DMG Moves Toward a Long Term AI Business at Christina Lake

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DMG Blockchain Solutions Inc. (TSXV: DMGI | OTCQB: DMGGF) is pursuing a proposed 50-megawatt AI colocation tenancy at its Christina Lake data center in British Columbia. Its June 1 letter of intent outlines an initial 12-year agreement, with three potential five-year renewals. If finalized, the transaction would move the facility from its existing Bitcoin mining operations toward hosting a customer's AI computing equipment.

The letter of intent specifies recurring monthly charges and annual increases, but the announcement does not disclose their dollar values. It also provides for the prospective tenant to supply an investment-grade financial backstop for DMG to review. The tenant was not named, and the principal commercial provisions are non-binding. Completion therefore depends on negotiating and executing a definitive agreement.

In its September 14 project update, DMG reported that Christina Lake had 75 MW of contracted power. This comprises 15 MW of firm power and 60 MW of non-firm, or curtailable, power. The company said its existing substation supports that total, while the proposed 50 MW tenancy refers specifically to critical IT load.

The September update also reported contracts for two separate fiber routes and an application to expand the existing building. DMG said the proposed addition could support as much as 60 MW of critical IT load. The company revised its expected schedule for energizing tenant servers to 2027, with the conversion still subject to financing, permitting and agreements with the necessary counterparties.

DMG said it was discussing financing with multiple financial institutions and evaluating rated bonds, lines of credit, equity and convertible debt. Its stated objective was to balance financing cost, flexibility and speed while minimizing shareholder dilution. That disclosure describes financing options under consideration; it does not establish that funding has been secured.

Alongside the larger proposed tenancy, DMG has announced smaller steps into secure computing. In April, the company reported receiving 2 MW of prefabricated data center units, which it described as Sensitive Compartmented Information Facility, or SCIF-rated, infrastructure. Its June 16 announcement disclosed a colocation contract valued at approximately $670,000 over slightly more than two years, with expected AI workloads and an option for future SCIF services. That announcement did not identify the customer.

DMG's July 16 announcement also disclosed an investment in Atomic47 Labs Inc., a Kelowna company developing applied AI systems for regulated industries. DMG's quarterly financial statements record a C$200,000 payment to Atomic47 on June 17 under a simple agreement for future equity. DMG described the investment as part of its strategy to develop secure Canadian sovereign AI infrastructure.

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