH/s, although it has been operating below this potential.

In December 2025, DMG announced an update to its Christina Lake AI development strategy, providing guidance for a gradual transition of its Christina Lake data center facility from Bitcoin mining to Artificial Intelligence that would span several years. DMG affirmed that, while bitcoin mining is expected to migrate from its Christina Lake facility, mining remains a part of the Company's future business strategy. DMG withdrew its previously set end-of-calendar-year hashrate target of 3 EH/s.

2. Malahat Nation Data Center and Utility Partnerships

To support longer term expansion, DMG continues to have ongoing discussions with multiple parties about new data center sites for both Bitcoin mining as well as AI computing.

In October 2024, DMG announced the signing of a Memorandum of Understanding ("MOU") with Malahat Nation's Economic Development Corporation ("Malahat") to develop a total of 30 megawatts of AI data centers, evenly split between the two parties. DMG plans to develop its portion of the AI infrastructure at its Christina Lake facility, while Malahat will focus on expanding its infrastructure on its lands on Vancouver Island. Both parties are committed to using clean energy sources within British Columbia, aligning with the province's sustainability goals. Together, they emphasize the importance of Indigenous-owned and partnered technology projects powered by clean energy, ensuring that Indigenous communities, industry and government collaborate to deliver shared economic benefits to local communities while contributing to British Columbia's low-carbon future. The project will be managed through a general partnership led by DMG, subject to the execution of a definitive agreement between the parties, which is currently in development. It is expected that DMG will take responsibility for developing, managing and operating both data centers. The Company believes this partnership has the potential to be a blueprint for similar development among Indigenous communities that could be replicated throughout Canada.

In October 2025, the Company announced an additional Memorandum of Understanding with Malahat, stating the intent to create the Malahat-DMG Utility Limited Partnership – a Malahat majority-owned private and regulated utility that will provide electricity and natural gas to emerging clean technology and digital infrastructure projects on Malahat lands. Both Memorandums of Understanding are expected to result in

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definitive agreements, which, in tandem, would create the utility that, in turn, powers the AI data center facility and all community infrastructure located on Malahat Nation lands near Mill Bay, BC.

3. Boardman, Oregon Acquisition

In November 2025, DMG announced the signature of a letter of agreement and deposit paid to purchase real property located in Boardman, Oregon. The 27,600 square foot building is situated on 8 acres of leased land with an option to lease an additional adjacent lot of 10 acres. The building is currently connected to 3.75 megawatts of power, with DMG pursuing expansion discussions with the local utility. While the Company is focused in the shorter term on building out AI infrastructure and capitalizing on opportunities related to AI sovereignty in Canada, management views this acquisition as a necessary step to position the Company for the larger, long-term opportunity within the US market. On February 6, 2026, the Company withdrew timing guidance and emphasized that there is no certainty that the acquisition will be completed.

DMG's DIGITAL ASSET SOFTWARE AND SERVICES (CORE+)

While the majority of the Company's revenue is derived from its Core business, DMG anticipates its Core+ business will see significant growth in the coming years. DMG's Core+ strategy is based on delivering a platform to monetize Bitcoin Blockchain Infrastructure Software and Digital Asset Transaction Applications. Bitcoin Blockchain Infrastructure provides the foundation for DMG's carbon neutral Bitcoin ecosystem by generating blocks for carbon neutral transactions to be placed on the Bitcoin blockchain. Digital Asset Transaction Applications in turn provide the enablement to fill those blocks with transactions from financial institutions and content creators.

1. Digital Asset Transaction Applications

Systemic Trust: In February 2024, DMG announced it committed \$3.5 million to establish a Calgary, Alberta based independent digital asset custody solution for institutional clients. Systemic Trust is a wholly owned subsidiary of DMG that, under Canadian securities legislation, meets the requirements of National Instrument 31-103 and National Instrument 81-102 for providing regulated digital asset custody services to registered entities. Systemic Trust utilizes institutional-grade wallet solutions and intends to serve a broad range of institutional clients, including financial institutions, asset managers, corporations, and public sector organizations.

On August 6, 2024, the Company received approval from Alberta's Ministry of Treasury Board and Finance (ATBF) for the incorporation of Systemic Trust. On January 28, 2025, the Company announced Systemic Trust obtained a certificate of registration from ATBF to operate as a special purpose trust company under the Loan and Trust Corporations Act of Alberta to provide secure custody of digital assets for institutional clients such as crypto trading platforms, banks, asset managers, corporations and government agencies that either manage cryptocurrencies, or are seeking to expand their business into cryptocurrency services.

DMG's capital commitment is another step towards fully realizing the monetization goals of its Core+ strategy and its mission to advance broader digital asset adoption by building credibility and trust in digital assets for investors. DMG is bringing together secure institutional wallet solutions leveraging Fireblocks technology, strong insurance policies, rigorous risk management practices, best in class off-exchange liquidity as well as

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innovative OFAC compliant and carbon neutral blockchain solutions to meet institutional demand. DMG continues to evaluate the need to provide additional capital to support the operational and regulatory requirements of Systemic Trust’s business as it expands. Already acting as a regulated custodian for a portion of DMG’s digital currency, the Systemic Trust team is focused on gaining customer adoption, ramping revenue, and broadening its platform capabilities throughout the fiscal 2026 year.

Reactor.xyz: Purchased from Navier, Inc. in October 2024, Reactor.xyz (“Reactor”) is a highly-optimized solution to automate and manage hashrate contracts. A hashrate contract allows Bitcoin miners, which typically sell hashrate directly to a Mining Pool Operator (MPO), to sell their hashrate to buyers willing to pay upfront for a specified term. These buyers are typically incentivized by a discount compared to what the sellers would be expected to earn in bitcoin payouts over the contract period. For sellers, this arrangement provides faster access to payment, serving as a valuable treasury management tool akin to factoring receivables. Reactor’s key enabling technology assures that the hashrate transferred from seller to buyer meets the contract’s requirements for the entirety of its term. Specifically unique to the software, for which there are several patent applications, is its balancing algorithm that assures consistent hashrate delivery. Having been developed and operating over the past several years, Reactor is a proven solution. The Company intends to further develop Reactor to optimize its use within its Blockseer platform with expected availability and integration into Terra Pool in fiscal 2026.

Blockseer Explorer: Launched in 2015, Explorer is an analytics tool that enables the tracking of cryptocurrency on the Bitcoin and Ethereum blockchains. The Company has upgraded Blockseer Explorer for Bitcoin and is offering it as a general-purpose bitcoin transaction explorer with the ability to generate downloadable bitcoin transaction history activity for any given wallet as well as set up wallet activity alerts. The Company no longer intends additional development of Blockseer Explorer in the near term.

2. Digital Asset Infrastructure Software

Terra Pool (formerly Blockseer Mining Pool): Launched in June 2022, Terra Pool, the world’s first carbon neutral Bitcoin mining pool, 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 the Core+ ecosystem, Terra Pool integrates with DMG’s other Blockseer products, including Helm DCIM (data center infrastructure management) and WalletScore (real-time transaction compliance) to provide Bitcoin Computing Service Providers (CSPs) with not only quality operations data but also a new standard in mining compliance and governance. DMG is currently recruiting CSPs with the objective of onboarding them onto the Terra Pool platform.

Terra Pool operates on a Full-Pay-Per-Share (FPPS) payout system by which CSPs are paid for sale of their hashrate to their respective MPOs. With FPPS, Terra Pool pays 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. The payout formula is based on the current network difficulty and the network transaction fees over a specific prior 24-hour period to derive a payout for a given amount of purchased hashrate. The CSP’s average hashrate during that period is multiplied by the calculated 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. Terra Pool was non-operational and did not generate revenue

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during the year. Management anticipates that Terra Pool, which is currently undergoing testing, will be returned to active market operation during the fiscal year ending September 30, 2026.

Helm DCIM (Data Center Infrastructure Management): Launched in 2018, Helm DCIM assists Bitcoin Computing Service Providers (CSPs) to maximize overall Bitcoin mining fleet profitability. This real-time platform monitors key facility metrics, including individual and pooled hashrates, miner and facility temperature, power consumption as well as other data center facility network elements, allowing CSP staff to make real-time adjustments and repairs. DMG intends to continue to develop Helm DCIM into a comprehensive best-in-class tool for use with both air-cooled and DLC Bitcoin mining fleets that includes support for demand response programs, intelligent rules-based facility management, site mapping and asset management. These improvements have been internally deployed during the fiscal year, supporting DMG's mining operations within the Christina Lake facility. The Company intends to promote this comprehensive version of Helm DCIM along with new enhancements to the broader market as part of an integrated solution with Terra Pool during the fiscal 2026.

Blockseer Petra: The Company launched Petra in February 2023 on the Bitcoin mainnet. Petra enables financial institutions and others to place bitcoin transactions onto the blockchain via Terra Pool in a carbon neutral and regulatory compliant manner. We believe Petra will provide regulated financial institutions new options to become more directly involved with bitcoin. DMG is currently working with its ecosystem partners including its Systemic Trust subsidiary and Fireblocks to enable a broader base of bitcoin holders to utilize Petra technology.

Blockseer WalletScore: Launched in 2018, the original version of WalletScore measured the propensity of a crypto wallet to engage in criminal activity, identifying wallets related to unusual activities such as funding crimes or money laundering. Currently, WalletScore's technology is the basis for filtering out in real-time nefarious transactions associated with blacklisted wallet addresses published by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC).

Blockseer Breeze: This software wallet product has been implemented on Terra Pool for use to distribute earned rewards to its CSPs. 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 content back to the original block.

Bitcoin Market Trends

For the quarter ended December 31, 2025, compared to the quarter ended September 30, 2025, bitcoin price decreased 11.6% (quarter average vs prior quarter average) to \$139,171. Concurrently, the Bitcoin network hashrate and difficulty increased by 11.5% and 15.8% respectively (quarter average vs prior quarter average) to 1,072 EH/s and 150.4 trillion. Bitcoin mining network revenue per EH decreased 24.0% from the prior quarter to \$5.4 million on lower bitcoin pricing combined with an increase in network difficulty.

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In January 2024, the U.S. Securities and Exchange Commission (SEC) approved applications from multiple firms to create U.S.-listed spot bitcoin ETFs. These include some of the largest U.S. financial services firms such as Blackrock and Fidelity. These spot bitcoin ETFs have improved accessibility to, and market sentiment on bitcoin, potentially attracting new investors and continuing to have a positive impact on bitcoin price. More recently, the regulatory environment for cryptocurrency in the U.S. has become more favorable, especially with the passage of recent legislation. Additionally, it is possible that the U.S. government could establish a sizable bitcoin reserve and/or include bitcoin in a to-be-established U.S. sovereign wealth fund that could grow over an extended period, which in turn may encourage U.S. states and other governments globally to adopt bitcoin as a tool for diversifying state-held assets. These potential secular demand drivers along with more individuals, investment funds and corporations including bitcoin in their retirement accounts, financial portfolios and treasuries could collectively be supportive of bitcoin pricing in the long-term.

Future changes in the Bitcoin network mining difficulty or 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 most recent Bitcoin halvening (also referred to as halving) occurred on April 19, 2024. The halvening is a process designed to control the overall supply and reduce the risk of inflation in bitcoin. At a predetermined block, the mining block subsidy is cut in half. A Bitcoin halvening is scheduled to occur once every 210,000 blocks or roughly every four years until the total amount of newly issued bitcoin reaches 21 million, which is expected to occur around the year 2140. DMG believes that despite potential short-term decreases in profitability, the market variables of the Bitcoin network will adjust over time so that mining remains profitable, and thus DMG continues to make investments towards increasing its hashrate along with improving its overall mining fleet efficiency through the purchase of additional new technology miners.

QUARTERLY HIGHLIGHTS

- On October 28, 2025, the Company announced an MOU with Malahat to establish an Indigenous-Led regulated utility that will provide electricity and natural gas for clean energy and AI infrastructure projects on Malahat lands.
- On November 4, 2025, the Company announced that it had signed a letter of agreement to acquire a 27,600 square-foot facility on eight acres of land in Boardman, Oregon. The property includes access to 3.75MW of power with the potential to expand through ongoing discussions with the local utility. On February 6, 2026, the Company withdrew timing guidance and emphasized that there is no certainty that the acquisition will be completed.
- On December 4, 2025, DMG announced an update to its Christina Lake AI development strategy, providing guidance for a gradual transition of its Christina Lake data center facility from Bitcoin mining to Artificial Intelligence that would span several years. DMG affirmed that, while bitcoin mining is expected to migrate from its Christina Lake facility, mining remains a part of the Company's future business strategy. DMG withdrew its previously set end-of-calendar-year hashrate target of 3 EH/s.
- On February 6, 2026, the Company announced that during the three months ended December 31, 2025, the Company was awarded a \$1.5 million energy efficiency incentive related to the deployment of hydro direct liquid cooled (DLC) server technology at its Christina Lake data center facility.
- During the three months ended December 31, 2025, the Company received 68.54 bitcoin in its wallets from mining activity and ended the period with a balance of 402.90 bitcoin.

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OVERALL PERFORMANCE

Revenue decreased from \$11.6 million for the three months ended December 31, 2024 (“Q1 fiscal 2025”) to \$11.2 million for the three months ended December 31, 2025 (“Q1 fiscal 2026”). The decrease in revenue is attributable to a \$1.8 million decrease in digital currency mining revenues, partially offset by other revenue of \$1.5 million related to an energy efficiency incentive. The decrease in mining revenue is the result of lower average Bitcoin economics in Q1 fiscal 2026 compared to Q1 fiscal 2025.

The Company continues to focus on self-mining and development of software that monetizes bitcoin transactions as it pursues its AI strategy.

Net loss decreased by \$0.9 million from a net loss of \$3.1 million for Q1 fiscal 2025 to a net loss of \$2.2 million for Q1 fiscal 2026. The reduced loss is primarily a result of a reduced operating loss resulting from the energy incentive payment and foreign exchange.

Net income / loss and comprehensive income / loss decreased by \$28.7 million from income of \$12.2 million in Q1 fiscal 2025 to a loss of \$16.5 million in Q1 fiscal 2026. This is primarily the result of a \$15.3 million unrealized revaluation gain in Q1 fiscal 2025 compared to a \$14.3 million unrealized valuation loss in Q1 fiscal 2026, partially offset by the \$0.9 million reduction in net loss.

Total assets as at December 31, 2025 were \$122.0 million (September 30, 2025 - \$132.0 million), a decrease of \$10.0 million. The decrease is attributable to the \$6.0 million decreased in valuation of its digital assets and \$3.1 million decrease in its fixed assets as a result of quarterly depreciation.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2025

Operating and maintenance expenses for Q1 fiscal 2026 were \$6.7 million consistent with Q1 fiscal 2025.

General and administrative costs for Q1 fiscal 2026 were \$1.9 million consistent with Q1 fiscal 2025 general and administrative costs of \$1.8 million. The main driver of the increase was higher consulting fees during Q1 fiscal 2026 as the Company makes investments in its AI strategy.

Share-based compensation for Q1 fiscal 2026 was \$0.6 million consistent with Q1 fiscal 2025 share based compensation of \$0.7 million.

Research costs for Q1 fiscal 2026 were \$0.6 million which remained relatively stable compared to \$0.6 million for Q1 fiscal 2025.

Depreciation for Q1 fiscal 2026 was \$3.5 million compared to \$4.3 million in Q1 fiscal 2025. The \$0.8 million decrease is primarily driven by the declining balance depreciation method, which results in higher depreciation charges immediately following asset activation. There were significant additions in fiscal 2023 and early in fiscal 2024 which resulted in higher depreciation expense for Q1 fiscal 2025 as compared to Q1 fiscal 2026.

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	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
	Q1	Q4	Q3	Q2
Revenue	11,174,149	11,444,961	11,614,710	12,644,574
Bitcoin earned from mining¹	68.54	72.09	84.27	90.79
Net loss	(2,190,411)	(3,437,463)	(381,154)	(3,346,351)
Comprehensive income (loss)	(16,456,643)	19,054,485	9,721,739	10,177,916
Basic earnings (loss) per share	(0.01)	(0.02)	(0.00)	(0.02)
Diluted earnings (loss) per share	(0.01)	(0.02)	(0.00)	(0.02)
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
	Q1	Q4	Q3	Q2
Revenue	11,632,825	5,898,794	8,294,866	10,015,659
Bitcoin earned from mining	97.06	65.54	86.67	152.81
Net income (loss)	(3,103,001)	(8,366,329)	(3,837,937)	2,215
Comprehensive income (loss)	12,185,030	(8,721,788)	(8,650,927)	15,463,152
Basic earnings (loss) per share	(0.02)	(0.05)	(0.02)	0.00
Diluted earnings (loss) per share	(0.02)	(0.05)	(0.02)	0.00

Summary of Quarterly Results

- Revenue decreased \$0.3 million for Q1 fiscal 2026 compared to the three months ended September 30, 2025 (“Q4 fiscal 2025”). The decrease in revenue was due to \$1.8 million lower mining revenue, partially offset by a \$1.5 million hydro efficiency incentive payment. Mining revenue decreased due to the significantly lower hashprice realized in Q1 fiscal 2026 compared to Q4 fiscal 2025. The number of Bitcoin mined decreased by 3.55 in Q1 fiscal 2026 to 68.54 from 72.09 Bitcoin in Q4 fiscal 2025. The average price of Bitcoin also decreased 11.6%.
- Revenue decreased by \$0.2 million for the three months ended September 30, 2025 compared to the three months ended June 30, 2025. Bitcoin earned from mining for the three months ended September 30, 2025 of 72.09 resulted in a decrease of 12.18 as compared to 84.27 Bitcoin earned in the three months ended June 30, 2025. Although the average price of Bitcoin increased from \$136,150 to \$157,445, contributing to relatively unchanged revenues on a dollar basis, the Company’s revenue denominated in Bitcoin decreased. This reduction resulted from two primary factors: planned substation maintenance in August, which led to approximately four days of scheduled downtime, and an upward difficulty adjustment of the Bitcoin network. Net loss increased from the prior quarter by \$3.1 million, mainly due to a one-time derecognition of 1,828 unproductive miners, contributing to a loss on disposition of assets of \$2.4 million and 14,795 miners in the Company’s inventory.
- Revenue decreased by \$1.0 million for the three months ended June 30, 2025 compared to the three months ended March 31, 2025. Bitcoin earned from mining for the three months ended June 30, 2025 of 84.27 resulted in a decrease of 6.52 as compared to 90.79 Bitcoin earned in the prior period. The

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.

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average price of bitcoin increased from \$134,288 to \$136,150 however the Company's offset by a decrease in the Company's mining performance relative to the upward difficulty adjustment of the Bitcoin network between periods. Net loss decreased from the prior quarter by \$3.0 million, mainly due to reduction in operating and maintenance costs, realized gains on sale of digital currency, and foreign exchange gains compared to the prior quarter.

- Revenue increased by \$1.0 million for the three months ended March 31, 2025 compared to the three months ended December 31, 2024. Bitcoin earned from mining for the three months ended March 31, 2025 of 90.79 resulted in a decrease of 6.27 as compared to 97.06 Bitcoin earned in the prior period. Offsetting this decrease, the average price of bitcoin increased from \$134,288 to \$116,580. Net loss increased from the prior quarter by \$0.2 million, mainly due to the increase in interest expense related to the Company's loans payable.
- Revenue increased by \$5.7 million for the three months ended December 31, 2024 compared to the three months ended September 30, 2024. Revenue increases are mainly attributed to the increase in bitcoin earned from mining of 97.06 as compared to 65.54 in the prior period. The average price of bitcoin increased from \$49,006 to \$116,580. Net loss decreased from the prior quarter by \$5.3 million, mainly due to the increase in revenue related to bitcoin mining.
- Revenue decreased by \$2.4 million for the three months ended September 30, 2024 compared to the three months ended June 30, 2024. Revenue decreases are mainly attributed to the decrease in bitcoin earned from mining of 65.54 as compared to 86.67 due to the April 19, 2024 halvening event, the increase in network difficulty and decrease in the price of bitcoin from an average of \$89,990 to \$83,290. Net loss increased from the prior quarter by \$4.5 million as a result of decreases in revenue as described above.
- Revenue decreased by \$1.7 million for the three months ended June 30, 2024 compared to the three months ended March 31, 2024. Revenue decreases are mainly attributed to the decrease in bitcoin earned from mining of 86.67 as compared to 152.81 due to the halvening that occurred in April 2024. The decrease in the amount of bitcoin mined was offset by increases in the price of bitcoin from an average of \$71,851 to \$89,990. Net loss increased from the prior quarter by \$3.8 million as a result of decreases in revenue as described above and increases in depreciation of \$1.2 million due to addition of miners in the quarter.
- Revenue increased by \$0.3 million for the three months ended March 31, 2024 compared to the three months ended December 31, 2023. Mining revenue increased by \$1.1 million is attributed to the increase in average price of bitcoin of \$71,851 as compared to the prior quarter of \$49,006, offset by a decrease in bitcoin earned from mining 195.93 as compared to 152.81. The Company recognized software license income of \$0.6 million in the prior period that was non-recurring. Net income decreased from the prior quarter by \$6.8 million due to an increase in unrealized loss on revaluation of digital currency of \$7.1 million.
- Revenue increased by \$4.0 million for the three months ended December 31, 2023 compared to the three months ended September 30, 2023. Mining revenue increased by \$4.3 million due to the installation of additional miners increasing bitcoin earned from mining from 144.87 to 195.93. Net income increased from the prior quarter by \$9.7 million due to an increase in revenue as discussed above and an increase in unrealized gain on revaluation of digital currency of \$3.9 million.

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LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2025, the Company had positive working capital of \$39.5 million (September 30, 2025: \$52.8 million). The \$13.3 million decrease in working capital primarily relates to a \$6.0 million decrease in the value of digital currency, a \$5.3 million increase in the current portion of loans and a \$0.7 million increase in accounts payable.

The Company incurred cash outflows from operations in Q1 fiscal 2026 of \$5.6 million compared to cash outflows \$2.7 during Q1 fiscal 2025. The primary driver of this \$2.9 million increased use of cash was a \$6.1 million reduction in Bitcoin sold in the quarter, partially offset by a \$1.8 million reduction in Bitcoin revenue and \$2.3 million increase in cash from accounts payable.

Cash outflows from investing activities for Q1 fiscal 2026 were \$0.2 million compared to \$15.2 million in Q1 fiscal 2025. In the prior year period, the Company made various investments, including \$9.6 million in purchase of property, including deposits on mining equipment and the purchase of \$5.5 million in short term investments.

Cash inflows of \$5.1 million from financing activities during Q1 fiscal 2026 are mainly attributed to proceeds from the Company's Sygnum Bank credit facility. Cash inflows from Q1 fiscal 2025 of \$20.5 million are from share issuances of \$15.7 million and from \$5.8 million in proceeds from the Company's Sygnum Bank credit facility, partially offset by a \$1.0 million repayment of the Company's mortgage payable.

As at December 31, 2025, the Company had 402.90 Bitcoin valued at \$48.4 million, of which 210.45 are pledged as collateral to Sygnum Bank.

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

Reconciliation of Use of Proceeds from Financing Activities

On November 19, 2024, the Company closed its overnight marketed short form prospectus financing pursuant to which the Company issued 32,556,500 units at a price of \$0.53 per unit for gross proceeds of \$17,254,945.

The following table sets out a comparison of how the Company used the proceeds during the period following the short form prospectus financing closing date in November 2024, an explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

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Intended Use of Net Proceeds of November 2024 Prospectus Offering of Units		Actual Use of Proceeds from Offering	(Over)/Under Expenditures
Purchase and Deployment of Hydro-Miners for Six 1MW Hydro Mining Containers	\$ 10,001,800	8,891,248	1,110,552
Working Capital	7,253,145	7,253,145	-
Total	\$ 17,254,945	16,144,393	1,110,552

Significant Events, Milestones or Objectives

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

- The Company has set an objective to begin transitioning its Christina Lake site development strategy away from digital currency mining to a focused effort with one or more partners to build a world-class 50-megawatt Critical IT Load (CITL) liquid-cooled AI data center to support the latest generation of GPU hardware, capitalizing on its access to renewable, transmission-grade power. This will involve migrating Bitcoin mining operations away from the Christina Lake site.
- Despite withdrawing its previous guidance for a calendar 2025 hashrate target of 3 EH/s, mining is expected to remain a part of the Company's future as a foundational element of its digital asset financial services strategy. The Company will focus on improving the operational efficiency of its existing Bitcoin mining fleet, including leveraging its hydro-powered miners. Additionally, it plans to establish a new data processing center outside of British Columbia.
- The Company will continue to develop its software and related services through engineering, R&D, and partnerships to meet the current and anticipated needs of its customers, with the goal of enabling a carbon-neutral Bitcoin ecosystem. This includes:
 - **Systemic Trust Company (STC):** Focus on onboarding custody clients and expanding the platform capability beyond custody. STC has added the capability to send bitcoin in a regulatory-compliant and carbon-neutral manner by integrating its Petra technology with Fireblocks' custody solution and Terra Pool.
 - **Software Suite:** Leverage Blockseer Explorer, which has been relaunched as part of DMG's digital asset software suite to help Bitcoin-native operators (like miners and self-custody treasuries) track wallet activity and export transaction data. DMG intends to continue to develop Helm DCIM into a comprehensive best-in-class tool for use with both air-cooled and DLC Bitcoin mining fleets that includes support for demand response programs, intelligent rules-based facility management, site mapping and asset management.
- The Company will continue to manage cash flows to optimize the timing of expenditures and focus on a lean structure to achieve specific objectives. This involves exploring future funding in fiscal 2026 through debt, equity, or a combination thereof, subject to market conditions, to support growth.

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

SHARE CAPITAL ACTIVITY

Share capital activity for the three months ended December 31, 2025

During the three months ended December 31, 2025, the Company issued 1,023,344 common shares in connection with the vesting of previously granted restricted units and 187,930 common shares in connection with the exercise of stock options for proceeds of \$65,396. As a result, \$815,013 has been reclassified from share-based payment reserve to share capital.

Share capital activity for the three months ended December 30, 2024

On November 19, 2024, the Company closed a prospectus offering for 32,556,500 units for gross proceeds of \$17.3 million. Each unit consists of one common share and one warrant. Each warrant is exercisable at \$0.65 until November 19, 2029.

In connection with the financing, the Company incurred finders' fees of \$1.0 million, legal and other fees of \$0.5 million and issued 1,953,390 warrants to its underwriters. The underwriters' warrants are exercisable into one common share at \$0.65 until November 19, 2029.

During the three months ended December 31, 2024, the Company issued 184,585 common shares in connection with the exercise of stock options for proceeds of \$60,913. As a result, \$0.2 million has been reclassified from share-based payment reserve to share capital.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 206,354,223 common shares issued and outstanding, 34,509,890 warrants issued and outstanding, 13,237,810 stock options issued and outstanding, and 4,375,000 restricted share units issued and outstanding.

FINANCIAL INSTRUMENTS, DIGITAL CURRENCIES AND RISK MANAGEMENT

For a discussion on the Company's financial instruments, industry and financial risk, see note 22 of the Company's Condensed Consolidated Interim Financial Statements for the three months ended December 31, 2025.

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

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

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transactions and outstanding balances relating to key management and entities over which key management have control or significant influence were as follows:

		For the periods ended December 31,	
		2025	2024
Salaries, wages, and benefits	\$	309,697	\$ 197,506
Consulting services		114,008	114,925
Share-based compensation		521,073	620,953
Total	\$	944,778	\$ 933,384

(b) Related party balances

As at December 31, 2025, \$284,759 (September 30, 2025 – \$302,877) was owed to key management for outstanding salaries, wages and benefits, and consulting services and included in trade and other payables.

		December 31,	September 30,
		2025	2025
Sheldon Bennett	\$	179,657	\$ 175,905
Jenya Bennett		64,503	62,709
Steven Eliscu		24,325	-
Adrian Glover		16,274	57,192
John Place		-	1,269
Heather Sim		-	1,039
John D. Abouchar		-	4,493
Total	\$	284,759	\$ 302,877

Off-Balance Sheet Transactions

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

Adoption of new and revised IFRS standards

For adoption of new and future IFRS standards see note 2 of the Company's Condensed Consolidated Interim Financial Statements.

SIGNIFICANT ACCOUNTING JUDGMENTS 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.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the applicability of the Company's accounting policies and the reported amount of

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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.

Judgments**Going concern**

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, including volatility of digital currency price, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

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 "cryptocurrency mining." As consideration for these services, the Company receives digital currency from each specific network in which it participates. Management has exercised significant judgment 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 judgment and is based on the value of the cryptocurrency earned at the date of addition, at the rates identified on Yahoo.com.

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 judgment 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 and made adjustments of these refunds given the probability of collection and determined that the remaining balance of outstanding claims are likely to be collected given current rulings and the status of the ongoing review.

Income taxes

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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.

Assessment of indicators of impairment

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when required by IFRS. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Recoverability of digital currencies held with a custodian in receivership

The Company holds digital currencies, Bitcoin and Ether, with Prime Trust, a custodian in receivership with the State of Nevada. The recoverability of these digital currencies has been determined by management based on information available regarding the legal proceedings and the categorization of the property held as either state property or depositor property.

Intangible assets other than digital currencies

Management has applied significant judgment in determining the accounting treatment for intangible assets other than digital currencies. Judgment was exercised to confirm that all technical feasibility, economic viability, and future probable economic benefits criteria set out in IAS 38 Intangible Assets were met to justify capitalizing both internally generated and acquire assets, and in the determination of indefinite useful life results in the absence of amortization, directly impacting the Statement of Loss and Comprehensive Loss.

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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.

Key assumptions in the impairment assessment are modelled based on future events. As at June 30, 2025, the most sensitive assumptions in the development of the model are bitcoin price, network difficulty and energy cost.

Useful life of digital currency 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 Note 3(c)). The rate at which the Company

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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 means that more recently developed hardware is more economically efficient to run. This is reflected 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 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 asset economics. The assumptions used 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, calculated monthly, 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 17.

PROPOSED TRANSACTIONS

There are no proposed transactions as at the date of this document other than as noted in the Commitments note below.

COMMITMENTS

On November 4, 2025, the Company announced that it had signed a letter of agreement to acquire a 27,600 square-foot facility on eight acres of land in Boardman, Oregon. The property includes access to 3.75MW of power with the potential to expand through ongoing discussions with the local utility. On February 6, 2026, the Company withdrew timing guidance and emphasized that there is no certainty that the acquisition will be completed.

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SUBSEQUENT EVENTS

Subsequent to the period-end and up to the date of the issuance of these financial statements, there were no adjusting or material non-adjusting events that would require recognition or disclosure in accordance with IFRS standards.

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.

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 halvening (also referred to as halving) event. The halvening is a process designed to control the overall supply and reduce the risk of inflation in bitcoin. At a predetermined block, the mining block subsidy is cut in half. The Bitcoin blockchain has undergone three halvenings since its inception. A Bitcoin halvening is scheduled to occur once every 210,000 blocks or roughly every four years until the total amount of newly issued bitcoin reaches 21 million, which is expected to occur around the year 2140. In May 2020, the Bitcoin block subsidy decreased from 12.5 bitcoin per block to 6.25 bitcoin per block and, consequently, the number of new bitcoin issued to all miners as a subsidy decreased to 900 per day. The most recent Bitcoin halvening occurred on April 19, 2024, decreasing the block subsidy to 3.125 bitcoin per block and the number of new bitcoin issued to all miners as a subsidy decreased to 450 per day. The next halvening event is expected to occur in early calendar 2028. While bitcoin prices have had a history of price fluctuations around halvenings, there is no guarantee that the price change will be favorable or would compensate for the reduction in the mining block subsidy. There is a risk that the Bitcoin halvening will render the Company unprofitable and unable to continue as a going concern.

RISK AND UNCERTAINTIES**Energy Curtailment Risk**

For its Christina Lake Facility, electrical energy is provided to the Company by FortisBC, being the regulated electric utility provider for the Christina Lake area. The Company constructed its own 85 MVA substation in

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October 2018 and contracted FortisBC to build a new transmission power line connecting to the Christina Lake Facility, which was also completed in October 2018. Historically, the energy rates charged by FortisBC billed on Rate Schedule 31 (RS-31) for the Christina Lake Facility have not materially fluctuated year-over-year and are regulated by the British Columbia Utilities Commission. The Christina Lake Facility had 15 megawatts of firm power and up to an additional 45 megawatts of non-firm power supplied by FortisBC, all billed to DMG as per RS-31. Firm power or service is electricity that is provided year-round without interruption (subject to any catastrophic or natural disaster interruption). Non-firm power or service is subject to availability from FortisBC. Under that arrangement, DMG's electrical energy was never curtailed.

Beginning December 2024, DMG's Christina Lake Facility energy agreement was revised whereby FortisBC would supply 15 megawatts of firm power billed on RS-31 and up to an additional 50 megawatts of non-firm power billed on Rate Schedule 38 (RS-38), which is based on the Mid-Columbia River Basin (Mid-C) daily market pricing. The price billed for energy on RS-38 is capped at a level determined by DMG ahead of each month so as to insulate DMG from paying "peak" rates, but it may result in energy curtailment, which would negatively impact the Company's mining operations. To date, DMG has been requested by FortisBC to completely curtail its non-firm load for a single interval of three days. DMG has limited history operating on RS-38, and as such, it expects energy curtailment to affect its Christina Lake operations from time to time that could be material.

Energy Price Risk

The Company's operations are highly dependent on a significant and consistent supply of electrical energy, making us particularly susceptible to the inherent volatility and seasonality of energy markets. Specifically, prices of non-firm energy, which currently comprise the majority of the Company's energy mix, can fluctuate substantially due to a complex interplay of factors, including real-time supply and demand imbalances, as electricity cannot be stored on a large scale basis. This dynamic often results in considerable price swings, particularly in day-ahead and spot markets. The Company's energy costs can be materially impacted by external factors beyond our control, notably extreme weather conditions and seasonal variations, the frequency and intensity of which may be increasing due to broader climate change. Such conditions can lead to disruptions in energy availability and significant price spikes, exemplified by instances of curtailment that can negatively impact our mining operations. While management acknowledges the potential for such curtailment events and anticipates they may occur from time to time with potentially material effects, these factors collectively pose an ongoing risk to our operational stability and overall results of operations.

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 favorable 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

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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-

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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.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable 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 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 would be unable to access the bitcoin held in the related digital wallet and the private key would not be capable of being restored.

Loss of Access to and Pricing of Electrical Energy

The Company's mining revenue is dependent on electricity to power its mining equipment in the province of British Columbia. The Company is subject to changes in utility rate schedules as well as government regulations and laws that may prevent or restrict the amount of energy sold to digital currency mining companies and the price at which it is sold. There is a risk that in the event of a change in utility rate schedules and government laws that the Company may not be granted an exemption based on historical contracts and existing operations. The Company is currently evaluating options to mitigate this risk further, including but not limited to site diversification.

Global Economic Risk

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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.

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>.