

SPIRIT BLOCKCHAIN CAPITAL INC.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2024 and 2023

(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 condensed interim consolidated financial statements of Spirit Blockchain Capital Inc. (the "Company") and its subsidiaries as well as the notes thereto for the three and nine months ended September 30, 2024 and 2023 (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, 2024 and 2023. The MD&A should be read in conjunction with the Financial Statements, which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB") including International Accounting Standards 34 *Interim Financial Reporting*. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Annual Financial Statements"), as some disclosures from the Annual Financial Statements have been condensed or omitted. 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 nine months ended September 30, 2024 and 2023 are referred to as "YTD 2024" and "YTD 2023".

All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. 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, 2024 (the "MD&A date"). For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca.

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.

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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.

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.

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, 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 nine months ended September 30, 2024, the Company had the following transactions:

- On March 7, 2024, the Company entered into a simple agreement for future equity ("SAFE") with CryptoSlam, Inc. ("CryptoSlam"). Pursuant to the SAFE, the Company invested \$67,595 (US\$50,000) to help support CryptoSlam's innovation program. The SAFE is initially recorded at fair value and subsequently measured by investment at cost which approximates its fair value.
- On March 28, 2024, the Company completed a non-brokered unit private placement of 2,200,000 units at \$0.05 per unit for gross proceeds of \$110,000. Each unit consists of 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 until September 28, 2025.
- On March 28, 2024, the Company completed a non-brokered private placement of convertible debentures for gross proceeds of \$440,000. The convertible debentures are unsecured, bear interest at 7.5% per annum, payable semi-annually and mature three years after the date of issue on March 28, 2027. Each convertible debenture is convertible into common shares at a price of \$0.18 per common share until September 28, 2025 and \$0.24 per common share afterwards until March 28, 2027.
- During the nine months ended September 30, 2024, InvestDEFY made loan repayments of \$404,825 in the form of tokens worth \$271,515 and cash of \$133,310.
- During the nine months ended September 30, 2024, the Company advanced to Troon Technologies Canada Inc. ("Troon") an additional \$50,000 and was provided services valued at \$8,876 in exchange for repayment of the loan.

HIGHLIGHTS SUBSEQUENT TO SEPTEMBER 30, 2024

- During October 2024, the Company issued 200,000 units at a price of \$0.05 per unit for gross proceeds of \$10,000. Each unit consists of one common share of the Company and one-half of one common share purchase 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.
- During October 2024, the Company issued convertible debentures for gross proceeds of \$40,000. The convertible debentures mature three years from the date of issuance ("Maturity Date") and bear interest at a rate of 7.5% per annum. Each convertible debenture is convertible into common shares at a price of \$0.18 per common share during the period of 18 months after the date of issue and \$0.24 per common share afterwards until the Maturity Date.
- On November 18, the Company announced a brokered private placement of up to 30,000,000 units at a price of \$0.165 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.255 for a period of 24 months.
- On November 22, 2024, the Company closed the of acquisition of Dogecoin Portfolio Holdings Corp. ("Dogecoin"), acquiring all issued and outstanding securities of Dogecoin, including common shares and share purchase warrants ("Dogecoin Shares"), from Dogecoin's shareholders. In consideration for the acquisition of Dogecoin Shares, the Company issued 14,000,000 common shares and 14,000,000 share purchase warrants. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.05 per share for a period of 24 months.

DIGITAL ASSETS

The Company has a brokerage account with Crypto Finance AG in Zurich, Switzerland, Bitcoin Suisse AG in Grafenauweg, Switzerland and a multi-signature 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, 2024			December 31, 2023		
	Units held	Fair value	Cost	Units held	Fair value	Cost
	#	\$	\$	#	\$	\$
Current						
Ethereum	-	-	-	0.707	2,135	2,036
Sushiswap	1,692.130	1,831	27,317	1,692.130	2,803	26,764
USD Coin	13,718.744	17,601	14,559	25,727.884	34,086	34,029
		19,432	41,876		39,024	62,829
Non-current						
Cardano	-	-	-	20,222.004	15,895	26,452

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Polkadot	-	-	-	3,029,243	32,830	62,824
		-	-		48,725	89,276
Total		19,432	41,876		87,749	152,105

During the three and nine months ended September 30, 2024, the Company recorded a loss on change in fair value of digital assets of \$16,814 and \$12,995, respectively (2023 - \$17,495 and a gain of \$32,096, respectively) through profit or loss and a realized loss on sale of digital assets of \$57,242 and \$33,272 (2023 - gain of \$nil and \$24,290).

During the three and nine months ended September 30, 2024, the Company recorded a gain of \$nil and \$51,436 (2023 - \$nil and gain of \$5,607) through other comprehensive income and transferred \$51,436 and \$51,436 (2023 - \$nil and \$nil) to deficit on disposals of the assets.

The receipts of staking rewards were recognized as other income in profit or loss.

A summary of the Company's staking rewards received included in other income is as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Avalanche	-	-	-	296
Cardano	5	55	101	208
Cosmos	-	-	-	1,306
Polkadot	99	850	1,389	2,968
	104	905	1,490	4,778

INVESTMENTS

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

	InvestDEFY	Pixel	CryptoSlam	Total
	\$	\$	\$	\$
Balance, December 31, 2022	-	-	-	-
Additions	330,999	25,000	-	355,999
Change in fair value	(330,999)	(25,000)	-	(355,999)
Balance, December 31, 2023	-	-	-	-
Addition	-	-	67,595	67,595
Balance, September 30, 2024	-	-	67,595	67,595

Investment in InvestDEFY

On February 6, 2023, the Company entered into a subscription agreement with InvestDEFY, whereby it subscribed for 645,162 Class B voting shares of InvestDEFY ("InvestDEFY Shares").

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

1. to pay cash consideration of US\$200,000 (paid \$24,999 (US\$17,946) on September 26, 2023); and
2. to issue a total of 9,675,000 common shares of the Company (delivered 5,400,000 common shares on February 6, 2023 at \$0.025 for a fair value of \$135,000, and 4,275,000 common shares on October 20, 2023 at \$0.04 for a fair value of \$171,000).

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.

As at December 31, 2023, InvestDEFY had not provided any updates on its business activities nor any information with respect to future financing rounds. Due to the absence of a market to sell the shares and the inability to reliably measure the fair value of the investment, the Company assessed the fair value at \$nil and recorded a loss on change in fair value of \$330,999 for the year ended December 31, 2023.

As at September 30, 2024 and December 31, 2023, the carrying value of the investment in InvestDEFY was \$nil.

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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:

1. First instalment of US\$25,000 payable on February 7, 2023 (paid \$25,000 (US\$18,145));
2. 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
3. A top-up instalment subject to certain conditions payable on the closing date of Pixel Equity Investment.

As at December 31, 2023, Pixel had not provided any updates on its business activities nor any information with respect to future financing rounds. Due to the absence of a market to sell the shares and the inability to reliably measure the fair value of the investment, the Company ceased pursuing the investment in Pixel and assessed the fair value at \$nil recorded a loss on change in fair value of \$25,000 for the year ended December 31, 2023.

As at September 30, 2024 and December 31, 2023, the carrying value of the investment in Pixel was \$nil.

Investment in CryptoSlam SAFE

On March 7, 2024, the Company entered into a simple agreement for future equity ("SAFE") with CryptoSlam Inc. ("CryptoSlam") with an expiration date of December 31, 2024. Pursuant to the SAFE, the Company invested \$67,595 (US\$50,000 - the "Purchase Amount") to support CryptoSlam's innovation program. The investment in CryptoSlam is measured at cost, which approximates fair value.

In the event that CryptoSlam completes an equity financing before the expiration or termination of the SAFE, CryptoSlam will automatically issue to the Company the number of preferred shares equal to the Purchase Amount divided by the lower of:

- the price per preferred share issued in the equity financing; and
- the price per share equal to CryptoSlam's post-money valuation capitalization divided by CryptoSlam's total number of shares issued and outstanding immediately prior to the equity financing.

In the event of a CryptoSlam's liquidation before the expiration or termination of the SAFE, the Company will receive amount equal to the greater of:

- the Purchase Amount; and
- the amount payable on the number of ordinary shares equal to the Purchase Amount divided by the liquidity price (equal to CryptoSlam's post-money valuation cap divided by CryptoSlam's total number of shares issued and outstanding immediately prior to the liquidation event).

In the event of CryptoSlam's dissolution before the expiration or termination of the SAFE, the Company will receive the Purchase Amount.

As at September 30, 2024, the SAFE has not been converted due to no triggering events taking place since the issuance of the SAFE and had a balance of \$67,595 (December 31, 2023 - \$nil).

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CONVERTIBLE DEBENTURES

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

	First Tranche	Second Tranche	EOS Tranche	Third Tranche	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2022	-	-	-	-	-
Issuance - liability component	191,854	45,641	950,969	-	1,188,464
Interest expense	8,092	291	7,123	-	15,506
Accretion expense	3,954	172	3,247	-	7,373
Balance, December 31, 2023	203,900	46,104	961,339	-	1,211,343
Issuance - liability component	-	-	-	307,527	307,527
Interest expense	12,386	3,066	78,175	16,817	110,444
Accretion expense	6,527	1,915	36,389	17,492	62,323
Balance, September 30, 2024	222,813	51,085	1,075,903	341,836	1,691,637
Current	-	-	1,075,903	-	1,075,903
Non-current	222,813	51,085	-	341,836	615,734

First Tranche

On July 5, 2023, the Company completed a non-brokered private placement (the "First Tranche") 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 three years after the date of issue on July 5, 2026. Each convertible debenture is convertible into common shares at a price of \$0.18 per common share during the period of 18 months after the date of issue and \$0.24 per common share afterwards until July 5, 2026. The fair value of the liability component was determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of \$191,854 was allocated to the liability component and \$28,146 was allocated to the equity component representing the conversion feature.

During the three and nine months ended September 30, 2024, the Company recorded accretion expense of \$2,256 and \$6,527, respectively (2023 - \$nil and \$nil, respectively) and interest expense of \$4,159 and \$12,386, respectively (2023 - \$nil and \$nil, respectively) on the First Tranche.

Second Tranche and EOS Tranche

On December 5, 2023, the Company completed a non-brokered private placement of convertible debentures for total fair value of \$1,054,463, of which \$54,463 was received in cash proceeds (the "Second Tranche") and \$1,000,000 in EOS tokens (the "EOS Tranche").

The Second Tranche matures three years from the date of issuance on December 5, 2026 and bear interest at 7.5% per annum payable semi-annually. The Second Tranche is convertible into common shares at a price of \$0.18 per common share during the 18 months after the date of issue and \$0.24 per common share afterwards until December 5, 2026. In the event of an acquisition of the Company ("Change of Control"), the Second Tranche will be repaid in full plus any accrued and unpaid interest. The fair value of the liability component was determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of \$45,641 was allocated to the liability component and \$8,822 was allocated to the equity component representing the conversion feature.

The EOS Tranche bears interest at 10% per annum payable on maturity date of December 5, 2024, which will be reduced to 7.5% in the event of Change of Control. The EOS Tranche is convertible into common shares of the Company as follows:

- At the option of the holders before December 5, 2024 at (i) the lesser of \$0.18 per common share and (ii) the weighted average price of the Company's common shares for the 30 days immediately prior to the date of conversion ("Conversion Price"); or
- Automatically upon the Company's completion of a \$10,000,000 financing, at the lower of \$0.18 per common share and 75% of the price per common share in such financing; or
- In the event of a Change of Control:
 - The EOS Tranche will be repaid in the amount of 105% of the principal amount plus unpaid interest; or
 - If the Company is acquired by an existing reporting issuer or the Change of Control results in a new successor issuer, the EOS Tranche will be replaced by new notes of such existing reporting issuer or new successor issuer, in the amount of 105% of principal amount of the EOS Tranche; or
 - The EOS Tranche will be converted into common shares of the Company at the Conversion Price.

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On initial recognition, the fair value of the derivative liability was determined to be \$49,031. As a result, fair value of \$950,969 was allocated to the host liability component.

As at December 31, 2023, the EOS Tranche's derivative liability had a fair value of \$153,003. As a result, the Company recorded change in fair value of derivative liability of \$103,972. As at September 30, 2024, fair value of the EOS Tranche's derivative liability approximates the fair value as at December 31, 2023.

During the three and nine months ended September 30, 2024, the Company recorded accretion expense of \$13,342 and \$38,304, respectively (2023 - \$nil and \$nil, respectively) and interest expense of \$27,932 and \$81,241, respectively (2023 - \$nil and \$nil, respectively) on the combined Second Tranche and EOS Tranche.

Third Tranche

On March 28, 2024, the Company completed a non-brokered private placement (the "Third Tranche") of convertible debentures for gross proceeds of \$440,000. The convertible debentures are unsecured, bear interest at 7.5% per annum, payable semi-annually and mature three years after the date of issue on March 28, 2027. Each convertible debenture is convertible into common shares at a price of \$0.18 per common share until September 28, 2025 and \$0.24 per common share afterwards until March 28, 2027. The fair value of the liability component was determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of \$307,527 was allocated to the liability component and \$132,473 was allocated to the equity component representing the conversion feature.

During the three and nine months ended September 30, 2024, the Company recorded accretion expense of \$8,882 and \$17,492, respectively (2023 - \$nil and \$nil, respectively) and interest expense of \$8,318 and \$16,817, respectively (2023 - \$nil and \$nil, respectively) on the Third Tranche.

SUMMARY OF QUARTERLY RESULTS

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

	Q3 2024	Q2 2024	Q1 2024	Q4 2023
	\$	\$	\$	\$
Net loss	846,069	527,584	441,908	1,003,170
Comprehensive loss	889,881	530,355	399,071	995,010
Net loss per share - basic and diluted	0.01	0.01	0.00	0.01

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$
Net loss	194,925	504,270	264,199	773,649
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

During the last eight quarters, the Company's net loss has ranged between \$194,925 and \$1,003,170. 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 companies operating in the same industry.

During Q3 2023, the Company incurred a net loss and comprehensive loss of \$194,925. This decrease compared to other quarters is as a result of reduced consulting fees and professional fees from normal course cost reductions, along with reduced share-based compensation due to the vesting of lower number of stock options and restricted shares units. During Q4 2023, the Company incurred a net loss of \$1,003,170, mainly attributed to increased consulting fees and higher loss from change in fair value of investments.

Net loss in Q1 2024 decreased from net loss in Q4 2023, mainly due to reduction in professional fees in Q1 2024 which is as a result of the non-occurrence of legal expenses related to the preparation of an option and RSU agreement for the CEO in the prior period and a supplier credit of \$17,540 received in Q1 2024, loss in change in fair value of derivative liability and loss in change in fair value of investments in Q4 2023. Net loss increased to \$527,584 in Q2 2024 and \$846,069 in Q3 2024 due to an increase in consulting fees with the addition of three new members to the senior management team and an increase in fees to the chief executive officer ("CEO").

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RESULTS OF OPERATIONS

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Operating expenses				
Consulting fees	395,693	119,375	1,102,125	429,709
Filing fees	2,756	13,500	9,225	20,250
General and administrative	81,573	11,679	195,691	103,371
Professional fees	227,601	8,716	294,979	137,806
Share-based compensation	2,348	18,605	12,212	319,821
	709,971	171,875	1,614,232	1,010,957
Other income (expenses)				
Accretion expense	(24,481)	(3,158)	(62,323)	(3,158)
Change in fair value of digital assets	(16,814)	(17,495)	(12,995)	32,096
Dividend income	-	-	-	49
Foreign exchange gain (loss)	(3,130)	631	(265)	(16,482)
Interest expense	(40,408)	(3,933)	(110,444)	(3,933)
Other income	5,977	905	17,970	5,242
Realized gain (loss) on sale of digital assets	(57,242)	-	(33,272)	24,290
Realized gain on sales of investment held for trading	-	-	-	8,869
	(136,098)	(23,050)	(201,329)	46,973
Loss before tax	(846,069)	(194,925)	(1,815,561)	(963,984)
Income tax recovery	-	-	-	590
Net loss	(846,069)	(194,925)	(1,815,561)	(963,394)
Other comprehensive income (loss)				
Change in fair value on digital assets	(51,436)	-	-	5,607
Change in foreign currency translation	7,624	471	(3,746)	1,738
Net loss and comprehensive loss	(889,881)	(194,454)	(1,819,307)	(956,049)

Q3 2024 compared to Q3 2023

Net loss increased to \$846,069 from \$194,925 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Consulting fees increased to \$395,693 compared to \$119,375 in the prior year comparable period mainly due to the addition of three personnel that joined the Company's senior management team as the chief investment officer, chief strategy officer, and the chief financial officer. Additionally, there was an increase in the CEO's remuneration in the current period.
- General and administrative increased to \$81,573 compared to \$11,679 in the prior year comparable period mainly due to additional travel expenses and marketing costs relating to branding and shareholder communication during the current period.
- Professional fees were \$227,601 compared to \$8,716 in the prior year comparable period due to higher audit and accounting fees, legal fees incurred in connection with new financing activities subsequent to September 30, 2024 and fees associated with legal compliance in Switzerland in the current period.
- Accretion expense was \$24,481 compared to \$3,158 in the prior year comparable period as a result of the issuance of convertible debentures in December 2023 and March 2024.
- Interest expense was \$40,408 compared to \$3,933 in the prior year comparable period as a result of the issuance of convertible debentures in December 2023 and March 2024.
- Realized loss on sale of digital assets increased to \$57,242 compared to \$nil in the prior year comparable period due to the sales of certain digital assets at a lower price than their carrying value during the current period.

Partially offsetting the increase in net loss was a decrease in share-based compensation to \$2,348 compared to \$18,605 in the prior year comparable period, mainly due to the accelerated vesting of stock options and restricted shares units following the cancellation of these awards in the prior year comparable period.

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YTD 2024 compared to YTD 2023

Net loss increased to \$1,815,561 from \$963,394 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Consulting fees increased to \$1,102,125 compared to \$429,709 in the prior year comparable period mainly addition of three personnel that joined the Company's senior management team as the chief investment officer, chief strategy officer, and the chief financial officer. Additionally, there was an increase in the CEO's remuneration in the current period.
- General and administrative increased to \$195,691 compared to \$103,371 in the prior year comparable period mainly due to additional travel expenses and marketing costs relating to branding and shareholder communication during the current period.
- Professional fees were \$294,979 compared to \$137,806 in the prior year comparable period due to higher audit and accounting fees, legal fees incurred in connection with new financing activities subsequent to September 30, 2024 and fees associated with legal compliance in Switzerland in the current period.
- Accretion expense was \$62,323 compared to \$3,158 in the prior year comparable period as a result of the issuance of convertible debentures in July 2023, December 2023 and March 2024.
- Change in fair value of digital assets was a loss of \$12,995 compared to gain of \$32,096 in the prior year comparable period mainly due to fluctuations in the fair value of the underlying digital assets held by the Company during the current period.
- Interest expense was \$110,444 compared to \$3,933 in the prior year comparable period as a result of the issuance of convertible debentures in July 2023, December 2023 and March 2024.
- Realized loss on sale of digital assets increased to \$33,272 compared to gain of \$24,290 in the prior year comparable period due to the sales of certain digital assets at a lower price than their carrying value during the current period.

Partially offsetting the increase in net loss were decreases to certain expenses and increase to certain income as follows:

- Share-based compensation decreased to \$12,212 compared to \$319,821 in the prior year comparable period mainly due to the accelerated vesting of stock options and restricted shares units resulting from the cancellation of these awards in the prior year comparable period.
- Foreign exchange loss was \$265 compared to \$16,482 in the prior year comparable period mainly due to the impact of the strengthening of US dollar against the Swiss franc on the translation of US dollar denominated digital assets and investments in the prior year comparable period.
- Other income was \$17,970 compared to \$5,242 in the prior year comparable period mainly due to the interest earned on the loan to Troon and convertible notes receivable.

SOURCES AND USES OF CASH

	YTD 2024	YTD 2023
	\$	\$
Cash used in operating activities	(1,120,740)	(778,224)
Cash provided by investing activities	211,543	282,667
Cash provided by financing activities	550,000	275,000
Effect of exchange rate on changes in cash	(3,194)	13,426
Change in cash and cash equivalent	(362,391)	(207,131)
Cash, beginning of the period	375,491	269,206
Cash, end of the period	13,100	62,075

Cash used in operating activities increased to \$1,120,740 compared to \$778,224 in the prior year comparable period due to an increase in consulting fees to key senior management and marketing expenses.

Cash provided by investing activities was \$211,543 compared to \$282,667 in the prior year comparable period due to increased proceeds from sales of digital assets partially offset by an investment made to CryptoSlam and advancing a loan to Troon.

Cash provided by financing activities was \$550,000 compared to \$275,000 in the prior year comparable period due to higher proceeds received from the issuance of convertible debentures and non-brokered unit private placement. The funds raised by the private placement will be used for income-generating lending, streaming arrangements, investments into blockchain-focused equities and working capital. Details of current year financing activities are discussed above.

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

For the three and nine months ended September 30, 2024 and 2023

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2024, the Company's cash balance of \$13,100 (December 31, 2023 - \$375,491) will not be sufficient to meet its current obligations related to its accounts payable and accrued liabilities balance of \$1,302,957 (December 31, 2023 - \$776,391) and convertible debentures of \$1,075,903 (December 31, 2023 - \$961,339). Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital in the future to fund its operations.

As at September 30, 2024, the Company has a working capital deficiency of \$2,111,851 (December 31, 2023 - \$800,439), has not yet achieved profitable operations, and has an accumulated deficit of \$18,313,069 (December 31, 2023 - \$16,548,944).

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.

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:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Consulting fees	212,400	119,375	864,625	314,875
Share-based compensation	2,253	12,165	11,541	61,640
	214,653	131,540	876,166	376,515

A summary of the consulting fees provided by the Company's officers is as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Chairman	15,000	-	196,625	30,000
CEO	37,500	30,000	45,000	90,000
Chief Financial Officer ("CFO")	15,000	-	45,000	30,000
Chief Investment Officer	37,500	25,000	131,250	52,500
Chief Strategy Officer ("CSO")	37,500	23,750	150,000	71,750
Former Chief Operating Officer	-	40,625	-	40,625
Former CFO	-	-	84,918	-
Director	22,500	-	75,023	-
Chief Marketing Officer	22,500	-	62,109	-
Vice President, Business Development	24,900	-	74,700	-
Total	212,400	119,375	864,625	314,875

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

For the three and nine months ended September 30, 2024 and 2023

A summary of share-based compensation related to stock options and RSUs granted to the Company's officers is as follows:

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
	\$	\$	\$	\$
Chairman	348	1,563	2,431	22,766
CEO	463	2,083	3,241	30,355
CFO	1,056	8,519	3,168	8,519
CSO	386	-	2,701	-
Total	2,253	12,165	11,541	61,640

During the nine months ended September 30, 2024, the total advances made to entities with common directors increased to \$147,090 (CHF 91,725), (December 31, 2023 - \$138,303 (CHF 87,767)). As at September 30, 2024, the advances remained receivable and were presented in due from related parties 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 amounts due to and from key management personnel is as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Due from related parties	147,090	138,303
Accounts payable and accrued liabilities	(513,883)	(166,675)

The amounts above relate to certain officers, bear no interest and have no specified terms of repayment.

OUTSTANDING SECURITIES DATA

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

	September 30, 2024	MD&A Date
	\$	\$
Common shares	104,936,112	119,136,112
Stock options	2,133,711	2,133,711
Share purchase warrants	2,336,150	16,436,150
Non-vested restricted share units	910,222	910,222

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2024 and the MD&A date, the Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2024 and December 31, 2023, the carrying value of cash, due from related parties and accounts payable and accrued liabilities approximate their respective fair values because of their short-term nature.

The Company's financial instruments consist of cash, loans receivable, convertible notes receivable, investments, due from related parties, accounts payable and accrued liabilities and convertible debentures. The Company classifies and measures its cash, loans receivable, accounts payable and accrued liabilities, convertible debentures, and due from related parties at amortized cost, and investments and convertible notes receivable at fair value through profit or loss.

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

For the three and nine months ended September 30, 2024 and 2023

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

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 credit risk results from the following financial assets:

	September 30, 2024	December 31, 2023
	\$	\$
Cash	13,100	375,491
Loans receivable	131,277	488,672
Due from related parties	147,090	138,303
Investments in private companies	67,595	-
Convertible notes receivable	145,086	-
Total credit risk associated with financial assets	504,148	1,002,466

The Company's credit risk is predominantly related to cash balances held in financial institutions, loans receivable, convertible notes 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, 2024, the Company expects to recover the full amount of such assets.

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 as well as convertible debentures 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 shares or debt as required.

As at September 30, 2024, the Company's cash balance of \$13,100 (December 31, 2023 - \$375,491) will not be sufficient to meet its current obligations related to its accounts payable and accrued liabilities balance of \$1,302,957 (December 31, 2023 - \$776,391) and convertible debentures of \$1,075,903 (December 31, 2023 - \$961,339). Therefore, the Company has assessed its liquidity risk as high and will be required to raise additional capital in the future to fund its operations.

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.

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 has exposure as at September 30, 2024 to interest rate risk through its convertible debentures, which have interest rates between 7.5% to 10% per annum.

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, 2024	December 31, 2023
	\$	\$
Cash	154	721
Accounts payable and accrued liabilities	(605)	-
	(451)	721

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 \$23.

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

For the three and nine months ended September 30, 2024 and 2023

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 Financial Statements.

PROPOSED TRANSACTIONS

Investment in Troon

On October 26, 2023, the Company and Troon entered into an agreement for the acquisition of Troon. Pursuant to the agreement, the Company plans to 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. 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. The Company may pay all or any part of the consideration in cash.

Investment in Vesta

On March 12, 2024, the Company entered into a share swap agreement with Vesta Equity Inc. ("Vesta"), pursuant to which the Company plans to acquire 270,727 common shares of Vesta ("Vesta Shares"). In consideration for the acquisition of the Vesta Shares, the Company is required to issue 2,054,722 common shares to Vesta at a deemed price of \$0.085 per share for a deemed value of \$175,000.

RISKS AND UNCERTAINTIES

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, 2023 and 2022.