

SPIRIT BLOCKCHAIN CAPITAL INC.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended June 30, 2025 and 2024

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

The accompanying unaudited condensed interim consolidated financial statements of Spirit Blockchain Capital Inc. for the interim periods ended June 30, 2025 and 2024, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, SRCO Professional Corporation, have not performed a review of these unaudited condensed interim consolidated financial statements.

August 29, 2025

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

	Note	June 30, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash		132,858	929,194
Amounts receivable	6	-	2,569
Digital assets	7	75,600	102,812
Prepaid expenses	8	589,563	101,937
		798,021	1,136,512
Investment	9	68,215	71,945
Convertible notes receivable	10	156,838	158,279
Total assets		1,023,074	1,366,736
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11,15	1,065,740	1,134,285
Current portion of convertible debentures	12,15	-	1,105,024
Derivative liability	12(b)	-	153,003
Subscription deposits	13	8,895	126,552
		1,074,635	2,518,864
Convertible debentures	12	99,930	94,810
Total liabilities		1,174,565	2,613,674
SHAREHOLDERS' DEFICIENCY			
Share capital	14(b)	23,313,565	20,604,802
Contributed surplus		6,639,031	5,889,941
Accumulated other comprehensive loss		(57,034)	(51,623)
Deficit		(30,047,053)	(27,690,058)
Total shareholders' deficiency		(151,491)	(1,246,938)
Total liabilities and shareholders' deficiency		1,023,074	1,366,736

Nature of operations and going concern (Note 1)

Subsequent event (Note 19)

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

/s/ Lewis Bateman
Director

/s/ Raymond O'Neill
Director

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

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

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Operating expenses					
Consulting fees	15	492,335	362,345	558,835	706,432
Filing fees		2,757	1,794	7,113	6,469
General and administrative		524,639	94,672	883,829	163,931
Professional fees		268,053	35,135	667,112	17,565
Research and development	16	56,689	-	288,122	-
Share-based compensation	14,15	422	4,932	844	9,864
		1,344,895	498,878	2,405,855	904,261
Other income (expenses)					
Accretion expense	12	(2,692)	(23,222)	(5,227)	(37,842)
Change in fair value of digital assets	7	10,154	(7,194)	259	3,819
Foreign exchange gain (loss)		(14,804)	1,250	(18,041)	2,865
Gain on settlement of accounts payable and accrued liabilities	14(b)	151,281	-	151,281	-
Interest expense	12	(2,244)	(39,314)	(4,463)	(70,036)
Other income		3,459	6,366	7,103	11,993
Provision for expected credit losses	6	(31,988)	-	(82,052)	-
Realized gain on sale of digital assets	7	-	33,408	-	23,970
		113,166	(28,706)	48,860	(65,231)
Net loss		(1,231,729)	(527,584)	(2,356,995)	(969,492)
Other comprehensive income (loss)					
Change in fair value of digital assets		4,612	-	1,668	51,436
Change in foreign currency translation		(145)	(2,771)	(7,079)	(11,370)
Comprehensive loss		(1,227,262)	(530,355)	(2,362,406)	(929,426)
Net loss per common share:					
Basic and diluted		(0.01)	(0.01)	(0.02)	(0.01)
Weighted average number of common shares:					
Basic and diluted		153,683,177	104,936,112	148,617,905	103,884,463

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

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

	Six months ended	
	2025	June 30, 2024
	\$	\$
Operating activities		
Net loss for the period	(2,356,995)	(969,492)
Adjustments for:		
Share-based compensation	844	9,864
Accretion expense	5,227	37,842
Change in fair value of digital assets	(259)	(3,819)
Unrealized foreign exchange loss (gain)	12,160	(3,611)
Gain on settlement of accounts payable and accrued liabilities	(151,281)	-
Interest expense	4,463	70,036
Other income	(6,989)	(11,993)
Provision for expected credit losses	82,052	-
Realized gain on sale of digital assets	-	(23,970)
Changes in non-cash working capital items:		
Amounts receivable	(79,483)	(30,580)
Due from related parties	-	(1,367)
Prepaid expenses	(487,626)	(2,823)
Accounts payable and accrued liabilities	282,330	(87,504)
Cash used in operating activities	(2,695,557)	(1,017,417)
Investing activities		
Loan receivable provided to Troon Technologies	-	(50,000)
Convertible notes receivable provided to CoinChange	-	(133,310)
Proceeds from repayment of amounts receivable from InvestDEFY	-	133,310
Proceeds from sales of digital assets	-	285,245
Payment for investment in CryptoSlam	-	(68,435)
Cash provided by investing activities	-	166,810
Financing activities		
Proceeds from issuance of units in private placement	58,096	110,000
Proceeds from issuance of units in LIFE Offering	2,113,274	-
Proceeds from issuance of convertible debentures	-	440,000
Proceeds from exercise of warrants	11,977	-
Repayment of interest on convertible debentures	(4,570)	-
Share issuance costs paid in cash	(271,559)	-
Cash provided by financing activities	1,907,218	550,000
Effect of exchange rate on changes in cash	(7,997)	(9,827)
Change in cash	(796,336)	(310,434)
Cash, beginning of the period	929,194	375,491
Cash, end of the period	132,858	65,057
Supplemental cash flow information:		
Cash interest received	114	-
Cash income tax paid	-	-
Cash interest expense paid	4,570	-
Payment for accrued interest included in accounts payable	18,272	-
Fair value of digital assets received as repayment of loan receivable to InvestDEFY	-	262,769
Fair value of services received as repayment of loan receivable to Troon	-	8,876
Fair value of shares issued for share issuance costs	50,000	-
Fair value of warrants issued for share issuance costs	19,889	-
Fair value of compensation options issued for share issuance costs	140,819	-
Fair value of shares issued for conversion of convertible debentures	1,105,024	-
Fair value of shares issued for settlement of accounts payable and accrued liabilities	199,594	-

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

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

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' deficiency
	#	\$	\$	\$	\$	\$
Balance, December 31, 2023	102,736,112	14,397,583	1,193,487	(43,844)	(16,548,944)	(1,001,718)
Units issued in private placement	2,200,000	78,921	31,079	-	-	110,000
Fair value of conversion feature of convertible debentures	-	-	132,473	-	-	132,473
Share-based compensation	-	-	9,864	-	-	9,864
Change in fair value of digital assets	-	-	-	51,436	-	51,436
Change in foreign currency translation	-	-	-	(11,370)	-	(11,370)
Net loss for the period	-	-	-	-	(969,492)	(969,492)
Balance, June 30, 2024	104,936,112	14,476,504	1,366,903	(3,778)	(17,518,436)	(1,678,807)
Units issued in private placement	8,120,543	917,016	399,874	-	-	1,316,890
Share issuance costs	-	(132,382)	-	-	-	(132,382)
Fair value of conversion feature of convertible debentures	-	-	12,043	-	-	12,043
Units issued for acquisition of Dogecoin Holdings	14,000,000	4,480,000	4,265,340	-	-	8,745,340
Shares issued on conversion of convertible debentures	3,524,793	779,818	(145,355)	-	-	634,463
Shares issued on exercise of warrants	416,198	83,846	(11,846)	-	-	72,000
Share-based compensation	-	-	2,982	-	-	2,982
Change in fair value of digital assets	-	-	-	2,944	-	2,944
Reclassification of other comprehensive income to deficit	-	-	-	(51,436)	51,436	-
Change in foreign currency translation	-	-	-	647	-	647
Net loss for the period	-	-	-	-	(10,223,058)	(10,223,058)
Balance, December 31, 2024	130,997,646	20,604,802	5,889,941	(51,623)	(27,690,058)	(1,246,938)
Shares issued for settlement of accounts payable and accrued liabilities	4,435,417	199,594	-	-	-	199,594
Units issued in private placement	883,009	101,270	44,426	-	-	145,696
Units issued in LIFE Offering	14,088,491	1,497,182	616,092	-	-	2,113,274
Units issued for share issuance costs	333,333	(19,889)	19,889	-	-	-
Compensation options issued for share issuance costs	-	(140,819)	140,819	-	-	-
Share issuance costs	-	(271,559)	-	-	-	(271,559)
Shares issued on conversion of convertible debentures	6,470,588	1,105,024	-	-	-	1,105,024
Derivative liability reclassified to share capital on conversion of convertible debentures	-	153,003	-	-	-	153,003
Shares issued on exercise of warrants	239,541	84,957	(72,980)	-	-	11,977
Share-based compensation	-	-	844	-	-	844
Change in fair value of digital assets	-	-	-	1,668	-	1,668
Change in foreign currency translation	-	-	-	(7,079)	-	(7,079)
Net loss for the period	-	-	-	-	(2,356,995)	(2,356,995)
Balance, June 30, 2025	157,448,025	23,313,565	6,639,031	(57,034)	(30,047,053)	(151,491)

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

SPIRIT BLOCKCHAIN CAPITAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Spirit Blockchain Capital Inc. (the "Company") was incorporated under the Business Corporations Act on January 19, 2021 in British Columbia, Canada. The purpose of the Company is to offer products and services to the digital assets and blockchain ecosphere. The Company holds a portfolio of crypto-currencies, some of which it has staked, and invests in other companies operating in this ecosphere. The Company provides blockchain and advisory services to third parties. The Company can mine crypto-currencies, lend both fiat money and crypto coins (royalties and streaming), provide consulting service and undertake merger and acquisition activity. The Company's registered and records office is located at Suite 1570, 505 Burrard Street Vancouver, British Columbia, V7X 1M5. On September 14, 2022, the Company common shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "SPIR". On April 22, 2025, the Company upgraded to the OTCQB Venture Market (the "OTCQB") under the symbol "SBLCF".

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2025 and 2024 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the ordinary course of business in the foreseeable future. Historically, the Company has not earned sufficient income to finance day-to-day activities through operations. The Company's ability to continue on a going concern basis is dependent upon its ability to generate future cash flows or raise equity capital or borrowings sufficient to meet current and future obligations. Although the Company has been successful in obtaining financing in the past, there is no assurance that such financing will be available or be available on favourable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern.

As at June 30, 2025, the Company has a working capital deficit of \$276,614 (December 31, 2024 - \$1,382,352), has not yet achieved profitable operations, and has an accumulated deficit of \$30,047,053 (December 31, 2024 - \$27,690,058). These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on August 29, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS® Accounting Standards") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements").

b) Basis of presentation

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

c) Functional and presentation currency

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

SPIRIT BLOCKCHAIN CAPITAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2025 and 2024
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

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

A summary of the Company's subsidiaries included in these financial statements as at June 30, 2025 is as follows:

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

e) Reclassification of prior period presentation

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the consolidated statements of loss and comprehensive loss to reclassify \$49,813 of professional fees to general and administrative.

3. MATERIAL ACCOUNTING POLICIES

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

Research and development

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

In the preparation of these financial statements, the Company used the same accounting estimates and judgments as those applied and disclosed in the notes to the Annual Financial Statements.

SPIRIT BLOCKCHAIN CAPITAL INC.
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5. 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. 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 nor any 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, 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 and it was unable to carry out any functional business activities due to lack of a defined process and 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.

SPIRIT BLOCKCHAIN CAPITAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars, except where noted)

6. AMOUNTS RECEIVABLE

As at June 30, 2025, the Company has amounts receivable of \$nil (December 31, 2024 - \$2,569).

During the three and six months ended June 30, 2025, the Company recognized a provision of \$31,988 and \$82,052, respectively (2024 - \$nil and \$nil, respectively), against taxes receivable due to uncertainty surrounding the recovery of GST claims.

7. 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. Unrealized fair value gains on digital assets are recorded through profit or loss only to the extent that an unrealized gain reverses a previously recorded unrealized loss. Unrealized fair value gains are otherwise recognized through OCI. Unrealized fair value losses are first applied to any gains previously recorded through OCI with residual amounts recognized through profit or loss. When a digital asset is sold, amounts respective of the digital asset that have been recorded in OCI are reclassified to deficit and a realized gain or loss through profit or loss is recorded based on proceeds of disposition less the fair value of the digital asset sold.

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

	June 30, 2025		December 31, 2024	
	Units held	Fair value	Units held	Fair value
	#	\$	#	\$
Current				
Bitcoin	0.25	44,144	0.25	33,609
Dogecoin	41,200	9,545	41,200	18,716
Tether	5,300	7,301	26,680	37,328
USD Coin	10,428	14,610	10,428	13,159
Total		75,600		102,812

During the three and six months ended June 30, 2025, the Company recorded a gain on change in fair value of digital assets of \$10,154 and \$259, respectively (2024 - loss of \$7,194 and a gain of \$3,819, respectively) through profit or loss. During the three and six months ended June 30, 2025, realized gain or loss on sale of digital assets was \$nil and \$nil, respectively (2024 - gain of \$33,408 and \$23,970, respectively).

During the three and six months ended June 30, 2025, the Company recorded a gain of \$4,612 and \$1,668, respectively (2024 - gain of \$nil and \$51,436, respectively) through other comprehensive income.

Major movement during the six months ended June 30, 2025

On February 24, 2025, 21,380 units of Tether with a fair value of \$30,057 received as subscription deposits (Note 13) during the year ended December 31, 2024 from a subscriber were returned following the subscriber's withdrawal from future financings.

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 Technologies Inc. ("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 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 (Note 14(b)). During the year ended December 31, 2024, the Company recorded an unrealized gain of \$2,944 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. 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.

SPIRIT BLOCKCHAIN CAPITAL INC.
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(Unaudited - Expressed in Canadian dollars, except where noted)

7. DIGITAL ASSETS (continued)

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.

8. PREPAID EXPENSES

A summary of the Company's prepaid expenses is as follows:

	June 30,	December 31,
	2025	2024
	\$	\$
Insurance	11,667	237
Professional fees	20,204	-
Marketing and investor relations	557,692	101,700
	589,563	101,937

9. INVESTMENT

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

	CryptoSlam
	\$
Balance, December 31, 2023	-
Additions	67,595
Foreign exchange gain	4,350
Balance, December 31, 2024	71,945
Foreign exchange loss	(3,730)
Balance, June 30, 2025	68,215

Investment in CryptoSlam SAFE

On March 7, 2024, the Company entered into a simple agreement for future equity ("SAFE") with CryptoSlam. Pursuant to the SAFE, the Company invested \$67,595 (US\$50,000 - the "Purchase Amount") to support CryptoSlam's innovation program.

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 CryptoSlam's liquidation before the conversion of the SAFE to equity of CryptoSlam, 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 conversion of the SAFE to equity of CryptoSlam, the Company will receive the Purchase Amount.

SPIRIT BLOCKCHAIN CAPITAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars, except where noted)

9. INVESTMENT (continued)

As at June 30, 2025, the SAFE had a balance of \$68,215 (December 31, 2024 - \$71,945) and has not been converted to shares of CryptoSlam as no triggering events have taken place since the issuance of the SAFE. As at June 30, 2025, 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.

10. CONVERTIBLE NOTES RECEIVABLE

On December 5, 2023, the Company entered into an agreement to acquire an unsecured, 10% convertible notes receivable (the "Notes") with a principal amount of \$133,310 (US\$100,000), convertible into common shares of CoinChange. The transaction closed on January 4, 2024. The Notes mature on December 5, 2026 ("Maturity Date") and accrue interest at 10% per annum. The outstanding principal amount of the Notes plus all accrued and unpaid interest becomes due and receivable in cash on December 5, 2026.

The convertible notes receivable may be converted into shares of CoinChange as a result of the following four conditions:

1. A financing for aggregate gross proceeds for at least US\$5,000,000 - excluding conversion of the Notes and CoinChange's other debts (a "Qualified Financing").

In the event of a Qualified Financing, the Notes plus any unpaid accrued interest will automatically convert into the highest-ranking common shares of CoinChange at a conversion price equal to the lesser of:

- 80% of the price per share paid by investors participating in the Qualified Financing; and
- US\$25,000,000 divided by the number of all issued and outstanding shares of CoinChange immediately prior to the Qualified Financing, calculated on a fully-diluted basis.

2. An initial public offering of its common shares on a recognized stock exchange in Canada with net proceeds of US\$50,000,000 (an "IPO").
3. A consolidation or merger of CoinChange with or into any other corporation resulting in a surviving entity in which shareholders of CoinChange continue to hold a majority of voting power; or any transaction or series of transactions to which CoinChange is a party resulting in more than 50% of CoinChange's voting power is maintained; or a sale, lease, exclusive license or other disposition of all or substantially all of CoinChange's assets (collectively referred to as "Sale of Corporation").
4. In the event of a IPO or Sale of Corporation, the Company has the option to convert the Notes plus any unpaid accrued interest into the highest-ranking common shares of CoinChange at a conversion price equal to US\$25,000,000 divided by the number of all issued and outstanding shares of CoinChange, calculated on a fully-diluted basis, on the conversion date.

If the Notes have not been converted pursuant to any of the events above, the Company has the option to convert the Notes plus any unpaid accrued interest into highest-ranking common share of CoinChange at a conversion price equal to US\$25,000,000 divided by the number of all issued and outstanding shares of CoinChange, calculated on a fully-diluted basis, on the conversion date, which must be at least 10 days prior to the Maturity Date.

The Company determined that the fair value of the convertible notes receivable could not be reliably measured due to the absence of an active market and a lack of observable inputs. The convertible notes receivable is therefore carried at cost, which is considered a reasonable approximation of fair value as at period end. This conclusion is based on the lack of any significant changes in the underlying business, market conditions, or other relevant indicators that would materially affect the investment's value. The investment is classified within Level 3 of the fair value hierarchy due to the use of unobservable inputs.

As at June 30, 2025, the Notes have not been converted due to no triggering events taking place since the issuance of the Notes and had a balance of \$156,838 (December 31, 2024 - \$158,279). During the three and six months ended June 30, 2025, the Company recorded a foreign exchange loss of \$137 and \$8,431, respectively (2024 - gain of \$1,404 and \$3,610, respectively) and accrued interest income of \$3,539 and \$6,990, respectively (2024 - \$3,411 and \$6,737, respectively).

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Trade payables	946,017	700,046
Accrued liabilities	92,448	388,692
Convertible debentures interest payable (Note 12)	27,275	45,547
	1,065,740	1,134,285

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12. 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, 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
Conversion of convertible debentures	(220,000)	(54,463)	-	(360,000)	-	(634,463)
Accrued interest expense reclassified to accounts payable and accrued liabilities	(23,235)	(4,040)	-	(18,272)	-	(45,547)
Balance, December 31, 2024	-	-	1,105,024	65,364	29,446	1,199,834
Interest expense	-	-	-	2,975	1,488	4,463
Interest payment	-	-	-	(4,570)	-	(4,570)
Accretion expense	-	-	-	3,601	1,626	5,227
Conversion of convertible debentures	-	-	(1,105,024)	-	-	(1,105,024)
Balance, June 30, 2025	-	-	-	67,370	32,560	99,930
Current	-	-	-	-	-	-
Non-current	-	-	-	67,370	32,560	99,930

12. CONVERTIBLE DEBENTURES (continued)

a) 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.

On December 4 and December 10, 2024, the Company settled a total of \$220,000 of First Tranche convertible notes principal by issuing an aggregate of 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 contributed surplus 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 (Note 11).

During the three and six months ended June 30, 2025, the Company recorded an accretion expense of \$nil and \$nil, respectively (2024 - \$2,167 and \$4,271, respectively) and an interest expense of \$nil and \$nil, respectively (2024 - \$4,114 and \$8,227, respectively) on the First Tranche.

b) 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, 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 contributed surplus to share capital in the amount of \$8,822. Unsettled accrued interest payable was reclassified to accounts payable and accrued liabilities in the amount of \$4,040 disclosed as convertible notes interest payable (Note 11).

On January 21, 2025, following the maturity of the EOS Tranche on December 5, 2024, the Company settled \$1,105,024 of EOS Tranche convertible notes principal and interest by issuing 6,470,588 common shares at a share price of approximately \$0.17 per share. The derivative liability of \$153,003 relating to the EOS Tranche was reclassified to share capital (Note 14((b))).

During the three and six months ended June 30, 2025, the Company recorded an accretion expense of \$nil and \$nil, respectively (2024 - \$12,715 and \$24,962, respectively) and an interest expense of \$nil and \$nil, respectively (2024 - \$26,973 and \$53,310, respectively) on the combined Second Tranche and EOS Tranche.

c) 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 (Note 14(b)). 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.

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12. CONVERTIBLE DEBENTURES (continued)

On December 2 and December 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 contributed surplus to share capital in the amount of \$108,387. Accrued interest payable of \$18,272 unsettled at the time of conversion was reclassified to accounts payable and accrued liabilities and disclosed as convertible notes interest payable (Note 11). This amount was paid in cash during the six months ended June 30, 2025.

During the three and six months ended June 30, 2025, the Company recorded an accretion expense of \$1,854 and \$3,601, respectively (2024 - \$8,340 and \$8,609, respectively) and an interest expense of \$1,496 and \$2,975, respectively (2024 - \$8,227 and \$8,499, respectively) on the Third Tranche. Accrued interest payable of \$4,570 was paid in cash during the six months ended June 30, 2025.

d) 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 (Note 14(b)). 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 three and six months ended June 30, 2025, the Company recorded accretion expense of \$838 and \$1,626, respectively (2024 - \$nil and \$nil, respectively) and interest expense of \$748 and \$1,488, respectively (2024 - \$nil and \$nil, respectively) on the Fourth Tranche.

13. SUBSCRIPTION DEPOSITS

As at June 30, 2025, the Company had subscription deposits of \$8,895 in the form of digital assets received as subscriptions for future financings.

A summary of the Company's subscription deposits is as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Tether received (Note 7)	-	65,366
Bitcoin received (Note 7)	8,895	8,895
Cash received	-	52,291
	8,895	126,552

On November 14, 2024, 21,380 units of Tether with a fair value of \$30,057 were received as subscription deposits from a subscriber. On February 24, 2025, these units were returned following the subscriber's withdrawal from future 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 the unit private placement that closed on January 16, 2025 (Note 14(b)).

On November 14, 2024, 0.25 units of Bitcoin with a fair value of \$30,665 were received, \$21,770 of which were included as a part of the gross proceeds received from the closing of a unit private placement on December 17, 2024 (Note 14(b)) and \$8,895 remains in subscription deposits to be applied to future financings.

During the year ended December 31, 2024, the Company received \$52,291 from certain subscribers that participated in the unit private placement that closed on January 16, 2025 (Note 14(b)).

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14. SHARE CAPITAL

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

During the six months ended June 30, 2025, the Company had the following share capital transactions:

- 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, \$87,601 was received during the year ended December 31, 2024, in the form of \$52,291 in cash and \$35,309 in Tether while the rest of the gross proceeds, \$58,096 was received in cash during the three and six months ended June 30, 2025. 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. Warrants were measured at fair value on the date of the private placement using a Black-Scholes option pricing model and each warrant had a fair value of \$0.1006. Proceeds were allocated using the relative fair value method. The closing price of one common share on January 16, 2025, was \$0.028, as a result, fair value of \$101,270 was allocated to share capital and fair value of \$44,426 was allocated to contributed surplus.
- 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 approximately \$0.17 per share. The derivative liability of \$153,003 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. Warrants were measured at fair value on the date of the private placement using a Black-Scholes option pricing model and each warrant had a fair value of \$0.0875. Proceeds were allocated using the relative fair value method. The closing price of one common share on February 18, 2025 was \$0.15, as a result, fair value of \$1,497,182 was allocated to share capital and fair value of \$616,092 was allocated to contributed surplus.
- In connection with the LIFE Offering, the Company paid cash finders fees of \$271,559 and issued 333,333 units and 1,127,079 compensation options. Each unit consists of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.25 until February 18, 2027. The closing price of one common share on February 18, 2025 was \$0.15, as a result, fair value of \$50,000 was allocated to share capital. The warrants were valued using Black-Scholes option pricing model and had a fair value of \$19,889. The compensation options were valued using the Black-Scholes option pricing model and had a fair value of \$140,819. Each compensation option entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until February 18, 2027.
- On April 28, 2025, the Company issued 239,541 common shares upon the exercise of 239,541 share purchase warrants at exercise price of \$0.05 per warrant, for gross proceeds of \$11,977. Accordingly, the Company reclassified \$72,980 from contributed surplus to share capital representing previously the recognized fair value of the exercised warrants.
- On June 16, 2025, the Company issued 4,435,417 common shares with a fair value of \$199,594 to settle \$350,875 owing to various consultants and service providers of the Company. As a result, a gain on settlement of accounts payable of \$151,281 was recorded through profit or loss.

During the year ended December 31, 2024, the Company had the following share capital transactions:

- 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 March 28, 2026. Proceeds were allocated using the relative fair value method. The closing price of one common share on March 28, 2024 was \$0.07, as a result, fair value of \$78,921 was allocated to share capital and fair value of \$31,079 was allocated to contributed surplus.

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14. SHARE CAPITAL (continued)

- 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. Proceeds were allocated using the relative fair value method. The closing price of one common share on October 2, 2024 was \$0.04, as result fair value of \$7,310 was allocated to share capital and fair value of \$2,690 was allocated to contributed surplus.
- 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 in connection with the Dogecoin Acquisition (Note 5).
- 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 in the form of Bitcoin units (Note 7). 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. Proceeds were allocated using the relative fair value method. The closing price of one common share on December 17, 2024 was \$0.34, as a result, fair value of \$909,706 was allocated to share capital and fair value \$397,184 was allocated to contributed surplus. In connection with the private placement, the Company paid cash finder's fees of \$132,382.
- During the year ended December 31, 2024, the Company settled \$634,463 of convertible debentures 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 contributed surplus to share capital in the amount of \$145,355.

c) Stock options

During the three and six months ended June 30, 2025, the Company recorded share-based compensation expense of \$260 and \$520, respectively (2024 - \$651 and \$1,302, respectively) related to the vesting of previously issued stock options.

During the six months ended June 30, 2025 and the year ended December 31, 2024, the Company did not have any stock option transactions.

A summary of the Company's stock options outstanding and exercisable as at June 30, 2025 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
July 31, 2026	1,800,378	1,800,378	0.125	1.08
November 1, 2027	333,333	222,222	0.050	2.34
	2,133,711	2,022,600	0.113	1.28

d) Restricted share units ("RSUs")

During the three and six months ended June 30, 2025, the Company recorded share-based compensation expense of \$162 and \$324, respectively (2024 - \$4,281 and \$8,562, respectively) related to the vesting of previously issued RSUs.

During the six months ended June 30, 2025 and the year ended December 31, 2024, the Company did not have any RSU transactions.

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14. SHARE CAPITAL (continued)

A summary of the Company's RSUs outstanding as at June 30, 2025 is as follows:

Expiry date	Number of RSUs outstanding	Weighted average fair value	Weighted average remaining life
	#	\$	Years
November 1, 2025	166,667	0.035	0.34
July 31, 2026	743,555	0.125	1.08
	910,222	0.110	0.95

e) Share purchase warrants

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2023	1,236,150	0.18
Issued in private placements	5,160,272	0.24
Issued in Dogecoin Acquisition	14,000,000	0.05
Exercised	(435,714)	0.18
Balance, December 31, 2024	19,960,708	0.10
Issued in private placements and LIFE Offering	7,652,416	0.25
Exercised	(239,541)	0.05
Balance, June 30, 2025	27,373,583	0.14

A summary of the Company's outstanding warrants as at June 30, 2025, is as follows:

Expiry date	Number of warrants outstanding	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
July 5, 2025 ⁽¹⁾ (Note 19)	1,064,286	0.18	0.01
December 5, 2025	136,150	0.18	0.43
March 28, 2026	700,000	0.18	0.74
October 2, 2026	100,000	0.18	1.26
November 22, 2026	13,760,459	0.05	1.40
December 17, 2026	3,960,272	0.26	1.47
January 16, 2027	441,505	0.26	1.55
February 18, 2027	7,210,911	0.25	1.64
	27,373,583	0.14	1.40

(1) Subsequent to June 30, 2025, 1,064,286 warrants with exercise price of \$0.18 expired unexercised.

Of the 27,613,123 warrants, 6,402,211 warrants that were issued in private placements may be exercised at a fixed price or on a cashless basis.

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14. SHARE CAPITAL (continued)

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for the share purchase warrants issued during the six months ended June 30, 2025 and December 31, 2024, is as follows:

	2025	2024
Share price	\$0.15	\$0.31
Exercise price	\$0.25	\$0.10
Expected life	2 years	2 years
Risk-free interest rate	2.81%	3.34%
Expected volatility	209.02%	206.01%
Expected annual dividend yield	0.00%	0.00%

f) Compensation options

In connection with the LIFE Offering, the Company issued 1,127,079 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until February 18, 2027. The compensation options are valued using the Black-Scholes option pricing model and has a fair value of \$140,819. The compensation options were issued as standalone awards and are not part of the Company's stock option plan.

A summary of Company's compensation options activity is as follows:

	Number of compensation options	Weighted average exercise price
	#	\$
Balance, December 31, 2024 and 2023	-	-
Issued in LIFE Offering	1,127,079	0.15
Balance, June 30, 2025	1,127,079	0.15

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for the compensation options issued during the six months ended June 30, 2025, is as follows:

	2025
Share price	\$0.15
Exercise price	\$0.15
Expected life	2 years
Risk-free interest rate	2.80%
Expected volatility	295.27%
Expected annual dividend yield	0.00%

As at June 30, 2025, the Company had 1,127,079 compensation options outstanding (December 31, 2024 - nil) with a weighted average exercise price of \$0.15 that expires on February 18, 2027. As at June 30, 2025, the weighted average remaining life of these options was 1.64 years.

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15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's related parties include directors, key management personnel of the Company, including the Chief Executive Officer, and Chief Financial Officer.

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

	Three months ended		Six months ended	
	2025	June 30, 2024	2025	June 30, 2024
	\$	\$	\$	\$
Consulting fees	408,342	272,000	614,842	564,500
Share-based compensation	422	3,486	844	6,973
	408,764	275,486	615,686	571,473

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

	June 30, 2025	December 31, 2024
	\$	\$
Accounts payable and accrued liabilities	(126,050)	(336,774)
Convertible debentures (Note 12(b)) ⁽¹⁾	-	(1,105,024)

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

The accounts payable and accrued liabilities balances relate to certain officers, bear no interest and have no specified terms of repayment.

16. RESEARCH AND DEVELOPMENT

During the three and six months ended June 30, 2025, the Company incurred research and development expenditures of \$56,689 and \$288,122, respectively (2024 - \$nil and \$nil, respectively) in connection with the development of a digital asset management platform.

As at June 30, 2025, the project remained in the research phase, during which the criteria for capitalization under IAS 38 *Intangible assets* had not been met as the Company had not yet demonstrated the existence of an intangible asset that is technically feasible, intended for completion and use or sale, and capable of generating probable future economic benefits. Accordingly, all expenditures incurred during the period have been recognized as an expense in the statement of profit or loss.

17. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS RISK MANAGEMENT

As at June 30, 2025, the Company's financial instruments consist of cash, convertible notes receivable, investment, accounts payable and accrued liabilities and convertible debentures.

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 and accounts payable and accrued liabilities approximate their respective fair values because of their short-term nature.

17. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS RISK MANAGEMENT (continued)

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The Company's investment 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 digital assets are measured using the revaluation model, as prescribed by IAS 38 *Intangible assets*. Initial recognition of digital assets is at fair value, which is the transaction price to purchase the digital asset.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract.

A summary of the Company's credit risk results from the financial assets are as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Cash	132,858	929,194
Investment	68,215	71,945
Convertible notes receivable	156,838	158,279
Total credit risk associated with financial assets	357,911	1,159,418

The Company's exposure to credit risk associated with cash is minimal as the cash balances are held with major Canadian financial institutions and in trusts with a reputable law firm. The Company's credit risk primarily relates to convertible notes receivable. The maximum exposure to credit risk is equal to the carrying value of such financial asset.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company is exposed to liquidity risk through accounts payable and accrued liabilities, convertible debentures and subscription deposits. 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 June 30, 2025, the Company's cash balance of \$132,858 (December 31, 2024 - \$929,194) will not be sufficient to meet its current obligations related to its accounts payable and accrued liabilities balance of \$1,065,740 (December 31, 2024 - \$1,134,285). 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.

c) Market risk

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

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 is not exposed to interest rate risk as at June 30, 2025.

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 June 30, 2025 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 loss by \$7,560 (December 31, 2024 - \$10,281). The Company is not exposed to any other significant price risks.

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17. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS RISK MANAGEMENT (continued)

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 currencies other than the Company's functional currency.

A summary of the Company's financial assets and liabilities and digital assets denominated in foreign currencies, expressed in Canadian dollars, is as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Assets		
Cash	1,242	153
Digital assets	75,600	102,812
	76,842	102,965
Liabilities		
Accounts payable and accrued liabilities	9,879	1,394
	9,879	1,394
	66,963	101,571

The Company has not entered any foreign currency contracts to mitigate this risk. A 5% shift in the exchange rates relative to Canadian dollars would result in a foreign exchange gain or loss of approximately \$3,300 (December 31, 2024 - \$5,000).

d) 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.

e) 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.

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18. CAPITAL MANAGEMENT

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

The Company invests all capital that is surplus to its immediate operational needs in digital assets in various accounts. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's capital management policy during the three and six months ended June 30, 2025.

19. SUBSEQUENT EVENT

On July 5, 2025, 1,064,286 share purchase warrants expired unexercised.