

SPIRIT BLOCKCHAIN CAPITAL INC.

Management's Discussion and Analysis

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

(Expressed in Canadian dollars)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the consolidated financial statements of Spirit Blockchain Capital Inc. (the "Company") and the notes thereto for the three and nine months ended September 30, 2023 and 2022 (collectively referred to hereafter as the "financial statements"). The following discussion and analysis, prepared by management, reviews the Company's financial condition and results of operations for the three and nine months ended September 30, 2023 and 2022. The MD&A should be read in conjunction with the financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee. This MD&A provides management's analysis of the Company's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information that is currently available.

In this MD&A, the "Company", or the words "we", "us", or "our", collectively refer to Spirit Blockchain Capital Inc. and its subsidiaries. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The year-to-date periods ended September 30, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", respectively.

All amounts are expressed in Canadian dollars unless otherwise stated. Amounts denominated in United States dollars are denoted as "USD" or "US\$" and the amounts denominated in Swiss francs are denoted as "CHF".

This MD&A has been approved by the Company's Board of Directors ("Board") as at November 28, 2023.

FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "intend", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- our business plan and investment strategy; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document which includes, but is not limited to:

- taxes and capital, operating, general & administrative and other costs;
- general business, economic and market conditions;
- the ability of the Company to obtain the required capital to finance its investment strategy and meet its commitments and financial obligations;
- the ability of the Company to obtain services and personnel in a timely manner and at an acceptable cost to carry out activities; and
- the timely receipt of required regulatory approvals.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as there can be no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially than anticipated and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- meeting current and future commitments and obligations;
- general business, economic and market conditions;
- the uncertainty of estimates and projections relating to future costs and expenses;
- changes in, or in the interpretation of, laws, regulations or policies;
- the ability to obtain required regulatory approvals in a timely manner;
- the outcome of existing and potential lawsuits, regulatory actions, audits, and assessments; and
- other risks and uncertainties described elsewhere in this document.

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The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risks and Uncertainties" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

OVERVIEW

This MD&A has been prepared by management and reviewed by the Board. For the purposes of preparing this MD&A, management, in conjunction with the Board, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Company, unless specifically noted.

DESCRIPTION OF BUSINESS

Spirit Blockchain Capital Inc. 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 services and undertake merger and acquisition activity.

The Company aims to generate recurring cash flow streams through its different business units. The diversification of its activities will allow the Company to be less volatile than the digital asset markets. The Company wants to become a value stock in a growing environment.

The Company aims to become a leading blockchain & digital asset company focused on streaming, royalties, and digital asset investments. The firm provides investors with a direct exposure to the sector, without the technical complexity or constraints of purchasing the underlying digital assets. The Company's strategy is based upon management's conviction that the blockchain and digital asset ecosystem will register significant growth and outperform traditional asset classes over the medium to long-term. As a result, digital assets will become an integral part of diversified portfolios.

The Company's strategy focuses on four complimentary economic units:

- Royalties & Streams by providing capital to blockchain ecosystem participants, where repayment of the notional takes place in the form of digital assets.
- Advisory & Research Services for institutional and private investors with investment products.
- Treasury Management through balance sheet enhancement with major digital asset investments.
- Licensing Blockchain and Digital Assets Technology products to market participants initially in Europe as well as providing consulting services to support these products.

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HIGHLIGHTS

During the three and nine months ended September 30, 2023, the Company had the following transactions:

- On July 5, 2023, the Company closed 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 is comprised of one common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.18 and will expire on July 5, 2025. The fair value attributed to the warrants was \$2,646 and \$52,354 was allocated to the share capital.
- 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.
- On February 7, 2023, the Company entered into a share purchase agreement with Pixel (Cayman) Limited ("Pixel"), pursuant to which the Company agreed to purchase 40,000 common shares of Pixel for an aggregate purchase price of US\$50,000, with the first instalment of US\$25,000 payable on February 7, 2023 (paid US\$18,145 (\$25,000)), 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.
- 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\$0.62 per share for an aggregate subscription amount of US\$400,000. As consideration, the Company is to provide InvestDEFY with US\$200,000 in cash (paid US\$17,946 (\$24,999)) and issue 5,400,000 common shares (issued) of the Company at \$0.05 per share. Under the terms of the subscription agreement, the InvestDEFY Shares shall pay a variable dividend targeting 10% or more per annum with a floor of 7.5% per annum, payable semi-annually until conversion or repurchase, starting July 31, 2023. These Class B common shares shall 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 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 Canadian Stock Exchange.

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).

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DIGITAL ASSETS

The Company has a brokerage account with Crypto Finance AG in Zurich, Switzerland, Bitcoin Suisse AG in Grafenauweg, Switzerland and 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

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. During the nine months ended September 30, 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 and nine months ended September 30, 2023 and 2022 is as follows:

	Q3 2023	Q3 2022	YTD 2023	YTD 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

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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).

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 this MD&A, the outstanding cash consideration is due on demand and 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 March 31, 2022, 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.

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 the Pixel Equity Investment; and
- a top-up instalment subject to certain conditions payable on the closing date of the 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 this MD&A, the second installment is due on demand and 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 March 31, 2022, 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.

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OVERALL PERFORMANCE

The following financial data has been derived from the Company's financial statements for the three and nine months ended September 30, 2023 and 2022:

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Net loss and comprehensive loss for the period	194,925	445,745	963,394	2,618,816
Loss per common share - Basic and diluted	0.00	0.01	0.01	0.03

	September 30, 2023	December 31, 2022
	\$	\$
Financial position		
Total assets	899,110	738,925
Total liabilities	947,801	646,691
Working capital surplus	498,944	10,790

SUMMARY OF QUARTERLY RESULTLS

The following table summarizes selected quarterly financial information for the last eight quarters:

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$
Net loss	194,925	504,270	264,199	773,649
Total comprehensive loss	194,454	505,689	255,906	743,084
Net loss per share - basic and diluted	0.00	0.01	0.00	0.01

	Q3 2022	Q2 2022	Q1 2022	Q4 2021
	\$	\$	\$	\$
Net loss	445,745	1,638,866	534,206	811,874
Total comprehensive loss	418,102	2,238,935	734,618	558,712
Net loss per share - basic and diluted	0.01	0.02	0.01	0.01

During the last eight quarters, the Company's net loss has ranged between \$194,925 and \$1,638,866. The Company has not yet achieved profitable operations and the range of net loss and comprehensive loss are correlated to the stability of the crypto market in any given quarter as this has an overall impact on the Company's digital assets and investments in other listed companies operating in the same industry. The global downturn of crypto market and the sales of the Company's digital assets were the major factors that contributed to the Q2 2022 losses.

During the three months ended September 30, 2023, the Company incurred a net loss and comprehensive loss of \$194,925. This decrease compared to \$445,745 in the three months ended September 30, 2022 is as a result of reduced consulting fees and professional fees as a result of normal course cost reductions, along with reduced share-based payments due to the accelerated vesting of stock options and restricted shares units.

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SOURCES AND USES OF CASH

	YTD 2023	YTD 2022
	\$	\$
Cash used in operating activities	(523,778)	(905,542)
Cash provided by investing activities	28,221	684,150
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 the period	269,206	684,949
Cash, end of the period	62,075	467,366

For Q3 2023, the Company reported net decrease in cash of \$207,131 compared to a decrease of \$217,583 in the prior year comparable period, largely due to the payments for investments in InvestDEFY and Pixel. Cash provided by financing activities increased to \$275,000 compared to \$nil due to the cash proceeds received from the 2023 Equity Placement and 2023 Debenture Placement.

RESULTS OF OPERATIONS

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Operating expenses				
Consulting fees	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	18,605	180,802	319,821	357,564
	171,875	539,036	1,010,957	1,414,422
Other income (expenses)				
Accretion expense	(3,158)	-	(3,158)	-
Change in fair value of digital assets	(17,495)	45,746	32,096	(321,924)
Change in fair value on investment held for trading	-	16,221	-	(192,036)
Dividend income	-	74	49	176
Foreign exchange gain (loss)	631	7,093	(16,482)	(20,141)
Interest expense	(3,933)	-	(3,933)	-
Other income	905	14,069	5,242	37,738
Realized gain (loss) on sale of digital assets	-	10,088	24,290	(460,080)
Realized gain (loss) on sales of investment held for trading	-	-	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 on digital assets	-	-	5,607	(697,196)
Change in foreign currency translation	471	27,643	1,738	(75,642)
Net loss and comprehensive loss	(194,454)	(418,102)	(956,049)	(3,391,654)

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Q3 2023 compared to Q3 2022

For the three months ended September 30, 2023, the Company reported a net loss and comprehensive loss of \$194,454 compared to \$418,102 in the prior year comparable period. The primary drivers of this decrease in the net loss were as follows:

- Consulting fees decreased to \$119,375 compared to \$244,123 in the prior year primarily due to additional market advisory and administration costs incurred in the prior year as the Company became public.
- Professional fees decreased to \$8,716 compared to \$66,253 in the prior year due to higher legal expenses incurred for the related amalgamation and the Company going public in the prior year.
- Share-based compensation decreased to \$18,605 compared to \$180,202 in the prior year mainly due to the accelerated vesting of stock options and restricted shares units following the termination of certain consultants.
- Change in fair value of digital assets was a loss of \$17,495 compared to a gain of \$45,746 in the prior year, mainly due to the global decline of the crypto market since the prior year period.
- Change in the fair value of investment held for trading decreased to \$nil compared to \$16,221 in the prior year due to the disposal of all investments held for trading during Q3 2022.

YTD 2023 compared to YTD 2022

For the nine months ended September 30, 2023, the Company reported net loss and comprehensive loss of \$956,049 compared to \$3,391,654 in the prior year comparable period. The primary drivers of this decrease in the net loss were as follows:

- Consulting fees decreased to \$429,709 compared to \$759,118 in the prior year, primarily due to termination of consultants in the current period and additional market advisory and administration costs incurred in the prior year as the Company became public.
- Professional fees decreased to \$137,806 compared to \$205,164 in the prior year due to higher legal expenses incurred for the related amalgamation and the Company going public in the prior comparable period.
- Change in fair value of digital assets was a gain of \$32,096 compared to loss of \$321,924 in the prior year, mainly due to the global decline of the crypto market during YTD 2022 and partial recovery during YTD 2023.
- Change in fair value of investments held for trading was \$nil compared to a loss of \$192,036 in the prior year, due to disposing all investments held for trading during YTD 2022.
- Realized gain on sale of digital assets was \$24,290 compared to loss of \$460,080 in the prior year, due to the sales of certain digital assets at a higher price than their carrying value during YTD 2023.
- Realized gain on sales of investments held for trading was \$8,869 compared to a loss of \$244,435 in the prior year, due to the sales of investments held for trading at a higher price than their carrying value during YTD 2023.

Partially offsetting the decrease in net loss was the increase in general and administrative expenses due to additional travel expenses and marketing costs relating to branding and shareholder communication.

LIQUIDITY AND CAPITAL RESOURCES

The Company has sufficient working capital to continue operations in the normal course of business for the foreseeable future. The Company controls liquidity risk by ensuring that it has sufficient cash resources to meet its financial obligations. The Company manages liquidity risk by restricting cash reserves to offset funds due to creditors.

As at September 30, 2023, the Company had a cash balance of \$62,075 (December 31, 2022 - \$269,206) to settle current liabilities of \$768,846 (December 31, 2022 - \$646,691). Accordingly, the Company is exposed to liquidity risk.

CAPITAL DISCLOSURES

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 through both equity and debt 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 holds all capital that is surplus to its immediate operational needs in either Canadian dollars, US dollars or Swiss francs in various bank accounts. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

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RELATED PARTY TRANSACTIONS

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

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

During the three and nine months ended September 30, 2023, Creade GmbH, a company controlled by Mr. Perroulaz (Chairman, Former Chief Executive Officer, and Director) provided consulting fee of \$nil and \$30,000, respectively (2022 - \$36,000 and \$126,000, respectively). During the three and nine months ended September 30, 2023, there were 533,333 options cancelled due to the resignation of Mr. Perroulaz. The Company recorded share-based compensation of \$2,084 and \$30,355 (2022 - \$17,983 and \$49,191, respectively) related to the accelerated vesting of these stock options and remaining RSUs granted to Mr. Perroulaz and settled amounts due to Mr. Perroulaz of \$34,500 through the issuance of 669,231 common shares. As at September 30, 2023, \$15,000 (December 31, 2022 - \$34,500) was due to Creade GmbH and included in accounts payable and accrued liabilities. The balance is unsecured, due on demand and is non-interest bearing.

During the three and nine months ended September 30, 2023, Core Financial Management Limited, a company controlled by Mr. O'Neill, a director of the Company, provided consulting services of \$nil and \$30,000, respectively (2022 - \$24,000 and \$84,000, respectively). During the three and nine months ended September 30, 2023, the Company recorded share-based compensation of \$1,562 and \$22,766 (2022 - \$13,488 and \$36,893, respectively) related to the accelerated vesting of stock options and RSUs granted to Mr. O'Neill and settled amounts due to Mr. O'Neill of \$23,000 through the issuance of 446,154 common shares. As at September 30, 2023, \$15,000 (December 31, 2022 - \$30,510) was due to Core Financial Management Limited and included in accounts payable and accrued liabilities. The balance is unsecured, due on demand and is non-interest bearing.

During the three and nine months ended September 30, 2023, the Company's Chief Executive Officer, Mr. Bateman, provided consulting services of \$30,000 and \$90,000 (2022 - \$nil and \$nil, respectively). During the three and nine months ended September 30, 2023, the Company granted 333,333 stock options and 166,667 RSUs to Mr. Bateman and recorded share-based compensation of \$8,519 and \$8,519 (2022 - \$nil and \$nil) related to these stock options and RSUs. As at September 30, 2023, \$10,000 (December 31, 2022 - \$10,000) was due to the Mr. Bateman and included in accounts payable and accrued liabilities. The balance is unsecured, due on demand and is non-interest bearing.

During the three and nine months ended September 30, 2023, the Company's Chief Investment Officer, Mr. Lung, provided consulting services of \$25,000 and \$52,500 (2022 - \$nil and \$nil, respectively).

During the three and nine months ended September 30, 2023, the Company's Chief Strategy Officer, Mr. Trojovsky, provided consulting services of \$23,750 and \$71,750 (2022 - \$nil and \$nil, respectively). As at September 30, 2023, \$15,834 (December 31, 2022 - \$nil) was due to the Mr. Trojovsky and included in accounts payable and accrued liabilities. The balance is unsecured, due on demand and is non-interest bearing.

During the three and nine months ended September 30, 2023, the Company's Chief Operating Officer, Mr. Denhi, provided consulting services of \$40,625 and \$40,625 (2022 - \$nil and \$nil, respectively).

During the three and nine months ended September 30, 2023, the total advances made to entities with common directors increased to \$123,139 (CHF 83,281), (December 31, 2022 - \$65,781 (CHF 44,868)). As at September 30, 2023, the advances remained receivable and were presented in due from related party on the statement of financial position. The advances are unsecured, due on demand and are non-interest bearing with no specified terms of repayment.

A summary of the Company's related party transactions in profit or loss is as follows:

	Q3 2023	Q3 2022	YTD 2023	YTD 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

SPIRIT BLOCKCHAIN CAPITAL INC.**Management's Discussion and Analysis**

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

A summary of the Company's amounts due to and from key management personnel 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 owing are non-interest bearing, unsecured and have no fixed terms of repayment.

OUTSTANDING SECURITIES DATA

A summary of the Company's outstanding securities is as follows:

	Date of September 30, MD&A 2023	
	\$	\$
Common shares	98,188,811	96,758,256
Stock options	2,133,711	2,133,711
Share purchase warrants	1,100,000	1,100,000
Non-vested restricted share units	910,222	910,222

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of these MD&A, the Company has no off-balance sheet arrangements.

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.**Management's Discussion and Analysis**

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

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 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, 2023	December 31, 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.

SPIRIT BLOCKCHAIN CAPITAL INC.**Management's Discussion and Analysis**

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with IFRS as issued by the IASB. The Company's significant accounting policies are described in the financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The accounting estimates, judgements and assumptions used in the preparation of the financial statements are consistent with those applied and disclosed in the annual audited consolidated financial statements for the years ended December 31, 2022 and 2021.

RISKS AND UNCERTAINTIES

Due to the high growth of, and maturing marketplace around, blockchain technologies and digital asset markets in general, and the nature of the Company's proposed business plan, the Company is subject to many risks that may affect future operations over which the Company has little control.

For a detailed listing of the risks and uncertainties faced by the Company, please refer to the Company's MD&A for the years ended December 31, 2022 and 2021.

CONTINGENT LIABILITIES

The Company has no contingent liabilities as at September 30, 2023 or at the date of this MD&A.

PROPOSED TRANSACTION

The Company has no undisclosed proposed transactions as at September 30, 2023 or at the date of this MD&A.

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 this MD&A, 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.