

# **SPIRIT BLOCKCHAIN CAPITAL INC.**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2023 and 2022**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Spirit Blockchain Capital Inc. for the interim periods ended March 31, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Reliant CPA PC, have not performed a review of these unaudited condensed interim consolidated financial statements.

May 29, 2023

**SPIRIT BLOCKCHAIN CAPITAL INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2023	December 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		48,255	269,206
Amounts receivable		35,862	35,745
Prepaid expenses		10,458	720
Investments held for trading	4	-	26,274
Digital assets	5	201,733	259,755
Due from related party	8	115,282	65,781
		<b>411,590</b>	<b>657,481</b>
Non-current portion of digital assets	5	74,034	81,444
Investments	6	574,445	-
<b>Total assets</b>		<b>1,060,069</b>	<b>738,925</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8	757,898	646,691
<b>Total liabilities</b>		<b>757,898</b>	<b>646,691</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7(b)	14,319,458	13,923,358
Contributed surplus		880,348	810,605
Accumulated other comprehensive loss		(51,056)	(59,349)
Deficit		(14,846,579)	(14,582,380)
<b>Total shareholders' equity</b>		<b>302,171</b>	<b>92,234</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,060,069</b>	<b>738,925</b>

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

\_\_\_\_\_  
/s/ Lewis Bateman  
Director

\_\_\_\_\_  
/s/ Raymond O'Neill  
Director

**SPIRIT BLOCKCHAIN CAPITAL INC.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended March 31,	
		2023	2022
		\$	\$
<b>Operating expenses</b>			
Consulting fees	8	216,334	205,832
Filing fees		2,250	-
Office expenses		20,297	6,120
Legal and professional fees		38,644	87,358
Share-based compensation	8	69,743	88,132
		<b>347,268</b>	<b>387,442</b>
<b>Other income (expenses)</b>			
Change in fair value of digital assets	5	64,399	(24,226)
Change in fair value of investments held for trading	4	-	(108,045)
Dividend income	4	49	48
Foreign exchange loss		(17,137)	(7,180)
Other income	5	3,148	11,521
Realized gains (losses) on digital assets	5	23,151	(18,190)
Realized gains on sales of investments held for trading	4	8,869	-
		<b>82,479</b>	<b>(146,072)</b>
<b>Loss before tax</b>		<b>(264,789)</b>	<b>(533,514)</b>
Income tax recovery (expense)		590	(692)
<b>Net loss</b>		<b>(264,199)</b>	<b>(534,206)</b>
<b>Other comprehensive income (loss)</b>			
Change in fair value of digital assets	5	5,607	(127,994)
Change in foreign currency translation		2,686	(72,418)
<b>Comprehensive loss</b>		<b>(255,906)</b>	<b>(734,618)</b>
<b>Net loss per share:</b>			
Basic and diluted		<b>(0.00)</b>	(0.01)
<b>Weighted average number of common shares:</b>			
Basic and diluted		<b>86,083,355</b>	85,817,000

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**SPIRIT BLOCKCHAIN CAPITAL INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	2023	March 31, 2022
	\$	\$
<b>Operating activities:</b>		
Net loss for the period	(264,199)	(534,206)
Items not affecting cash:		
Share-based compensation	69,743	88,132
Change in fair value of digital assets	(64,399)	24,226
Change in fair value of investments held for trading	-	108,045
Foreign exchange loss	33	7,180
Other income	(2,684)	(2,025)
Realized (gains) losses on digital assets	(23,151)	18,190
Realized gains on sales of investments held for trading	(8,869)	-
Changes in non-cash working capital items:		
Amounts receivable	(117)	(10,114)
Prepaid expenses	(9,738)	-
Due from related party	(49,501)	(27,504)
Accounts payable and accrued liabilities	(17,139)	140,345
<b>Cash used in operating activities</b>	<b>(370,021)</b>	<b>(187,731)</b>
<b>Investing activities:</b>		
Proceeds from sales of digital assets	165,736	134,577
Proceeds from sales of investments held for trading	35,110	-
Purchase of digital assets	-	(291,534)
Payment for investment in InvestDEFY	(24,999)	-
Payment for investment in Pixel	(25,000)	-
<b>Cash provided by (used in) investing activities</b>	<b>150,847</b>	<b>(156,957)</b>
Effect of exchange rate on changes in cash	(1,777)	(4,816)
Change in cash	(220,951)	(349,504)
Cash, beginning of period	269,206	684,949
<b>Cash, end of period</b>	<b>48,255</b>	<b>335,445</b>
<b>Supplemental cash flow information:</b>		
Shares issued for debt settlement	126,100	-
Shares issued for investment in InvestDEFY	270,000	-
Cash interest paid	-	(115)
Cash income tax recovery (paid)	590	(692)

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**SPIRIT BLOCKCHAIN CAPITAL INC.**
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Number of shares	Share capital	Share subscriptions receivable	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	85,817,000	13,810,835	(8,000)	468,978	682,924	(11,189,915)	3,764,822
Settlements of subscriptions receivable	-	-	8,000	-	-	-	8,000
Share-based compensation	-	-	-	88,132	-	-	88,132
Unrealized loss on digital assets	-	-	-	-	(127,994)	-	(127,994)
Change in foreign currency translation	-	-	-	-	(72,418)	-	(72,418)
Net loss for the period	-	-	-	-	-	(534,206)	(534,206)
Balance, March 31, 2022	85,817,000	13,810,835	-	557,110	482,512	(11,724,121)	3,126,336
Shares issued on conversion of RSUs	900,182	112,523	-	(112,523)	-	-	-
Share-based compensation	-	-	-	366,018	-	-	366,018
Change in fair value of digital assets	-	-	-	-	(569,202)	-	(569,202)
Change in foreign currency translation	-	-	-	-	27,341	-	27,341
Net loss for the period	-	-	-	-	-	(2,858,259)	(2,858,259)
Balance, December 31, 2022	86,717,182	13,923,358	-	810,605	(59,349)	(14,582,380)	92,234
Shares issued for debt settlement	2,441,074	126,100	-	-	-	-	126,100
Shares issued for investment in InvestDEFY	5,400,000	270,000	-	-	-	-	270,000
Share-based compensation	-	-	-	69,743	-	-	69,743
Change in fair value of digital assets	-	-	-	-	5,607	-	5,607
Change in foreign currency translation	-	-	-	-	2,686	-	2,686
Net loss for the period	-	-	-	-	-	(264,199)	(264,199)
<b>Balance, March 31, 2023</b>	<b>94,558,256</b>	<b>14,319,458</b>	<b>-</b>	<b>880,348</b>	<b>(51,056)</b>	<b>(14,846,579)</b>	<b>302,171</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## **SPIRIT BLOCKCHAIN CAPITAL INC.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Spirit Blockchain Capital Inc. (the "Company") was incorporated under the Business Corporations Act on January 19, 2021 in British Columbia, Canada. The purpose of the Company is to offer products and services to the digital assets and blockchain ecosphere. The Company holds a portfolio of crypto-currencies, some of which it has staked, and invests in other listed companies operating in this ecosphere. The Company provides blockchain and advisory services to third parties. The Company can mine crypto-currencies, lend both FIAT money and crypto coins (royalties and streaming), provide consulting service and undertake merger and acquisition activity. The Company's registered and records office is located at Suite 1570, 505 Burrard Street Vancouver, BC, V7X 1M5. On September 14, 2022, the shares of the Company began trading on the Canadian Securities Exchange (the "CSE") under the symbol "SPIR".

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the ordinary course of business in the foreseeable future. Historically, the Company has not earned sufficient income to finance day-to-day activities through operations. The Company's ability to continue on a going concern basis is dependent upon its ability to generate future cash flows or raise equity capital or borrowings sufficient to meet current and future obligations.

As at March 31, 2023, the Company has working capital deficiency of \$346,308 (December 31, 2022 - working capital surplus of \$10,790), has not yet achieved profitable operations, and has an accumulated deficit of \$14,846,579 (December 31, 2022 - \$14,582,380). These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with equity financing including private placements of common shares, potential debt financing, and the generation of revenue; however, there can be no assurance that this will occur. These financial statements do not reflect adjustments would be necessary if the going concern assumption were not appropriate, which could be material.

#### **2. BASIS OF PREPARATION**

##### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on May 29, 2023.

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

##### **b) Basis of presentation**

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

##### **c) Functional and presentation currency**

These financial statements are presented in Canadian dollars ("CAD"), except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. References to "US\$" or "USD" are to United States dollars and references to "CHF" are to Swiss francs.

**SPIRIT BLOCKCHAIN CAPITAL INC.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

**2. BASIS OF PREPARATION (continued)****d) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at March 31, 2023 is as follows:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Percentage Ownership</b>	<b>Functional Currency</b>	<b>Principal Activity</b>
Spirit Blockchain AG	Switzerland	100%	CHF	Subsidiary
Spirit Blockchain Holdings Inc.	Canada	100%	CAD	Holding company

**e) Significant accounting judgments and estimates**

The preparation of the financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Management continually evaluates these judgments and estimates based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these judgments and estimates which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 4 to the Annual Financial Statements.

**f) Reclassification**

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

In the preparation of these financial statements, the Company used the same accounting policies as those applied and disclosed in Note 3 to the Annual Financial Statements, except for the following:

**Investments**

The Company classifies as and measures investments at fair value through profit or loss ("FVTPL"). As investments comprise investments in private company equity securities, the Company uses cost as an appropriate estimate of fair value as insufficient more recent information is available to determine fair value.

**SPIRIT BLOCKCHAIN CAPITAL INC.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

**4. INVESTMENTS HELD FOR TRADING**

A summary of the Company's investments held for trading is as follows:

	March 31, 2023			December 31, 2022		
	Shares held	Fair value	Cost	Shares held	Fair value	Cost
	#	\$	\$	#	\$	\$
Coinbase Global Inc.	-	-	-	203	9,730	50,897
Hut 8 Mining Corp.	-	-	-	1,984	2,301	12,317
Signature Bank	-	-	-	52	8,115	16,481
Silvergate Capital Corp.	-	-	-	260	6,128	26,619
		-	-		26,274	106,314

During the three months ended March 31, 2023, the Company recognized a loss on change in fair value on investments held for trading of \$nil (2022 - \$108,045).

During the three months ended March 31, 2023, the Company recognized realized gains on sales of investments held for trading of \$8,869 (2022 - \$nil). Additionally, the Company received dividend income of \$49 (2022 - \$48).

**5. DIGITAL ASSETS**

The Company has a brokerage account with Crypto Finance AG in Zurich, Switzerland, Bitcoin Suisse AG in Grafenauweg, Switzerland and a Gnosis wallet. Digital assets are recorded at their fair value on the date they are received and are revalued to their fair value at each reporting date.

A summary of the Company's digital assets is as follows:

	March 31, 2023			December 31, 2022		
	Units held	Fair value	Cost	Units held	Fair value	Cost
	#	\$	\$	#	\$	\$
<b>Current</b>						
Chainlink	391.736	4,026	4,963	391.736	2,955	4,963
Ethereum	79.158	195,183	172,358	66.888	108,419	171,705
Sushiswap	1,692.130	2,524	20,236	1,692.130	2,118	20,236
USD Coin	-	-	-	107,991.310	146,263	109,081
		201,733	197,557		259,755	305,985
<b>Non-current</b>						
Avalanche	-	-	-	2,077.295	30,667	48,224
Cardano	19,809.672	10,694	20,000	19,654.867	6,562	20,000
Cosmos	1,348.961	20,428	37,500	1,280.087	16,211	37,500
Ethereum	8.140	20,071	20,000	8.140	13,194	20,000
Polkadot	2,661.804	22,841	47,500	2,537.104	14,810	47,500
		74,034	125,000		81,444	173,224
<b>Total</b>		<b>275,767</b>	<b>322,557</b>		<b>341,199</b>	<b>479,209</b>

## SPIRIT BLOCKCHAIN CAPITAL INC.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

#### 5. DIGITAL ASSETS (continued)

During the three months ended March 31, 2023, the Company recorded a gain on change in fair value of digital assets of \$64,399 (2022 - loss of \$24,226) through profit or loss and \$5,607 (2022 - loss of \$127,994) through other comprehensive income; and recognized a realized gain on sale of digital assets of \$23,151 (2022 - loss of \$18,190).

The non-current portion consists of the digital assets are used for staking rewards. During the three months ended March 31, 2023, the Company was granted staking rewards by the blockchain networks in which it participates. The staking rewards were recognized as other income in profit or loss.

A summary of the Company's staking rewards for the three months ended March 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Avalanche	296	-
Cardano	78	104
Cosmos	1,216	778
Polkadot	1,094	1,143
	<b>2,684</b>	<b>2,025</b>

#### 6. INVESTMENTS

##### a) Investment in InvestDEFY

On February 6, 2023, the Company entered into a subscription agreement with InvestDEFY Technologies Inc. ("InvestDEFY"), whereby the Company purchased 645,162 Class B voting shares of InvestDEFY ("InvestDEFY Shares") for a purchase price of US\$400,000.

In consideration for the purchase of the InvestDEFY Shares the Company agreed to the following terms:

- to pay cash consideration of US\$200,000 (paid \$24,999 (US\$17,946)); and
- to issue 5,400,000 common shares representing US\$200,000 (issued on February 6, 2023 - Note 7(b)).

Under the terms of the subscription agreement, the InvestDEFY Shares yield a variable dividend starting July 31, 2023, payable semi-annually until conversion or repurchase, subject to a 7.5% per annum floor, and targeting 10% or more per annum. The InvestDEFY Shares convert into Class A common shares after a two-year period subject to InvestDEFY's right to repurchase 40% of the Class B shares at the end of such two-year period.

On March 14, 2023, the Company signed a side letter agreement with InvestDEFY, to pay the outstanding cash consideration of \$245,001 (US\$182,054) between March 15, 2023 and July 31, 2023 (the "Payment Term"). During the Payment Term, for each weekday that the outstanding cash consideration remains payable, the Company assigns 1% of its July 31, 2023 dividend back to InvestDEFY. As at March 31, 2023, the outstanding cash consideration remained unpaid.

The investment in InvestDEFY is a strategic investment and as a result, is classified as non-current in the statements of financial position.

The Company does not serve in an advisory role or appoint a representative to the board of directors of InvestDEFY.

As at March 31, 2023, the investment was measured at cost as management concluded that there is insufficient information available to determine a more reliable fair value. Management has no contrary information that the performance of the investee is significantly different from the date of its initial investment, that there have been any changes in InvestDEFY's operations or the market for its products, or the economy in which it operates. Management did not note any indicators that the investment in InvestDEFY may be impaired.

## **SPIRIT BLOCKCHAIN CAPITAL INC.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

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## **6. INVESTMENTS (continued)**

### **b) Investment in Pixel**

On February 7, 2023, the Company entered into a share purchase agreement with Pixel (Cayman) Limited ("Pixel"), whereby the Company agreed to purchase 40,000 common shares of Pixel for a purchase price of US\$50,000.

In consideration for the purchase of the Pixel common shares the Company has agreed to the following terms:

- first instalment of US\$25,000 payable on February 7, 2023 (paid \$25,000 (US\$18,145));
- second instalment of US\$25,000 on the earlier of April 30, 2023 or when Pixel completes an equity investment ("Pixel Equity Investment") that enables it to build and launch the Pixel stablecoin platform; and
- a top-up instalment subject to certain conditions payable on the closing date of Pixel Equity Investment.

The investment in Pixel is a strategic investment and as a result, is classified as non-current in the statements of financial position.

The Company does not serve in an advisory role or appoint a representative to the board of directors of Pixel.

As at March 31, 2023, the investment was measured at cost as management concluded that there is insufficient information available to determine a more reliable fair value. Management has no contrary information that the performance of the investee is significantly different from the date of its initial investment, that there have been any changes in Pixel's operations or the market for its products, or the economy in which it operates. Management did not note any indicators that the investment in Pixel may be impaired.

## **7. SHARE CAPITAL**

### **a) Authorized share capital**

Unlimited number of common shares without par value.

### **b) Issued and outstanding**

During the three months ended March 31, 2023, the Company had the following share capital transactions:

- On January 25, 2023, the Company settled consulting fees of \$126,100 through the issuance of 2,441,074 common shares of the Company to certain consultants and employees of which 2,171,331 shares were issued at \$0.05 per share and 269,743 shares were issued at \$0.065 per share and such distribution was made on a debt-for-shares basis in accordance with the policies of the CSE.
- On February 6, 2023, the Company issued 5,400,000 common shares at of \$0.05 per share for \$270,000 as part of the consideration for the investment in InvestDEFY (Note 6(a)).

During the year ended December 31, 2022, the Company issued 900,182 shares following the conversion of 900,182 restricted share units. As a result, \$112,523 was transferred from contributed surplus to share capital.

### **c) Stock options**

On July 31, 2022, the Company granted 1,810,667 stock options to directors, officers, and consultants of the Company, with an exercise price of \$0.125 per common share and expiration date of July 31, 2026. The options vest over a period of two years with one-third vested upon the grant date and every anniversary thereafter until fully vested. Of the 1,810,667 stock options, 320,000 were cancelled following the termination of a consultant during the year ended December 31, 2022.

**SPIRIT BLOCKCHAIN CAPITAL INC.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

**7. SHARE CAPITAL (continued)**

A summary of the Company's Black-Scholes option pricing model assumptions to determine the fair value of the stock options issued on July 31, 2022 is as follows:

Share price	\$0.125
Exercise price	\$0.125
Risk-free interest rate	1.00%
Expected life	4 years
Expected volatility <sup>(1)</sup>	120.00%
Dividend rate	0.00%

(1) Expected volatility has been estimated based on volatility of common share prices of a selection of comparable publicly traded companies.

During the three months ended March 31, 2023, the Company recorded \$41,228 (2022 - \$44,864) of share-based compensation expense related to options granted by the Company.

A summary of the Company's stock option activity is as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance, December 31, 2021	4,531,334	0.125
Granted	1,810,667	0.125
Cancelled	(940,867)	0.125
<b>Balance, March 31, 2023 and December 31, 2022</b>	<b>5,401,134</b>	<b>0.125</b>

As at March 31, 2023, the Company had 5,401,134 stock options outstanding (December 31, 2022 - 5,401,134) with the weighted average exercise price of \$0.125 that expire on July 31, 2026. As at March 31, 2023, the weighted average remaining life of these options was 3.34 years.

**d) Restricted share units**

On July 31, 2022, the Company granted 905,333 RSUs to directors, officers, and consultants of the Company at a price of \$0.125 and expiring on July 31, 2026. Each RSU is comprised of one common share of the Company. Of the granted RSUs, one third vest on the grant date, one third vests one year from the grant date, and one third vests two years from the grant date. The fair value of the RSUs at the grant date was \$0.125. Of the 905,333 RSUs, 160,000 were cancelled following the termination of a consultant during the year ended December 31, 2022.

During the three months ended March 31, 2023, the Company recorded share-based compensation expense of \$28,515 (2022 - \$43,268) related to the vesting of the RSUs.

A summary of the Company's RSU activity is as follows:

	Number of RSUs	Weighted average grant price
	#	\$
Non-vested balance, December 31, 2021	2,265,666	0.125
Granted	905,333	0.125
Vested	(900,182)	0.125
Cancelled	(470,434)	0.125
<b>Non-vested balance, March 31, 2023 and December 31, 2022</b>	<b>1,800,383</b>	<b>0.125</b>

As at March 31, 2023, the weighted average remaining life of these RSUs was 3.34 years.

**SPIRIT BLOCKCHAIN CAPITAL INC.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

**8. RELATED PARTY TRANSACTIONS**

Key management includes the personnel having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

All related party transactions are recorded at the exchange amount, which is the amount agreed to by the Company and the respective related party.

A summary of the Company's related party transactions in profit or loss for the three months ended March 31, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	<b>105,000</b>	75,000
Share-based compensation	<b>13,469</b>	27,229
	<b>118,469</b>	102,229

A summary of the Company's amounts due from and to related parties is as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Due from related party	<b>115,282</b>	65,781
Accounts payable and accrued liabilities	<b>(85,000)</b>	(75,010)
	<b>30,282</b>	(9,229)

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Financial instrument classification**

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The Company's cash and digital assets are measured at level 1. The Company's investments are measured at level 3.

The carrying value of amounts receivable, due from related parties and accounts payable and accrued liabilities are approximate their respective fair values because of their short-term nature.

The Company's financial instruments consist of cash, amounts receivable (excluding GST and VAT receivable), due from related party, investments and accounts payable and accrued liabilities. The Company classifies its cash at fair value through profit or loss, amounts receivable (excluding GST and VAT receivable) and due from related party at amortized cost and investments as fair value through other comprehensive income. The Company's accounts payable and accrued liabilities are classified at amortized cost.

**SPIRIT BLOCKCHAIN CAPITAL INC.**

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company's cash, amounts receivable, and due from related parties, are exposed to credit risk. The Company limits its credit risk by placing its cash with high credit quality financial institutions.

As at March 31, 2023, the Company held \$48,255 (December 31, 2022 - \$269,206) in cash, and \$nil (December 31, 2022 - \$26,274) in investments held for trading with an investment broker.

The Company's credit risk is predominantly related to cash balances held in financial institutions, amounts receivable and due from related party. The maximum exposure to credit risk is equal to the carrying value of such financial assets. As at March 31, 2023, the Company expects to recover the full amount of such assets.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. As a result, accounts payable and accrued liabilities exposed the Company to liquidity risk. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required.

As at March 31, 2023, the Company's cash balance of \$48,255 (December 31, 2022 - \$269,206) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities balance of \$757,898 (December 31, 2022 - \$646,691). Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital in the future to fund its operations.

**c) Market risk**

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns.

**d) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's liabilities are non-interest bearing and therefore, interest rate risk is not considered significant.

**e) Foreign currency risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in CHF and USD.

**SPIRIT BLOCKCHAIN CAPITAL INC.****Notes to the Condensed Interim Consolidated Financial Statements**

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(Unaudited - Expressed in Canadian dollars, except where noted)

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

A summary of the Company's carrying amounts of the foreign currency denominated monetary assets (liabilities) is as follows:

	<b>March 31,</b>	December 31,
	<b>2023</b>	2022
	\$	\$
Cash	<b>15,028</b>	145,365
Investments held for trading	-	23,972
Digital assets	<b>201,733</b>	259,755
Non-current portion of digital assets	<b>74,034</b>	81,444
Accounts payable and accrued liabilities	-	(688)
	<b>290,795</b>	509,848

The Company has not entered any foreign currency contracts to mitigate this risk. A 5% shift in exchange rates would result in a foreign exchange gain or loss of approximately \$14,500.

**10. CAPITAL MANAGEMENT**

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations and the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in either CAD or CHF in various bank accounts. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.