

SPIRIT BLOCKCHAIN CAPITAL INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 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 and Nine Months Ended September 30, 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 September 30, 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.

November 28, 2023

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

	Note	September 30, 2023	December 31, 2022
		\$	\$
ASSETS			
Current			
Cash		62,075	269,206
Accounts receivable		40,726	35,745
Prepaid expenses		-	720
Investments held for trading	5	-	26,274
Digital assets	6	43,962	259,755
Due from related party	10	123,139	65,781
		269,902	657,481
Investments	7	574,445	-
Non-current portion of digital assets	6	54,763	81,444
Total assets		899,110	738,925
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	764,913	646,691
Interest payable	8	3,933	-
		768,846	646,691
Convertible note	8	178,955	-
Total liabilities		947,801	646,691
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Share capital	9(b)	14,371,812	13,923,358
Contributed surplus		1,177,275	810,605
Accumulated other comprehensive loss		(52,004)	(59,349)
Deficit		(15,545,774)	(14,582,380)
Total shareholders' (deficiency) equity		(48,691)	92,234
Total liabilities and shareholders' (deficiency) equity		899,110	738,925

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

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

/s/ Lewis Bateman
Director

/s/ Raymond O'Neill
Director

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

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 September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Operating expenses					
Consulting fees	10	119,375	244,123	429,709	759,118
Filing fees		13,500	10,500	20,250	17,728
General and administrative		11,679	37,358	103,371	74,848
Professional fees		8,716	66,253	137,806	205,164
Share-based compensation	10	18,605	180,802	319,821	357,564
		171,875	539,036	1,010,957	1,414,422
Other income (expenses)					
Accretion expense	8	(3,158)	-	(3,158)	-
Change in fair value of digital assets	6	(17,495)	45,746	32,096	(321,924)
Change in fair value on investments held for trading	5	-	16,221	-	(192,036)
Dividend income	5	-	74	49	176
Foreign exchange gain (loss)		631	7,093	(16,482)	(20,141)
Interest expense	8	(3,933)	-	(3,933)	-
Other income	6	905	14,069	5,242	37,738
Realized gain (loss) on digital assets	6	-	10,088	24,290	(460,080)
Realized gain (loss) on sales of investment held for trading	5	-	-	8,869	(244,435)
		(23,050)	93,291	46,973	(1,200,702)
Loss before tax		(194,925)	(445,745)	(963,984)	(2,615,124)
Income tax recovery (expense)		-	-	590	(3,692)
Net loss		(194,925)	(445,745)	(963,394)	(2,618,816)
Other comprehensive income (loss)					
Change in fair value of digital assets	6	-	-	5,607	(697,196)
Change in foreign currency translation		471	27,643	1,738	(75,642)
Comprehensive loss		(194,454)	(418,102)	(956,049)	(3,391,654)
Net loss per share:					
Basic and diluted		(0.00)	(0.01)	(0.01)	(0.03)
Weighted average number of common shares:					
Basic and diluted		96,638,690	85,817,000	94,039,949	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)

	Nine months ended September 30,	
	2023	2022
	\$	\$
Operating activities:		
Net loss for the period	(963,394)	(2,618,816)
Items not affecting cash:		
Consulting fees	-	8,000
Share-based compensation	319,821	357,564
Accretion expense	3,158	-
Change in fair value of digital assets	(32,096)	321,924
Change in fair value of investments held for trading	-	192,036
Foreign exchange loss	33	17,109
Interest expense	3,933	-
Other income	(4,778)	(8,274)
Realized (gain) loss on digital assets	(24,290)	460,080
Realized (gain) loss on sales of investments held for trading	(8,869)	244,435
Changes in non-cash working capital items:		
Accounts receivable	(4,980)	(34,057)
Prepaid expenses	720	(720)
Due from related party	(57,358)	(63,258)
Accounts payable and accrued liabilities	244,322	218,435
Cash used in operating activities	(523,778)	(905,542)
Investing activities:		
Proceeds from sales of digital assets	297,556	843,830
Proceeds from sales of investments held for trading	35,110	130,932
Purchase of digital assets	-	(290,612)
Payment for investment in Pixel	(34,445)	-
Payment for investment in InvestDEFY	(270,000)	-
Cash provided by investing activities	28,221	684,150
Financing activities:		
Proceeds from issuance of shares	55,000	-
Proceeds from issuance of convertible notes	220,000	-
Cash provided by financing activities	275,000	-
Effect of exchange rate on changes in cash	13,426	3,809
Change in cash	(207,131)	(217,583)
Cash, beginning of period	269,206	684,949
Cash, end of period	62,075	467,366
Supplemental cash flow information:		
Cash interest received	-	9
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' (deficiency) 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	-	-	-	357,564	-	-	357,564
Unrealized loss on digital assets	-	-	-	-	(697,196)	-	(697,196)
Change in foreign currency translation	-	-	-	-	(75,642)	-	(75,642)
Net loss for the period	-	-	-	-	-	(2,618,816)	(2,618,816)
Balance, September 30, 2022	85,817,000	13,810,835	-	826,542	(89,914)	(13,808,731)	738,732
Shares issued on conversion of RSUs	900,182	112,523	-	(112,523)	-	-	-
Share-based compensation	-	-	-	96,586	-	-	96,586
Change in foreign currency translation	-	-	-	-	30,565	-	30,565
Net loss for the period	-	-	-	-	-	(773,649)	(773,649)
Balance, December 31, 2022	86,717,182	13,923,358	-	810,605	(59,349)	(14,582,380)	92,234
Shares issued in private placement	2,200,000	52,354	-	2,646	-	-	55,000
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
Fair value of conversion feature	-	-	-	44,203	-	-	44,203
Share-based compensation	-	-	-	319,821	-	-	319,821
Change in fair value of digital assets	-	-	-	-	5,607	-	5,607
Change in foreign currency translation	-	-	-	-	1,738	-	1,738
Net loss for the period	-	-	-	-	-	(963,394)	(963,394)
Balance, September 30, 2023	96,758,256	14,371,812	-	1,177,275	(52,004)	(15,545,774)	(48,691)

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 and nine months ended September 30, 2023 and 2022

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

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, British Columbia, V7X 1M5. On September 14, 2022, the Company common shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "SPIR".

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 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 September 30, 2023, the Company has working capital deficiency of \$498,944 (December 31, 2022 - working capital surplus of \$10,790), has not yet achieved profitable operations, and has an accumulated deficit of \$15,545,774 (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 November 28, 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 and listed in Note 2(d). 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 and nine months ended September 30, 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 September 30, 2023 is as follows:

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

e) Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no overall impact 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 information is available to determine fair value.

Convertible Note

The convertible note was determined to be a compound instrument, comprising a financial liability (debt obligation) and an equity component (conversion option). In accordance IFRS 9 *Financial Instruments: Presentation*, the debt and equity portion representing the conversion option are presented separately. As the exercise prices of the convertible note are fixed in Canadian dollars for a fixed number of common shares, the conversion option is classified as residual equity. The liability component is first measured at its fair value on initial recognition and the residual component, if any, is allocated to contributed surplus. Upon exercise of the convertible note, an amount that is proportionate to the amount of liability converted is re-allocated from reserves into share capital. The liability component is accreted using the effective interest rate method over the term of the liability, such that the carrying amount of the financial liability will equal the principal balance at maturity.

Valuation of equity units issued in private placements

The Company allocates the proceeds from the issuance of units between common shares and share purchase warrants on a pro-rata basis based on the relative fair values at the date of issuance. The fair value of the common shares is based on the market closing price on the date the units are issued and the fair value of the share purchase warrants is determined using the Black-Scholes option pricing model ("BSM") as of the date of issuance.

Any value attributed to the warrants is recorded to contributed surplus. Upon exercise, the fair value is reallocated from contributed surplus to issued share capital along with the associated proceeds from exercise.

SPIRIT BLOCKCHAIN CAPITAL INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS 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 judgments 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.

5. INVESTMENTS HELD FOR TRADING

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

	September 30, 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
	-	-	-	2,499	26,274	106,314

During the three months ended September 30, 2023, the Company recognized a gain on change in fair value on investments held for trading of \$nil (2022 - \$16,221). During the nine months ended September 30, 2023, the Company recognized a loss on change in fair value on investments held for trading of \$nil (2022 - \$192,036).

During the three months ended September 30, 2023, the Company recognized a loss on sale of investments held for trading of \$nil (2022 - \$nil); and received dividend income of \$nil (2022 - \$74). During the nine months ended September 30, 2023, the Company recognized a gain on sales of investments held for trading of \$8,869 (2022 - loss of \$244,435); and received dividend income of \$49 (2022 - \$176).

6. 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:

	September 30, 2023			December 31, 2022		
	Units held	Fair value	Cost	Units held	Fair value	Cost
	#	\$	\$	#	\$	\$
Current						
Chainlink	391.736	4,332	4,963	391.736	2,955	4,963
Ethereum	16.207	36,618	35,285	66.888	108,419	171,705
Sushiswap	1,692.130	1,374	20,236	1,692.130	2,118	20,236
USD Coin	1,210.733	1,638	1,223	107,991.310	146,263	109,081
		43,962	61,707		259,755	305,985
Non-current						
Avalanche	-	-	-	2,077.295	30,667	48,224
Cardano	20,090.058	6,899	20,000	19,654.867	6,562	20,000
Cosmos	1,354.451	13,260	37,500	1,280.087	16,211	37,500
Ethereum	8.140	18,391	20,000	8.140	13,194	20,000
Polkadot	2,920.757	16,213	47,500	2,537.104	14,810	47,500
		54,763	125,000		81,444	173,224
Total		98,725	186,707		341,199	479,209

SPIRIT BLOCKCHAIN CAPITAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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

6. DIGITAL ASSETS (continued)

During the three months ended September 30, 2023, the Company recorded a loss on change in fair value of digital assets of \$17,495 (2022 - gain of \$45,746) through profit or loss; and a realized gain on sale of digital assets of \$nil (2022 - \$10,088). During the nine months ended September 30, 2023, the Company recorded a gain on change in fair value of digital assets of \$32,096 (2022 - loss of \$321,924) through profit or loss; gain of \$5,607 (2022 - loss of \$697,196) through other comprehensive income; and a realized gain on sale of digital assets of \$24,290 (2022 - loss of \$460,080).

The non-current portion consists of the digital assets are used for staking rewards and 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 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Avalanche	-	1,528	296	1,528
Cardano	55	588	208	855
Cosmos	-	757	1,306	2,314
Polkadot	850	813	2,968	3,249
	905	3,686	4,778	7,946

7. 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 with the fair value of US\$200,000 (issued on February 6, 2023 - Note 9(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 September 30, 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. As at the approval date of these financial statements, the outstanding cash consideration is due on demand as the Company anticipates completing a private placement prior to December 31, 2023, and the lenders have not expressed intent to demand repayment.

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

As at September 30, 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 and nine months ended September 30, 2023 and 2022

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

7. 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 (not yet paid); 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. As at the approval date of these financial statements, the second instalment is due on demand as the Company anticipates completing a private placement prior to December 31, 2023, and the lenders have not expressed intent to demand repayment.

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

As at September 30, 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.

8. CONVERTIBLE NOTE

A summary of the Company's convertible note is as follows:

	Convertible note	Conversion feature	Total
	\$	\$	\$
Balance, December 31, 2022 and 2021	-	-	-
Issued	175,797	44,203	220,000
Accretion expense	3,158	-	3,158
Balance, September 31, 2023	178,955	44,203	223,158

On July 5, 2023, the Company completed a non-brokered private placement (the "2023 Debenture Placement") of convertible debentures for gross proceeds of \$220,000. The convertible debentures are unsecured, bear interest at 7.5% per annum, payable semi-annually and mature 3 years after the date of issue on July 5, 2026 ("Maturity date"). Each convertible debenture is convertible into common shares at a price of \$0.18 per share during the period of 18 months after the date of issue and \$0.24 per share afterwards until the Maturity Date. The fair value of the liability component is determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of \$175,797 was allocated to the liability component and \$44,203 was allocated to the equity component representing the conversion feature.

During the three and nine months ended September 30, 2023, the Company recorded accretion expense of \$3,158 and \$3,158, respectively (2022 - \$nil and \$nil, respectively).

During the three and nine months ended September 30, 2023, the Company recorded interest expense of \$3,933 and \$3,933, respectively (2022 - \$nil and \$nil, respectively).

SPIRIT BLOCKCHAIN CAPITAL INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

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

9. SHARE CAPITAL**a) Authorized share capital**

Unlimited number of common shares without par value.

b) Issued and outstanding

During the nine months ended September 30, 2023, the Company had the following share capital transactions:

- On July 5, 2023, the Company completed a non-brokered unit private placement (the "2023 Equity Placement") of 2,200,000 units at \$0.025 per unit for gross proceeds of \$55,000. Each unit comprises one common share and one-half warrant, each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.18 for a period of 24 months. Proceeds were allocated using the proportionate value method, as a result, \$52,354 was allocated to share capital and \$2,646 was allocated to contributed surplus.
- On July 5, 2023, the Company completed the 2023 Debenture Placement of convertible debentures for gross proceeds of \$220,000. The convertible debentures are unsecured, bear interest at 7.5% per annum, payable semi-annually and mature 3 years after the date of issue on Maturity date. Each convertible debenture is convertible into common shares at a price of \$0.18 per share during the period of 18 months after the date of issue and \$0.24 per share afterwards until the Maturity Date. The fair value of the liability component is determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of \$175,797 was allocated to the liability component and \$44,203 was allocated to the equity component representing the conversion feature (Note 8).
- 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 7(a)).
- 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.

During the year ended December 31, 2022, the Company issued 900,182 shares following the conversion of 900,182 restricted share units ("RSU"). 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.

During the nine months ended September 30, 2023, the Company cancelled 3,600,756 unvested stock options.

During the nine months ended September 30, 2023, the Company granted 333,333 stock options to an officer of the Company, with an exercise price of \$0.05 per common share and expiration date of November 1, 2027. The options vest over a period of three years with one-third vested every anniversary until fully vested.

During the three and nine months ended September 30, 2023, the Company recorded \$1,432 and \$202,699, respectively (2022 - \$118,366 and \$208,593, respectively), of share-based compensation expense related to the net number of options by the Company.

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

	2023	2022
Share price	\$0.04	\$0.125
Exercise price	\$0.05	\$0.125
Risk-free interest rate	3.54%	1.00%
Expected life	5 Years	4 Years
Expected volatility ⁽¹⁾	120.00%	120.00%
Dividend rate	0.00%	0.00%

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

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9. SHARE CAPITAL (continued)

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
Balance, December 31, 2022	5,401,134	0.125
Granted	333,333	0.050
Cancelled	(3,600,756)	0.125
Balance, September 30, 2023	2,133,711	0.113

A summary of the Company's stock options outstanding and exercisable as at September 30, 2023 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
July 31, 2026	1,800,378	1,800,378	0.125	2.84
November 1, 2027	333,333	-	0.050	4.09
	2,133,711	1,800,378	0.113	3.03

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, 2024. 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.

During the nine months ended September 30, 2023, the Company granted 166,667 RSUs to consultants of the Company at a price of \$0.035 and expiring on November 1, 2025. Each RSU is comprised of one common share of the Company. The granted RSUs vest in three tranches on November 1, 2023, November 1, 2024, and November 1, 2025. The fair value of the RSUs at the grant date was \$0.035.

During the nine months ended September 30, 2023, the Company cancelled 1,056,828 unvested RSUs following the termination of certain consultants.

During the three and nine months ended September 30, 2023, the Company recorded share-based compensation expense of \$17,173 and \$117,122, respectively (2022 - \$62,436 and \$148,971, respectively), related to the net number of the RSUs.

A summary of the Company's RSUs 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
Non-vested balance, December 31, 2022	1,800,383	0.125
Granted	166,667	0.125
Cancelled	(1,056,828)	0.125
Non-vested balance, September 30, 2023	910,222	0.109

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9. SHARE CAPITAL (continued)

A summary of the Company's RSUs outstanding as at September 30, 2023 is as follows:

Expiry date	Number of RSUs outstanding	Weighted average fair value	Weighted average remaining life
	#	\$	Years
July 31, 2024	743,555	0.125	0.84
November 1, 2025	166,667	0.035	2.09
	910,222	0.109	0.68

e) Share purchase warrants

A summary of Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2022 and 2021	-	-
Warrants issued	1,100,000	0.18
Balance, September 30, 2023	1,100,000	0.18

A summary of the Company's assumptions used in the Black-Scholes option pricing model for warrants issued during the nine months ended September 30, 2023 and the year ended December 31, 2022, is as follows:

	2023	2022
Weighted average exercise price	\$0.18	N/A
Weighted average share price	\$0.02	N/A
Weighted average risk-free interest rate	4.31%	N/A
Weighted average expected stock price volatility	100%	N/A
Expected dividend yield	0.00%	N/A
Expected life	2 years	N/A

A summary of the Company's outstanding warrants as at September 30, 2023, is as follows:

Expiry date	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
July 05, 2025	1,100,000	0.18	1.76
	1,100,000	0.18	1.76

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10. 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 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees	119,375	60,000	314,875	210,000
Share-based compensation	12,165	31,471	61,640	86,084
	131,540	91,471	376,515	296,084

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

	September 30, 2023	December 31, 2022
	\$	\$
Due from related party	123,139	65,781
Accounts payable and accrued liabilities	(55,834)	(75,010)
	67,305	(9,229)

Accounts payable and accrued liabilities as at September 30, 2023 totalling \$55,834 (December 31, 2022 - \$75,010) were owed to certain officers. Interest is not charged on outstanding balances and there are no specified terms of repayment.

The amounts to and from key management personnel has no interest charged on outstanding balances and there are no specific terms of repayment.

11. 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 held for trading as fair value through other comprehensive income. The Company's accounts payable and accrued liabilities are classified at amortized cost.

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

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

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**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 September 30, 2023, the Company held \$62,075 (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 September 30, 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 September 30, 2023, the Company's cash balance of \$62,075 (December 31, 2022 - \$269,206) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities balance of \$764,913 (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.

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

	September 30,	December 31,
	2023	2022
	\$	\$
Cash	5,495	145,365
Investments held for trading	-	23,972
Digital assets	43,962	259,755
Non-current portion of digital assets	54,763	81,444
Accounts payable and accrued liabilities	-	(688)
	104,220	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 \$5,300.

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12. 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.

13. SUBSEQUENT EVENTS

On July 31, 2023, the Company and Troon Technologies ("Troon") entered into an agreement for the acquisition of Troon (the "Transaction"). Pursuant to the agreement, the Company will acquire 10% of the outstanding shares of Troon at the aggregate price of US\$370,000 or in the form of common shares of the Company's. Following the initial acquisition, the Company commits to purchasing the remaining 90% of Troon's outstanding shares over the period of 3 years with 30% each on the first, second and third anniversary of the closing date of the Transaction, subject to the parties achieving certain performance-based targets at end of each fiscal year. The pricing for each tranche of the additional share acquisition will be determined based on the effective growth rate of the ongoing business developed by Troon, with a minimum growth rate of 20% per year. As at the date of the financial statements, the Transaction has not closed.

On November 10, 2023, the Company issued 405,555 common shares at \$0.045 per share for total value of \$18,250 and paid cash in the amount of \$18,250 to a former consultant of the Company.

On November 10, 2023, the Company issued an aggregate of 1,025,000 common shares at a price of \$0.05 per share to certain directors of the Company (the "Shares for Services"). The Shares for Services have been issued in lieu of cash payments for services rendered pursuant to consulting agreements whereby these individuals provided various management services to the Company.