

SPIRIT BLOCKCHAIN CAPITAL INC.

Management's Discussion and Analysis

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited consolidated financial statements of Spirit Blockchain Capital Inc. (the "Company") and its subsidiaries as well as the notes thereto for the years ended December 31, 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 years ended December 31, 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"). 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 years ended December 31, 2024 and 2023 are referred to as "FY 2024" and "FY 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 April 30, 2025 (the "MD&A date"). For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca.

MANAGEMENT'S RESPONSIBILITY

The Company's management is responsible for the preparation and presentation of the Financial Statements and the MD&A. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. Additional information regarding the Company, including the latest Annual Information Form.

Information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates and judgements are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates and judgements have been based on careful assessments and have been properly reflected in the accompanying Financial Statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

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.

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.

HIGHLIGHTS

During the year ended December 31, 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.
- On October 2, 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 until October 2, 2026.
- On October 2, 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 October 2, 2026.
- On November 22, 2024, the Company issued 14,000,000 common shares at a price of \$0.32 for a fair value of \$4,480,000 and 14,000,000 warrants with a fair value of \$4,265,340 in connection with the Dogecoin Acquisition.
- On December 4, 2024, the Company issued total 400,000 common shares pursuant to the exercise of 400,000 warrants at \$0.18 per share for gross proceeds of \$72,000. As a result of the exercise, \$11,300 was reclassified from contributed surplus to share capital.
- On December 10, 2024, the Company issued 16,198 common shares pursuant to the cashless exercise 35,714 warrants. As a result of the exercise, \$546 was reclassified from contributed surplus to share capital.
- On December 17, 2024, the Company completed a unit private placement of 7,920,543 units at \$0.165 per unit for gross proceeds of \$1,306,890. Of this amount, \$1,285,120 was cash and \$21,770 was in the form of Bitcoin tokens. 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 \$0.255 until December 17, 2026.
- During the year ended December 31, 2024, the Company settled \$634,463 of convertible notes principal by issuing 3,524,793 common shares at a price of \$0.18 per share. The value of the conversion feature for these settled convertible debentures was transferred from reserve to share capital in the amount of \$145,355.
- During the year ended December 31, 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 DECEMBER 31, 2024

- On January 16, 2025, the Company completed a unit private placement of 883,009 units at \$0.165 per unit for gross proceeds of \$145,696. Of this amount, \$85,685 was received during the year ended December 31, 2024, in the form of \$50,375 in cash and \$35,310 in Tether tokens. 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 \$0.255 until January 16, 2027.
- On January 21, 2025, the Company settled \$1,105,024 of EOS Tranche convertible notes principal and interest by issuing 6,470,588 common shares at a price of \$0.17 per share. The derivative liability was reclassified to share capital.
- On February 18, 2025, the Company closed the LIFE Offering of 14,088,491 units at \$0.15 per unit for gross proceeds of \$2,113,274. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.25 until February 18, 2027. In connection with the LIFE Offering, the Company paid cash finders fees of \$268,135 and issued 333,333 common shares and 1,127,079 warrants. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.15 until February 18, 2027.

ACQUISITION OF DOGECOIN HOLDINGS

On October 8, 2024, the Company announced that it had entered into a binding agreement to acquire all of the issued and outstanding securities of Dogecoin Holdings (“Dogecoin”). On November 22, 2024 (the “Acquisition Date”), the Company completed the acquisition of Dogecoin for 14,000,000 common shares and 14,000,000 share purchase warrants of the Company issued to the shareholders of Dogecoin Holdings (the “Dogecoin Acquisition”). The shares and share purchase warrants issued as consideration in the Dogecoin Acquisition had an aggregate fair value on the date of issuance of \$8,745,340. Each warrant exercisable at \$0.05 per share for a period of 24 months from the Acquisition Date.

At the Acquisition Date, Dogecoin did not meet the criteria for a business, as per analysis below:

- (i) **Input:** At the time of the acquisition, Dogecoin did not have any assets or other inputs that could support revenue-generating processes. The only resource available was a cash balance of \$387,494. While cash is a vital asset and can be used for operational purposes, it cannot, on its own, generate output without accompanying operational structures or intellectual property. There was no evidence of intellectual property - such as patents, trademarks, proprietary technologies, or any other intangible assets - that could form the basis for a revenue-generating business model.
- (ii) **Process:** At the time of the acquisition, Dogecoin did not have any employees, which means there was no operational workforce to execute any plans or processes that could result in the creation of goods or services. Additionally, Dogecoin did not have any administrative systems in place such as financial management tools, marketing strategies, and operational frameworks, etc. to managing the day-to-day activities of a business and facilitating its growth. Without these processes, Dogecoin had no established mechanisms to ensure the efficient use of its available resources (in this case, its cash balance), and it was unable to carry out any functional business activities. This lack of a defined process meant that Dogecoin had no operational capacity.
- (iii) **Output:** At the time of the acquisition, Dogecoin did not meet the necessary conditions to produce an output, as there were no functional inputs or established processes in place.

Due to the absence of both the necessary inputs and the required processes, at the time of the Dogecoin Acquisition, Dogecoin was not capable of producing outputs and therefore would not meet the definition of a business under IFRS 3 *Business combinations* (“IFRS 3”).

As a result, Dogecoin Acquisition did not qualify as a business combination under IFRS 3, as the significant inputs, processes, and outputs that together constitute a business did not exist in Dogecoin Holdings at the time of acquisition and Dogecoin Acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based payments*. Accordingly, the consideration in excess of net assets acquired was recorded as acquisition expense.

A summary of the Company’s fair value of the consideration and net assets acquired as at November 22, 2024, the acquisition date is as follows:

	\$
Consideration	
Fair value of 14,000,000 common shares	4,480,000
Fair value of 14,000,000 share purchase warrants	4,265,340
	8,745,340
Net assets acquired	
Cash	387,494
Accounts payable and accrued liabilities	(6,192)
	381,302
Acquisition expense	8,364,038

In addition to Dogecoin’s identifiable net assets, Dogecoin possesses vendor contracts and established relationships. However, the fair value of these items cannot be measured reliably and the potential future economic benefit flowing from them is indeterminable. As a result, the vendor contracts and relationships do not meet the criteria for recognition as intangible assets and have been expensed.

DIGITAL ASSETS

The Company has a brokerage account with Crypto Finance AG in Zurich, Switzerland, Bitcoin Suisse AG in Grafenauweg, Switzerland, a B2C2 wallet 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:

	December 31, 2024		December 31, 2023	
	Units held	Fair value	Units held	Fair value
	#	\$	#	\$
Current				
Bitcoin	0.25	33,609	-	-
Dogecoin	41,200.00	18,716	-	-
Ethereum	-	-	0.707	2,135
Sushiswap	-	-	1,692.130	2,803
Tether	26,680.00	37,328	-	-
USD Coin	10,427.77	13,159	25,727.884	34,086
		102,812		39,024
Non-current				
Cardano	-	-	20,222.004	15,895
Polkadot	-	-	3,029.243	32,830
		-		48,725
Total		102,812		87,749

During the year ended December 31, 2024, the Company recorded a loss on change in fair value of digital assets of \$15,877 (2023 - gain of \$54,788) through profit or loss and a realized loss on sale of digital assets of \$33,579 (2023 - gain of \$112,296).

During the year ended December 31, 2024, the Company recorded a gain of \$54,380 (2023 - \$nil) through other comprehensive income and transferred \$51,436 (2023 - \$nil) to deficit on disposal of the assets.

Major movements during the year ended December 31, 2024

On January 5, 2024, the Company received a repayment of amounts receivable of \$271,515 from InvestDEFY in the form of EOS tokens. The EOS tokens were sold for \$267,091 in the form of 23.45 Ethereum and 135.046 USD Coin. There was a net loss of \$4,424 from the sale and this was disclosed as realized gain (loss) on sale of digital assets in profit or loss.

On November 14, 2024, 0.25 units of Bitcoin with fair value of \$30,665 were received, part of which were included as part of gross proceeds received from the closing of a unit private placement on December 17, 2024. During the year ended December 31, 2024, the Company recorded a gain of \$2,944 (2023 - \$nil) through other comprehensive income on these units of Bitcoin.

On November 14, 2024, 21,380 units of Tether with a fair value of \$30,057 were received as subscription deposits from a subscriber. Subsequent to December 31, 2024, these units were returned following the subscriber's withdrawal from the financing. On December 17, 2024, an additional 25,000 units of Tether with a fair value of \$35,309 were received as subscription deposits from a subscriber that participated in a unit private placement closed on January 16, 2025. During the year ended December 31, 2024, 19,700 units of Tether were sold for gross proceeds of \$28,538.

During the year ended December 31, 2024, the Company purchased 41,200 units of Dogecoin for \$21,641 and recorded a loss on change in fair value of these units of \$2,925 (2023 - \$nil).

Major movements during the year ended December 31, 2023

During the year ended December 31, 2023, the Company received 95,250 USD Coin from InvestDEFY as repayment of amounts receivable. 70,000 USD Coin of the 95,250 USD Coin was transferred to a related party as settlement of outstanding consulting fees payable in the amount of \$12,500 and as settlement of bonus for the fiscal year 2023. The balance of the asset, 25,250 USD Coin was disclosed as part of the digital assets as at December 31, 2023.

SPIRIT BLOCKCHAIN CAPITAL INC.
Management’s Discussion and Analysis
For the years ended December 31, 2024 and 2023

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
Foreign exchange gain	-	-	4,350	4,350
Balance, December 31, 2024	-	-	71,945	71,945

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:

- to pay cash consideration of US\$200,000 (paid \$24,999 (US\$17,946) on September 26, 2023); and
- 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 December 31, 2024 and December 31, 2023, the carrying value of the investment in InvestDEFY was \$nil.

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 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 December 31, 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”). Pursuant to the SAFE, the Company invested \$67,595 (US\$50,000 - the “Purchase Amount”) to support CryptoSlam’s innovation program.

SPIRIT BLOCKCHAIN CAPITAL INC.
Management's Discussion and Analysis
For the years ended December 31, 2024 and 2023

In the event that CryptoSlam completes an equity financing, CryptoSlam will automatically issue to the Company the greater of:

- The number of shares of the preferred stock equal to the Purchase Amount divided by the lowest price per share of the preferred stock; and
- The number of shares of preferred stock equal to the Purchase Amount divided by the safe price (equal to price per preferred share equal to CryptoSlam's post-money valuation capitalization divided by CryptoSlam's total number of common 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 an 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 December 31, 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 \$71,945 (December 31, 2023 - \$nil).

As at December 31, 2024, the Company has concluded that the cost of the SAFE is a representation of the fair value because of the absence of a market to reliably measure the fair value of the investment.

CONVERTIBLE DEBENTURES

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

	First Tranche	Second Tranche	EOS Tranche	Third Tranche	Fourth 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	27,957	335,484
Interest expense	15,144	3,749	97,900	22,841	740	140,374
Accretion expense	24,191	8,650	45,785	113,268	749	192,643
Converted	(220,000)	(54,463)	-	(360,000)	-	(634,463)
Interest expense reclassified to AP	(23,235)	(4,040)	-	(18,272)	-	(45,547)
Balance, December 31, 2024	-	-	1,105,024	65,364	29,446	1,199,834
Current	-	-	1,105,024	-	-	1,105,024
Non-current	-	-	-	65,364	29,446	94,810

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.

SPIRIT BLOCKCHAIN CAPITAL INC.
Management's Discussion and Analysis
For the years ended December 31, 2024 and 2023

On December 4 and 10, 2024, the Company settled \$220,000 of First Tranche convertible notes principal by issuing 1,222,222 common shares at a price of \$0.18 per share. The value of the conversion feature for these settled convertible debentures was transferred from reserve to share capital in the amount of \$28,146. Unsettled accrued interest expense was reclassified to accounts payable and accrued liabilities in the amount of \$23,235 disclosed as convertible notes interest payable.

During the year ended December 31, 2024, the Company recorded accretion expense of \$8,059 (2023 - \$3,954), accelerated accretion expense of \$16,132 (2023 - \$nil) as a result of the early settlement of the tranche and interest expense of \$15,144 (2023 - \$8,092) on the First Tranche.

Second Tranche and EOS Tranche

On December 5, 2023, the Company completed a non-brokered private placement of convertible debentures with an affiliated entity 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.

On December 2, 2024, the Company settled \$54,463 of Second Tranche convertible notes principal by issuing 302,572 common shares at a price of \$0.18 per share. The value of the conversion feature for these settled convertible debentures was transferred from reserve to share capital in the amount of \$8,822. Unsettled accrued interest expense was reclassified to accounts payable and accrued liabilities in the amount of \$4,040 disclosed as convertible notes interest payable.

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:

1. 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
2. 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
3. In the event of a Change of Control:
 - o The EOS Tranche will be repaid in the amount of 105% of the principal amount plus unpaid interest; or
 - o 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
 - o The EOS Tranche will be converted into common shares of the Company at the Conversion Price.

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.

Subsequent to December 31, 2024, the Company settled \$1,105,024 of EOS Tranche convertible notes principal and interest by issuing 6,470,588 common shares at a price of \$0.17 per share. The derivative liability was reclassified to share capital.

During the year ended December 31, 2024, the Company recorded accretion expense of \$48,154 (2023 - \$3,421), accelerated accretion of \$6,281 (2023 - \$nil) as a result of the early settlement of the tranche and interest expense of \$101,649 (2023 - \$7,414) on the combined Second Tranche and EOS Tranche.

SPIRIT BLOCKCHAIN CAPITAL INC.
Management's Discussion and Analysis
For the years ended December 31, 2024 and 2023

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.

December 2 and 10, 2024, the Company settled \$360,000 of Third Tranche convertible notes principal by issuing 1,999,999 common shares at a price of \$0.18 per share. The value of the conversion feature for these settled convertible debentures was transferred from reserve to share capital in the amount of \$108,387. Unsettled accrued interest expense was reclassified to accounts payable and accrued liabilities in the amount of \$18,271 disclosed as convertible notes interest payable.

During the year ended December 31, 2024, the Company recorded accretion expense of \$24,221 (2023 - \$nil), accelerated accretion expense of \$89,047 (2023 - \$nil) as a result of the early settlement of the tranche and interest expense of \$22,841 (2023 - \$nil) on the Third Tranche.

Fourth Tranche

On October 2, 2024, the Company completed a non-brokered private placement (the "Fourth Tranche") of convertible debentures for gross proceeds of \$40,000. 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 October 2, 2027. Each convertible debenture is convertible into common shares at a price of \$0.18 per common share until April 2, 2026 and \$0.24 per common share afterwards until October 2, 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 \$27,957 was allocated to the liability component and \$12,043 was allocated to the equity component representing the conversion feature.

During the year ended December 31, 2024, the Company recorded accretion expense of \$749 (2023 - \$nil) and interest expense of \$740 (2023 - \$nil) on the Fourth Tranche.

SELECT ANNUAL INFORMATION

The following financial data has been derived from the Company's financial statements for the years ended December 31, 2024 and 2023:

	Fiscal 2024	Fiscal 2023	Fiscal 2022
	\$	\$	\$
Net loss for the year	(11,192,550)	(1,966,564)	(3,392,465)
Loss per common share - Basic and diluted	(0.10)	(0.02)	(0.04)
	December 31,	December 31,	December 31,
	2024	2023	2022
	\$	\$	\$
Financial position			
Total assets	1,366,736	1,139,019	738,925
Total non-current liabilities	94,810	250,004	-
Total liabilities	2,613,674	2,140,737	646,691
Working capital surplus (deficiency)	(1,382,352)	(884,286)	10,790

SUMMARY OF QUARTERLY RESULTS

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

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
	\$	\$	\$	\$
Net loss	9,376,989	846,069	527,584	441,908
Comprehensive loss	9,381,022	889,881	530,355	399,071
Net loss per share - basic and diluted	0.08	0.01	0.01	0.00

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	\$	\$	\$	\$
Net loss	1,003,170	194,925	504,270	264,199
Comprehensive loss	995,010	194,454	505,689	255,906
Net loss per share - basic and diluted	0.01	0.00	0.01	0.00

During the last eight quarters, the Company's net loss has ranged between \$194,925 and \$9,376,989. 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 was 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").

SPIRIT BLOCKCHAIN CAPITAL INC.
Management's Discussion and Analysis
For the years ended December 31, 2024 and 2023

RESULTS OF OPERATIONS

	Q4 2024	Q4 2023	FY 2024	FY 2023
	\$	\$	\$	\$
Operating expenses				
Consulting fees	244,791	409,821	1,346,916	839,530
Filing fees (recovery)	7,175	(6,750)	16,400	13,500
General and administrative	91,824	97,103	347,328	243,729
Professional fees	132,979	211,538	368,145	306,089
Share-based compensation	634	5,354	12,846	325,175
	477,403	717,066	2,091,635	1,728,023
Other income (expenses)				
Accretion expense	(130,320)	(4,215)	(192,643)	(7,373)
Acquisition expense	(8,364,038)	-	(8,364,038)	-
Change in fair value of derivative liability	-	(103,972)	-	(103,972)
Change in fair value of digital assets	(2,882)	22,692	(15,877)	54,788
Change in fair value of investments	-	(355,999)	-	(355,999)
Dividend income	-	-	-	49
Foreign exchange gain (loss)	17,479	(1,433)	17,214	(17,915)
Gain on debt settlement	-	75,251	-	75,251
Interest expense	(29,930)	(11,573)	(140,374)	(15,506)
Other income	6,043	6,480	24,013	11,722
Provisions for expected credit losses	(395,631)	-	(395,631)	-
Realized gain (loss) on digital assets	(307)	88,006	(33,579)	112,296
Realized gain (loss) on sales of investment held for trading	-	-	-	8,869
	(8,899,586)	(284,763)	(9,100,915)	(237,790)
Loss before income tax recovery	(9,376,989)	(1,001,829)	(11,192,550)	(1,965,813)
Income tax recovery	-	(1,341)	-	(751)
Net loss	(9,376,989)	(1,003,170)	(11,192,550)	(1,966,564)
Other comprehensive income (loss)				
Change in fair value on digital assets	2,944	(5,607)	2,944	-
Change in foreign currency translation	(6,977)	13,767	(10,723)	15,505
Net loss and comprehensive loss	(9,381,022)	(995,010)	(11,200,329)	(1,951,059)

Q4 2024 compared to Q4 2023

Net loss increased to \$9,376,989 from \$1,003,170 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Accretion expense increased to \$130,320 compared to \$4,215 in the prior year comparable period as a result of the issuance of convertible debentures in December 2023, March 2024 and October 2024 and early settlement of \$634,463 convertible notes principal in December 2024.
- Acquisition expense was \$8,364,038 compared to \$nil in the prior year comparable period, due to the non-cash expense associated with the Dogecoin Acquisition closed in November 2024.
- Interest expense increased to \$29,930 compared to \$11,573 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 was \$307 compared to a gain of \$88,006 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.
- Provisions for expected credit losses was \$395,631 compared to \$nil in the prior year comparable period. The Company recognized provisions for the anticipated unrecoverable due from related party of \$145,760, taxes receivable of \$116,113 and loan receivable of \$133,758 in the current period.

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

For the years ended December 31, 2024 and 2023

Partially offsetting the increase in net loss was a decrease in certain expenses as follows:

- Consulting fees decreased to \$244,791 compared to \$409,821 in the prior year comparable period mainly due to the departure of the former Chief Operating Officer (“COO”) and the associated termination benefits in December 2023.
- Professional fees decreased to \$132,979 compared to \$211,538 in the prior year comparable period due to higher legal fees incurred in connection with financing activities in December 2023.
- Change in fair value of investments was \$nil compared to a loss of \$355,999 in the prior year comparable period. Due to the absence of a market to sell the shares and the inability to reliably measure the fair value of the investments in InvestDEFY and Pixel, the Company assessed the fair value at \$nil and recorded a loss on change in fair value of \$355,999 in December 2023.

FY 2024 compared to FY 2023

Net loss increased to \$11,192,550 from \$1,966,564 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Consulting fees increased to \$1,346,916 compared to \$839,530 in the prior year 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 year.
- General and administrative increased to \$347,328 compared to \$243,729 in the prior year mainly due to additional travel expenses and marketing costs relating to branding and shareholder communication during the current year.
- Accretion expense was \$192,643 compared to \$7,373 in the prior year as a result of the issuance of convertible debentures in July 2023, December 2023, March 2024 and October 2024 and early settlement of \$634,463 convertible notes principal in the current year.
- Acquisition expense was \$8,364,038 compared to \$nil in the prior year, due to the non-cash expense associated with the Dogecoin Acquisition closed in November 2024.
- Change in fair value of digital assets was a loss of \$15,877 compared to gain of \$54,788 in the prior year mainly due to fluctuations in the fair value of the underlying digital assets held by the Company during the current year.
- Interest expense was \$140,374 compared to \$15,506 in the prior year 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 \$33,579 compared to gain of \$112,296 in the prior year due to the sales of certain digital assets at a lower price than their carrying value during the current year.

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

- Share-based compensation decreased to \$12,846 compared to \$325,175 in the prior year mainly due to the accelerated vesting of stock options and restricted shares units resulting from the cancellation of these awards in the prior year.
- Change in fair value of investments was \$nil compared to \$355,999 in the prior year. Due to the absence of a market to sell the shares and the inability to reliably measure the fair value of the investments in InvestDEFY and Pixel, the Company assessed the fair value at \$nil and recorded a loss on change in fair value of \$355,999 in December 2023.
- Provisions for expected credit losses was \$395,631 compared to \$nil in the prior year comparable period. The Company recognized provisions for the anticipated unrecoverable due from related party of \$145,760, taxes receivable of \$116,113 and loan receivable of \$133,758 in the current year.

SOURCES AND USES OF CASH

	FY 2024	FY 2023
	\$	\$
Cash used in operating activities	(1,924,600)	(1,059,610)
Cash provided by investing activities	611,523	809,350
Cash provided by financing activities	1,877,029	343,078
Effect of exchange rate on changes in cash	(10,249)	13,467
Change in cash and cash equivalent	553,703	106,285
Cash, beginning of the year	375,491	269,206
Cash, end of the year	929,194	375,491

SPIRIT BLOCKCHAIN CAPITAL INC.
Management's Discussion and Analysis
For the years ended December 31, 2024 and 2023

Cash used in operating activities increased to \$1,924,600 compared to \$1,059,610 in the prior year, due to an increase in consulting fees to key senior management and marketing expenses.

Cash provided by investing activities was \$611,523 compared to \$809,350 in the prior year, primarily due to a significant reduction in loan repayments received and the absence of proceeds from the sale of investments held for trading in the current year, partially offset by cash proceeds from the Dogecoin Acquisition.

Cash provided by financing activities was \$1,877,029 compared to \$343,078 in the prior year primarily due to higher proceeds received from the issuance of non-brokered unit private placements, convertible debentures and warrant exercises. 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.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2024, the Company's cash balance of \$929,194 (December 31, 2023 - \$375,491) will not be sufficient to meet its current obligations related to its accounts payable and accrued liabilities balance of \$1,134,285 (December 31, 2023 - \$776,391) and convertible debentures of \$1,105,024 (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 December 31, 2024, the Company has a working capital deficiency of \$1,382,352 (December 31, 2023 - \$884,286), has not yet achieved profitable operations, and has an accumulated deficit of \$27,690,058 (December 31, 2023 - \$16,548,944).

Going Concern

The above 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 income from its operations; however, there can be no assurance that this will occur.

These financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern

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.

SPIRIT BLOCKCHAIN CAPITAL INC.
Management's Discussion and Analysis
For the years ended December 31, 2024 and 2023

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

	FY 2024	FY 2023
	\$	\$
Consulting fees	1,094,416	687,746
Share-based compensation	12,175	92,003
	1,106,591	779,749

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

	FY 2024	FY 2023
	\$	\$
Chairman	60,000	60,325
CEO	234,125	163,750
Chief Financial Officer ("CFO")	60,000	60,000
Chief Investment Officer	168,750	100,000
Chief Strategy Officer ("CSO")	187,500	113,833
Former COO	-	177,338
Former CFO	84,919	12,500
Director	97,522	-
Chief Marketing Officer	102,000	-
Vice President, Business Development	99,600	-
Total	1,094,416	687,746

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

	FY 2024	FY 2023
	\$	\$
Chairman	2,431	23,808
CEO	3,241	31,744
CFO	3,802	9,998
CSO	2,701	26,453
Total	12,175	92,003

A summary of the Company's amounts due to and from key management personnel is as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Due from related parties	-	138,303
Accounts payable and accrued liabilities	(336,774)	(166,675)
Convertible debentures ⁽¹⁾	(1,105,024)	(961,339)

(1) The convertible debentures are in respect of the EOS tranche which is payable to an affiliated entity of a director of the Company.

During the year ended December 31, 2024, the Company recorded an expected credit loss of \$145,760 (CHF 91,725) on advances to entities with common directors, following the closure of those entities (2023 - \$nil).

The accounts payable and accrued liabilities balances 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:

	December 31, 2024	MD&A Date
	\$	\$
Common shares	130,997,646	152,773,067
Stock options	2,133,711	2,133,711
Share purchase warrants	19,960,708	28,573,537
Non-vested restricted share units	910,222	910,222

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2024 and the MD&A date, the Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, amounts receivable, loan receivable, convertible notes receivable, investments, due from related parties, accounts payable and accrued liabilities, convertible debentures, derivative liability.

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

The Company's investment in private company and convertible notes receivable are classified as FVTPL and are recorded at fair value using unobservable inputs and are therefore classified as level 3 within the fair value hierarchy.

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:

	December 31, 2024	December 31, 2023
	\$	\$
Cash	929,194	375,491
Amounts receivable	118,682	453,629
Loans receivable	133,758	83,847
Due from related parties	145,760	138,303
Investments in private companies	71,945	-
Convertible notes receivable	158,279	-
Total credit risk associated with financial assets	1,557,618	1,051,270

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 December 31, 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 December 31, 2024, the Company's cash balance of \$929,194 (December 31, 2023 - \$375,491) will not be sufficient to meet its current obligations related to its accounts payable and accrued liabilities balance of \$1,134,285 (December 31, 2023 - \$776,391) and convertible debentures of \$1,105,024 (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 December 31, 2024 to interest rate risk through its convertible debentures, which have interest rates between 7.5% to 10% per annum.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk through its holding of digital assets. As at December 31, 2024, the Company held multiple digital assets which have a limited history and historically prices have been volatile. A 10% variance in price of these digital assets would impact the Company's comprehensive net loss by \$10,281 (2023 - \$23,392). The Company is not exposed to any other significant price risks.

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 and digital assets are denominated in CHF and USD.

A summary of the Company's financial assets and liabilities and digital assets that are denominated in CHF and USD as at December 31, 2024, expressed in Canadian dollars, is as follows:

	\$
Assets	
Cash	153
Digital assets	102,812
	<u>102,965</u>
Liabilities	
Accounts payable and accrued liabilities	1,394
	<u>1,394</u>
	<u>101,571</u>

The Company has not entered any foreign currency contracts to mitigate this risk. A 5% shift in the Swiss France exchange rate relative to the Canadian dollar would have in a minimal impact on the Company's net loss and comprehensive loss.

Custody risk

The Company holds its digital assets with several third-party custodians. The Company's custody strategy is designed to maximize liquidity and efficient sourcing of its digital assets by making those assets readily available to deploy. The Company constantly monitors its cash and the digital assets balance it maintains with its custodians.

Prior to onboarding a new custodian, the Company performs extensive due diligence procedures, which include, but are not limited to, internal control procedures to ensure security, availability, integrity and confidentiality of custodian's information and systems. The Company's custodian is SOC 2 Type II and ISAE 3402 certified and undergo a SOC 2 Type II and ISAE 3402 review on an ongoing basis. The Company reviews its custodian's SOC 2 and ISAE 3402 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Additionally, the Company reviews its own complementary user entity controls in conjunction with the custodian's controls to ensure that applicable trust services criteria can be met. The Company has no reason to believe it will incur any expense associated with security breach, computer malware and computer hacking attacks because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually certifies the amount of digital assets within its controls, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss.

Loss of access risk

The loss of access to the private keys associated with the Company's digital assets holdings may be irreversible and could adversely affect an investment. Digital assets controllable only by an individual that possesses both the unique public key and private key or key relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible, the Company may be unable to access the digital assets. The Company has assessed this risk as low due to no occurrence since inception of business.

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.

RISKS AND UNCERTAINTIES

These risk factors are not exhaustive. 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 following risk factors, among others, will apply:

Fluctuation of digital asset prices

Digital asset market technology is a development stage technology, and digital assets are a class of assets that are not widely held, difficult to purchase and to store securely and not fully regulated. As a result of these variables, the pricing of digital assets is highly volatile which will affect the value of staked digital assets and block reward payouts over time.

Blockchain technology

Most of the blockchain network is in a development stage ecosystem with many stakeholders including miners, investors, nodes and/or staking pools, and other ecosystem participants. Due to the decentralised and development stage nature of blockchain, the Company cannot forecast what changes will occur to the structure of these blockchain over time, and how protocol upgrades will affect the valuation of the Company's hardware infrastructure assets and underlying cryptocurrencies.

Collusion and third-party attacks

By its very nature blockchain technologies are decentralized and subject to possible manipulation. This includes the risk of a 51% attack on a blockchain mining network hashing power, where a malicious third party is able to reverse transactions on the blockchain through centralised control of an entire blockchain mining power. Although considered remote, a 51% attack, and other malicious attempts to control, attack, or manipulate a particular blockchain is outside of the management's control.

Security risks

Given the immutable nature of blockchain technologies, a risk exists that a malicious third party could attempt to hack or steal the Company's tokens or other digital assets deposited by the Company at a third party (custodian) and the Company may be unable to recover them.

Uninsured or uninsurable risks

The Company's blockchain assets are uninsured and are susceptible to total loss in the event of a theft, security breach, employee error or IT malfunction. The Company takes every available precaution to reduce the risk of blockchain asset losses due to theft, security breach, employee error or IT malfunction.

Financing risks

The Company has limited financial resources, has no source of operating cashflow and has no assurance that additional funding will be available to provide capital to blockchain ecosystem participants or to invest in blockchain assets or companies. Failure to raise additional financing could result in a delay or indefinite postponement of further technological investment in the blockchain ecosystem.

No assurance of profitability

The Company has a limited operating history on which an investor might evaluate its performance. It is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel and financing sources and lack of revenues, any of which could have a material adverse effect on the Company and may force it to reduce or curtail its operations. The Company is not currently profitable and has incurred operating losses since its inception.

Dilution to the Company's existing shareholders

The Company may require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Increased costs

Management anticipates the costs of mining equipment could increase over time if demand for cryptocurrency increases. This will result in increased capital costs to purchase sufficient blockchain assets or mining equipment.

Operational risks

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems, or external events. The Company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters.

Because the Company's business lines are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of third-party service providers, counterparties or other third parties, failed or inadequate processes, design flaws and technology or system failures and malfunctions.

Government regulation

Blockchain technology assets are a new and emerging asset class of which the regulatory and taxation policies related to the purchase, sale, trading, and ownership of digital tokens may change over time, and as result may have a direct impact on the Company's assets and operating cashflows.

Irrevocability of transactions

Digital asset transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

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. Market risk is comprised of interest rate risk.

Digital asset risk

Digital assets are measured at fair value less cost to sell. Digital currency or digital asset prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts.

The Company may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Prices of cryptocurrencies are volatile and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Digital assets have a limited history; their fair values have historically been volatile, and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of digital assets could negatively impact the Company's future operations. Historical performance of digital assets is not indicative of their future performance.

Many digital asset networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks.

In many digital asset transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from digital asset software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the respective digital asset. This process is vulnerable to hacking and malware and could lead to theft of the Company's digital wallets and the loss of the Company's digital assets.

Digital assets are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

The crypto asset exchanges on which the Company uses are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets.

Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Company to recover money or digital assets being held on the exchange. Further, the Company may be unable to recover digital assets awaiting transmission into or out of the Company, all of which could adversely affect an investment of the Company.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company. The DC&P provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer of the Company. The ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

No changes were made in the Company' design of internal controls over financial reporting during year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company is still in early days of establishing a system of internal controls.

Due to inherent limitations in all controls systems, a control system can provide only reasonable, not absolute assurance, that the objective of the control system is met and may not prevent or detect misstatements or instances of fraud. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by Management override.