

## Interim Condensed Consolidated Financial Statements of



**December 31, 2024**  
**(Unaudited - prepared in Canadian dollars)**

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**THREED CAPITAL INC.****Notes to the Consolidated Financial Statements****December 31, 2024****(Unaudited - prepared in Canadian dollars)**

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**Notice to reader pursuant to National Instrument 51-102 – Continuous Disclosure Obligations**

Under National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

## THREED CAPITAL INC.

### Consolidated Statements of Financial Position

As at December 31, 2024 and June 30, 2024

(Unaudited - prepared in Canadian dollars)

	<u>Notes</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<b>Assets</b>			
Cash	5	\$ 49,110	\$ 482,146
Due from brokers	5	3,793	677
Prepays and receivables	5	937,928	358,469
Advances made on investments	3(d)	238,558	150,000
Investments, at fair value	3(b,c)	39,833,331	51,577,705
Digital assets, at fair value less cost to sell	4(b,c)	2,415,173	3,156,065
Property, equipment and right-of-use assets	7	397,149	449,653
		<u>\$ 43,875,042</u>	<u>\$ 56,174,715</u>
<b>Liabilities and Equity</b>			
Accounts payable and accrued liabilities	5	\$ 463,208	\$ 436,366
Due to brokers	5	-	10,577,913
Lease liabilities	5,14	401,708	441,034
		<u>864,916</u>	<u>11,455,313</u>
<b>Equity</b>			
Share capital	8(a)	107,761,049	108,886,712
Contributed surplus	8(b)	44,835,702	42,686,780
Warrants	8(c)	583,020	-
Foreign currency translation reserve		874,705	875,102
Deficit		(111,044,350)	(107,729,192)
		<u>43,010,126</u>	<u>44,719,402</u>
		<u>\$ 43,875,042</u>	<u>\$ 56,174,715</u>
Commitments	14		
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See accompanying notes to the interim condensed consolidated financial statements.

**THREED CAPITAL INC.****Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)****Three And Six Months Ended December 31,  
(Unaudited - prepared in Canadian dollars)**

	Notes	Three Months Ended		Six Months Ended	
		2024	2023	2024	2023
<b>Net investment and digital asset gains (losses)</b>					
Net realized losses on disposal of investments		\$ (1,613,489)	\$ (79,049)	\$ (6,066,973)	\$ (189,930)
Net change in unrealized gains (losses) on investments		723,611	(856,866)	5,702,791	737,757
Net realized gains (losses) on disposal of digital assets		9	656,679	(2,267)	656,679
Net change in unrealized gains (losses) on digital assets		(501,292)	(3,972,071)	(1,143,413)	2,170,001
		<b>(1,391,161)</b>	<b>(4,251,307)</b>	<b>(1,509,862)</b>	<b>3,374,507</b>
<b>Consulting and administrative income</b>		<b>87,000</b>	111,000	<b>174,000</b>	162,000
<b>Interest and dividend income</b>		<b>56,663</b>	156,526	<b>212,757</b>	198,117
		<b>(1,247,498)</b>	<b>(3,983,781)</b>	<b>(1,123,105)</b>	<b>3,734,624</b>
<b>Expenses</b>					
Operating, general and administrative	9	<b>953,520</b>	598,753	<b>1,996,968</b>	1,521,414
Finance expenses	10	<b>15,560</b>	18,221	<b>195,085</b>	19,272
		<b>969,080</b>	616,974	<b>2,192,053</b>	1,540,686
<b>Income (loss) before income taxes</b>		<b>(2,216,578)</b>	(4,600,755)	<b>(3,315,158)</b>	2,193,938
<b>Income tax expense</b>		-	-	-	-
<b>Net income (loss) for the period</b>		<b>(2,216,578)</b>	(4,600,755)	<b>(3,315,158)</b>	2,193,938
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations		(648)	394	(397)	18
<b>Total comprehensive income (loss) for the period</b>		<b>\$ (2,217,226)</b>	<b>\$ (4,600,361)</b>	<b>\$ (3,315,555)</b>	<b>\$ 2,193,956</b>
<b>Earnings (loss) per common share based on net income (loss) for the period</b>					
Basic		\$ (0.04)	\$ (0.09)	\$ (0.06)	\$ 0.04
Diluted		\$ (0.04)	\$ (0.09)	\$ (0.06)	\$ 0.04
<b>Weighted average number of common shares outstanding</b>					
Basic	8(d)	<b>56,647,635</b>	52,061,182	<b>56,474,657</b>	51,543,649
Diluted		<b>56,647,635</b>	52,061,182	<b>56,474,657</b>	51,713,246

See accompanying notes to the interim condensed consolidated financial statements.

## THREED CAPITAL INC.

### Consolidated Statements of Changes in Equity Six Months Ended December 31, 2024 and 2023 (Unaudited - prepared in Canadian dollars)

		Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
<b>Balance as at June 30, 2023</b>	<b>Notes</b>	50,189,160	\$ 110,489,466	\$ 884,138	\$ 39,189,256	\$ 875,701	\$ (111,746,725)	\$ 39,691,836
Net loss for the period		-	-	-	-	-	2,193,938	2,193,938
Exchange differences on translation of foreign operations		-	-	-	-	18	-	18
Total comprehensive loss for the period		-	-	-	-	18	2,193,938	2,193,956
Stock-based compensation expense	8(b)	-	-	-	393,687	-	-	393,687
Reallocation of expired warrants		-	-	(884,138)	884,138	-	-	-
Cancellation of normal course issuer buy back shares	8(a)	(247,500)	(536,138)	-	441,453	-	-	(94,685)
Issued pursuant to exercise of stock options	8(b)	2,000,000	987,281	-	(387,281)	-	-	600,000
<b>Balance as at December 31, 2023</b>		<b>51,941,660</b>	<b>\$ 110,940,609</b>	<b>\$ -</b>	<b>\$ 40,521,253</b>	<b>\$ 875,719</b>	<b>\$ (109,552,787)</b>	<b>\$ 42,784,794</b>
<b>Balance as at June 30, 2024</b>		<b>52,031,493</b>	<b>108,886,712</b>	<b>-</b>	<b>42,686,780</b>	<b>875,102</b>	<b>(107,729,192)</b>	<b>44,719,402</b>
Net loss for the period		-	-	-	-	-	(3,315,158)	(3,315,158)
Exchange differences on translation of foreign operations		-	-	-	-	(397)	-	(397)
Total comprehensive loss for the period		-	-	-	-	(397)	(3,315,158)	(3,315,555)
Stock-based compensation expense	8(b)	-	-	-	292,910	-	-	292,910
Issued pursuant to acquisition of investments	8(a)	200,000	160,000	-	-	-	-	160,000
Shares issued from private placement	8(a)	5,574,100	920,938	-	-	-	-	920,938
Warrants issued from private placement		-	-	584,069	-	-	-	584,069
Issuance costs	8(a,c)	-	(1,653)	(1,049)	-	-	-	(2,702)
Cancellation of normal course issuer buy back shares	8(a)	(1,157,958)	(2,204,948)	-	1,856,012	-	-	(348,936)
<b>Balance as at December 31, 2024</b>		<b>56,647,635</b>	<b>\$ 107,761,049</b>	<b>\$ 583,020</b>	<b>\$ 44,835,702</b>	<b>\$ 874,705</b>	<b>\$ (111,044,350)</b>	<b>\$ 43,010,126</b>

See accompanying notes to the interim condensed consolidated financial statements.

# THREED CAPITAL INC.

## Consolidated Statements of Cash Flows

Six Months Ended December 31, 2024 and 2023

(Unaudited - prepared in Canadian dollars)

	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Net income (loss) for the period		\$ (3,315,158)	\$ 2,193,938
Items not affecting cash			
Net realized losses on disposal of investments		6,066,973	189,930
Net change in unrealized gains on investments		(5,702,791)	(737,757)
Net realized losses (gains) on disposal of digital assets		2,267	(656,679)
Net change in unrealized losses (gains) on digital assets		1,143,413	(2,170,001)
Non-cash consulting and other income		(327,999)	(362,218)
Non-cash transaction costs		264	13,738
Stock-based compensation expense	8(b)	292,910	393,687
Depreciation expense	7	52,504	58,566
Finance expense	10	31,681	19,272
		<b>(1,755,936)</b>	<b>(1,057,524)</b>
Changes in non-cash working capital balances			
Proceeds on disposal of investments		46,122,168	1,033,653
Purchases of investments		(34,256,147)	(1,039,474)
Advances made on investments not yet closed		(238,558)	-
Proceeds on disposal of digital assets		522,216	1,436,711
Purchases of digital assets		(790,065)	(718,352)
Increase in prepaids and receivables		(579,459)	(1,056)
Decrease (increase) in due from brokers		(3,116)	6,292
Increase (decrease) in accounts payable and accrued		26,842	(81,553)
Increase (decrease) in due to brokers		(10,414,509)	96,034
		<b>(1,366,564)</b>	<b>(325,269)</b>
<b>Cash flows from investing activities</b>			
Loans provided to officer	6(f)	(1,000,000)	-
Loan payments received from officer	6(f)	1,000,000	-
Interest received from loan provided to officer	6(f)	14,967	-
		<b>14,967</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds received for shares and warrants issued	8(a)	1,505,007	-
Issuance costs of shares and warrants issued	8(a)	(2,702)	-
Proceeds received pursuant to exercise of stock options	8(b)	-	600,000
Purchase of shares cancelled under the normal course issuer bid	8(a)	(348,936)	(94,685)
Advances received from officer		-	397,000
Repayments on advances received from officer		-	(415,000)
Interest expense on margin borrowings	10	(163,404)	-
Principal payments of lease liabilities		(71,007)	(73,376)
		<b>918,958</b>	<b>413,939</b>
<b>Net increase (decrease) in cash during the period</b>		<b>(432,639)</b>	<b>88,670</b>
<b>Exchange rate changes on foreign currency cash balances</b>		<b>(397)</b>	<b>18</b>
<b>Cash, beginning of period</b>		<b>482,146</b>	<b>4,555</b>
<b>Cash, end of period</b>		<b>\$ 49,110</b>	<b>\$ 93,243</b>

Supplemental disclosure of cash flow information

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See accompanying notes to the consolidated financial statements.

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# THREED CAPITAL INC.

## Notes to the Consolidated Financial Statements

December 31, 2024

(Unaudited - prepared in Canadian dollars)

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### 1. Nature of business

ThreeD Capital Inc. ("ThreeD" or the "Company") is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the junior resources and disruptive technologies sectors. ThreeD's investment strategy is to invest in multiple private and public companies across a variety of sectors globally. ThreeD seeks to invest in early stage, promising companies where it may be the lead investor and can additionally provide investees with advisory services and access to the Company's ecosystem. The Company's investments are often in start-up ventures focused on capital growth, rather than income return, and are categorized as venture capital investments. These are held as part of an investment portfolio where their value is through their marketable value rather than as a medium through which the Company carries out its business. They are typically in businesses unrelated to the Company's business. The investments are managed on a fair value basis. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange ("CSE") under the symbol "IDK" and on the OTCQX Best Market under the symbol "IDKFF". The Company is domiciled in the Province of Ontario and its head office is located at 130 Spadina Ave., Suite 401, Toronto, Ontario, Canada.

The interim condensed consolidated financial statements for the three and six months ended December 31, 2024 (the "Interim Consolidated Statements") were approved for issuance by the Company's board of directors on February 26, 2025.

### 2. Basis of preparation

(a) Statement of compliance:

Interim Consolidated Statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB") and interpretations of International Financial Reporting Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The Interim Consolidated Statements should be read together with the annual audited consolidated financial statements as at and for the year ended June 30, 2024. The same accounting policies and methods of computation were followed in the preparation of the Interim Consolidated Statements as were followed in the preparation of and as described in Note 3 of the annual audited consolidated financial statements as at and for the year ended June 30, 2024, with the exception of new accounting standards and amendments adopted during the current period as outlined in Note 2(b).

(b) Recent accounting pronouncements:

During the six months ended December 31, 2024, the Company adopted the following accounting policy changes, which did not have an effect on the Interim Consolidated Statements:

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## **THREED CAPITAL INC.**

### **Notes to the Consolidated Financial Statements**

**December 31, 2024**

**(Unaudited - prepared in Canadian dollars)**

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- i. The Company adopted the amendments to IAS 1 'Presentation of Financial Statements'. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability and requires companies to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period.
- ii. The Company adopted the amendments to IFRS 7, 'Financial Instruments: Disclosures' and IAS 7, 'Statement of Cash Flows'. The amendments require companies to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on a company's liabilities and cash flows, as well as on its liquidity risk and risk management.
- iii. The Company adopted the amendments to IFRS 16, 'Leases'. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognize any amount of the gain or loss that relates to the right of use it retains.

(c) Basis of presentation:

The Interim Consolidated Statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value.

All monetary values referenced in these notes are expressed in Canadian dollar amounts ("\$\$"), unless otherwise stated.

(d) Basis of consolidation:

The Interim Consolidated Statements include the financial statements of ThreeD and its wholly-owned subsidiaries: Blockamoto.io Corp., Brownstone Ventures (Barbados) Inc., Compute AI Inc., and 2121197 Ontario Ltd.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company's reporting period using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.



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## **THREED CAPITAL INC.**

### **Notes to the Consolidated Financial Statements**

**December 31, 2024**

**(Unaudited - prepared in Canadian dollars)**

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- (e) Critical accounting judgments, estimates and assumptions:

The preparation of the Interim Consolidated Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Interim Consolidated Statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the Interim Consolidated Statements were the same as those in the preparation and as described in Note 2 of the annual audited consolidated financial statements as at and for the year ended June 30, 2024.

### **3. Investments at fair value and financial instruments hierarchy**

- (a) Determination of fair value:

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the Interim Consolidated Statements.

The Company is also required to disclose details of its investments (and other financial assets and liabilities reported at fair value) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith.

1. Publicly-traded investments:

- a. Securities, including shares, options, and warrants that are traded in an active market (such as on a recognized securities exchange) and for which no sales restrictions apply are presented at fair value based on quoted closing trade prices at the consolidated statements of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statements of financial position date. These investments are included in Level 1.
- b. Securities that are traded on a recognized securities exchange, but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value between 2% - 27%, using Finnerty's put option model. Such discount range was mainly driven by the underlying volatility of the investee

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## THREED CAPITAL INC.

### Notes to the Consolidated Financial Statements

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companies. In determining the discount for such investments, the Company considers the nature and length of the restriction. These investments are included in Level 2.

- c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. These investments are measured using the Black-Scholes option pricing model. These investments are included in Level 2.
- d. Convertible debentures and loans of public companies are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at the end of each financial reporting period, the combined instrument is adjusted to fair value based on probability-weighted approach. These investments are included in Level 2.

#### 2. Private company investments:

All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators. These investments are included in Level 3.

(b) The fair value and cost of investments are as follows:

		<b>Fair Value</b>		<b>Cost</b>
<b>December 31, 2024</b>	<b>\$</b>	<b>39,833,331</b>	<b>\$</b>	<b>29,489,188</b>
June 30, 2024		51,577,705		46,936,353

(c) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

## THREED CAPITAL INC.

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For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at December 31, 2024 and June 30, 2024:

Investments, at fair value	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique - observable market inputs	Valuation technique - non-observable market inputs	
December 31, 2024	\$ 6,439,221	\$ 8,695,174	\$ 24,698,936	\$ 39,833,331
June 30, 2024	\$ 20,976,341	\$ 7,073,936	\$ 23,527,428	\$ 51,577,705

Level 2 investments include warrants of public issuers and common stock of public issuers, whose resale is currently restricted. These securities typically have up to a maximum of 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price. Once the restriction has elapsed, these securities will become Level 1 securities. During the six months ended December 31, 2024, Level 2 investments amounting to \$2,848,443 (December 31, 2023 - \$691,010) were transferred to Level 1 investments.

In addition, investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2. The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the six months ended December 31, 2024, and year ended June 30, 2024. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains (losses) are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Balance as at June 30, 2023	\$ 24,753,084
Additions	1,282,934
Proceeds on disposals	(350)
Realized loss on disposals	(76,073)
Transfer to Level 1	(603,552)
Net unrealized losses	(1,828,615)
Balance as at June 30, 2024	\$ 23,527,428
<b>Additions</b>	<b>721,531</b>
<b>Proceeds on disposals</b>	<b>-</b>
<b>Realized loss on disposals</b>	<b>(29,976)</b>
<b>Transfer to Level 1</b>	<b>(169,000)</b>
<b>Net unrealized gains</b>	<b>648,953</b>
<b>Balance as at December 31, 2024</b>	<b>\$ 24,698,936</b>

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Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

Description	Fair value at December 31, 2024	Valuation technique / Unobservable inputs	% of investments	Inputs
Unlisted private equities	\$ 22,418,263	Recent transactions, Calibration and indexing	55.8	Recent transaction price between \$0.01 to \$187.08
Unlisted private equities	547,500	New investment	1.4	Recent transaction price between \$0.05 to \$0.20
Unlisted convertible debentures	962,183	Black Scholes and discounted cash flow Market prices, volatility, discount rate	2.4	150% volatility
Unlisted warrants	770,990	Black Scholes Market prices, volatility, discount rate	1.9	110% volatility
	<b>\$ 24,698,936</b>		<b>61.5</b>	

Description	Fair value at June 30, 2024	Valuation technique / Unobservable inputs	% of investments	Inputs
Unlisted private equities	\$ 20,640,291	Recent transactions, Calibration and indexing	40.0	Recent transaction price between \$0.01 to \$187.08
Unlisted private equities	1,095,503	New investment	2.1	Recent transaction price between \$0.04 to \$1.37
Unlisted convertible debentures	1,296,022	Black Scholes and discounted cash flow Market prices, volatility, discount rate	2.5	150% volatility
Unlisted warrants	495,612	Black Scholes Market prices, volatility, discount rate	1.0	110% volatility
	<b>\$ 23,527,428</b>		<b>45.6</b>	

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## **THREED CAPITAL INC.**

### **Notes to the Consolidated Financial Statements**

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Investments in convertible debentures, with a face value of \$1,663,500 (June 30, 2024 - \$1,324,549) are comprised of loan receivables that are convertible into common shares of the investees at a conversion price based on fixed and variable prices. These loans carry interest ranging between 5% to 8% and have maturity dates within 1 to 3 years.

For investments valued based on trends in comparable publicly traded companies, general market conditions, and specific company information, the inputs used can be highly judgmental. A +/- 5% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding +/- \$1,234,947 (June 30, 2024 - \$1,176,371) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

(d) **Advances made on Investments:**

From time to time, the Company advances funds towards investments for private placement financings that do not close before the end of the reporting period. As a result, the Company would not have received its share certificates by December 31, 2024, and thus has presented the advances made on the Interim Consolidated Statements as "Advances made on investments". As at December 31, 2024, the Company had a balance of \$238,558 (June 30, 2024 - \$150,000) in advances made on investments.

#### **4. Digital assets at fair value less costs to sell**

(a) **Determination of digital assets' fair values:**

Digital assets consist of the following:

- (i) Electronic currency, coins, or alternative cryptocurrency coins (altcoins) – a type of currency only available in digital form;
- (ii) Digital tokens – a representation of a particular asset or utility which are created and distributed to the public through an Initial Coin Offering ("ICO"). ICO is a means of

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**THREED CAPITAL INC.****Notes to the Consolidated Financial Statements****December 31, 2024****(Unaudited - prepared in Canadian dollars)**

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crowdfunding, through the release of a new token to fund project development similar to an initial public offering for stocks;

- (iii) Token Pooling Contracts – an agreement to lend digital tokens for a specified period of time, at a fixed interest rate, where interest payments are received in the form of digital tokens; and
- (iv) Simple Agreement for Future Tokens (“SAFT”) – an agreement with a promise to distribute tokens to investors in the future (a token presale and not an ICO).

Digital coins and digital tokens held by the Company are carried at fair value less cost to sell for the purposes of consolidated financial statements. The Company determines the fair value of such digital coins and digital tokens using the closing price on the valuation date price provided by the crypto exchange that the Company considers the principal market. Digital assets which are traded on an exchange, but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 26% (June 30, 2024 – 31%). In determining the discount for such digital currency, the Company considers the nature and length of the restriction. These are included in Level 2.

Digital coins and tokens which are not actively traded and purchases under SAFTs or received through Token Pooling Contracts are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value (depending upon the circumstances) may be adjusted using one or more valuation indicators (refer to the accounting policy for the fair value of a privately-held investments). These are included in Level 3.

The fair value of Token Pooling Contracts is determined based on a number of inputs including the market value of the tokens provided, which was \$0.209 USD per token (June 30, 2024 - \$0.4517 USD per token), a volatility of 96% (June 30, 2024 - 80%), a discount for lack of marketability of 33% (June 30, 2024 – 35%), a credit spread of 22.5% (June 30, 2024 – 22.5%), and a potential default percentage of 26% (June 30, 2024 - 38%).

- (b) The fair value and cost of digital assets are as follows as at December 31, 2024:

	<b>Cost</b>	<b>FVLCTS</b>
Digital coins	\$ <b>3,636</b>	\$ <b>4,509</b>
Digital tokens	<b>2,245,072</b>	<b>378,041</b>
Token Pooling Contracts	<b>244,188</b>	<b>1,334,756</b>
SAFTs	<b>445,380</b>	<b>697,867</b>
	\$ <b>2,938,276</b>	\$ <b>2,415,173</b>

## THREED CAPITAL INC.

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The fair value and cost of digital assets are as follows as at June 30, 2024:

	Cost	FVLCTS
Digital coins	\$ 3,516	\$ 4,387
Digital tokens	2,066,535	208,641
Token Pooling Contracts	244,188	2,274,987
SAFTs	445,380	668,050
	\$ 2,759,619	\$ 3,156,065

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Digital assets have a limited history and the fair value historically has been very volatile. The Company may not be able to liquidate its inventory of digital currency at its desired price if required. The Company invests in Token Pooling Contracts which are agreements to lend digital tokens for a specified period of time, at a fixed interest rate, where the interest received is in the form of additional digital tokens. The Company also invests in SAFTs which are agreements with a promise by the investee company to distribute tokens to investors in the future (i.e.: a token presale and not an ICO). There may be no resale of the SAFT and a considerable period of time may elapse between the payment of the SAFT and the receipt of the tokens, if at all. SAFTs are subject to high risks.

- (c) The following table presents the Company's digital assets, measured at fair value less costs to sell and categorized into levels of the fair value hierarchy on the consolidated statement of financial position as at December 31, 2024:

Digital assets, at fair value less cost to sell	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique - observable market inputs	Valuation technique - unobservable market inputs	
Digital coins	\$ -	\$ 4,509	\$ -	\$ 4,509
Digital tokens	-	378,041	-	378,041
Token Pooling Contracts	-	-	1,334,756	1,334,756
SAFTs	-	-	697,867	697,867
	\$ -	\$ 382,550	\$ 2,032,623	\$ 2,415,173

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The following table presents the Company's digital assets, measured at fair value less costs to sell and categorized into levels of the fair value hierarchy on the consolidated statement of financial position as at June 30, 2024:

Digital assets, at fair value less cost to sell	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - unobservable market inputs	Total
Digital coins	\$ -	\$ 4,387	\$ -	\$ 4,387
Digital tokens	-	208,641	-	208,641
Token Pooling Contracts	-	-	2,274,987	2,274,987
SAFTs	-	-	668,050	668,050
	\$ -	\$ 213,028	\$ 2,943,037	\$ 3,156,065

Transfers between Levels are deemed to have occurred at the date of event. The transfer out of Level 3 consists of digital assets that become actively traded on a digital exchange during the year or when tokens are received from SAFTs or the maturity of Token Pooling Contracts.

The following table presents the changes in fair value measurements of digital assets classified as Level 3 for the six months ended December 31, 2024 and year ended June 30, 2024:

Balance as at June 30, 2023	\$ 662,000
Transfer from Level 2	244,188
Net unrealized gains	2,036,849
Balance as at June 30, 2024	\$ 2,943,037
<b>Net unrealized losses</b>	<b>(910,414)</b>
<b>Balance as at December 31, 2024</b>	<b>\$ 2,032,623</b>

Once tokens are received from the maturity of Token Pooling Contracts or received from SAFTs, the assets are transferred to Level 1 or 2.

Significant unobservable inputs used in the fair value measurement of Level 3 digital assets include changes in other digital currency rate equivalents. A +/- 5% change on the fair value (i.e. recent transaction price) of Level 3 digital assets will result in a corresponding +/- \$101,631 (June 30, 2024 - \$147,152) change in the total fair value of the Level 3 digital assets. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between digital assets.



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#### 5. Financial assets and liabilities other than investments at fair value

Financial assets and liabilities other than investments at fair value are as follows:

	December 31, 2024	June 30, 2024
Cash	\$ 49,110	\$ 482,146
Due from brokers	3,793	677
Receivables (excluding sales tax receivables)	209,050	161,590
Accounts payable and accrued liabilities	(463,208)	(436,366)
Due to brokers	-	(10,577,913)
Lease liabilities	(401,708)	(441,034)
	\$ (602,963)	\$ (10,810,900)

The carrying values of cash, due from brokers, receivables, accounts payable and accrued liabilities, and due to brokers approximate their fair values due to the short term to maturity for these instruments. Lease liabilities carrying amount approximates its fair value as it is present valued at the discount rate implicit in the lease or using the Company's incremental borrowing rate. As at December 31, 2024 and June 30, 2024 there were no expected credit losses on the outstanding receivables.

#### 6. Related party transactions

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) Compensation to key management personnel and directors during the three and six months ended December 31, 2024 and 2023 were as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Salaries and consulting fees	\$ 382,000	\$ 207,000	\$ 614,000	\$ 414,000
CEO performance bonus	(19,722)	-	-	-
Director fees	51,250	51,250	102,500	102,500
Other short-term benefits	2,532	2,473	5,064	4,803
Stock-based compensation expense	130,755	33,752	290,233	391,645
<b>Total</b>	<b>\$ 546,815</b>	294,475	<b>\$ 1,011,797</b>	912,948

Key management personnel includes the Chairman/Chief Executive Officer ("CEO") and the Chief Financial Officer/Corporate Secretary ("CFO") of the Company.

The CEO performance bonus for the current year starting July 1, 2024 is calculated as 5% of the increase in net asset value (calculated as the value of the total assets less the value of total liabilities) from June 30, 2024. As at December 31, 2024, the Company recorded the

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## **THREED CAPITAL INC.**

### **Notes to the Consolidated Financial Statements**

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performance bonus accrual for the year-to-date performance at \$nil, resulting in a \$19,722 decrease from the previous quarter ended. A performance bonus accrual of \$14,609 was unpaid and included within accounts payable and accrued liabilities as at June 30, 2024. This amount was paid during the six months ended December 31, 2024.

- (b) On July 14, 2023, 2,000,000 stock options were granted to the CEO of the Company, exercisable at a price of \$0.30 per share, expiring July 14, 2028. On December 19, 2023, 1,450,000 stock options were granted to the CEO and a certain director of the Company, exercisable at a price of \$0.40 per share, expiring December 19, 2028. On March 18, 2024, 50,000 stock options were granted to a director of the Company exercisable at a price of \$0.50 per share, expiring March 18, 2026. On June 11, 2024, 1,750,000 stock options were granted to the CEO and a certain director of the Company, exercisable at a price of \$0.25 per share, expiring June 11, 2029.
- (c) On September 6, 2024, 950,000 stock options were granted to the CEO of the Company, exercisable at a price of \$0.25 per share, expiring September 6, 2029.
- (d) During the year ended June 30, 2024, directors of the Company exercised 3,100,000 stock options at an average price of \$0.30 per share and received 3,100,000 common shares of ThreeD.
- (e) During the six months ended December 31, 2024, the Company completed a non-brokered private placement as described in Note 8(a). On July 15, 2024, two directors and a close family member of the CEO subscribed for 3,500,000 units for gross proceeds of \$945,000. Upon completion the private placement, the two directors and close family member of the CEO were issued an aggregate of 3,500,000 common shares and 3,500,000 common share purchase warrants of the Company.
- (f) In July 2024, the Company provided a \$1,000,000 loan to the CEO of the Company. The loan carried interest at a rate of 5% per annum and was repayable to the Company on or before December 31, 2024. During the six months ended December 31, 2024, the CEO repaid the entire loan and interest balance, leaving nil outstanding as at December 31, 2024 (June 30, 2024 - \$nil). The Company has recorded interest income of \$14,967 (December 31, 2023 - \$nil) relating to the related party loan during the six months ended December 31, 2024, which is included within interest and dividend income on the Company's consolidated statement of net income (loss) and comprehensive income (loss).
- (g) As at December 31, 2024, included in prepaids and accounts receivables is \$654,335 (June 30, 2024 - \$66,837) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.
- (h) As at December 31, 2024, included in accounts payable and accrued liabilities is \$78,851 (June 30, 2024 - \$29,663) of director fees payable to certain directors of the Company.

## THREED CAPITAL INC.

### Notes to the Consolidated Financial Statements

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#### 7. Property, equipment, and right-of-use assets

Property, equipment and right-of-use assets are as follows as at December 31, 2024 and June 30, 2024:

<b>Cost</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Computer equipment</b>	<b>Right-of-use assets<sup>(1)</sup></b>	<b>Total</b>
Balance - June 30, 2023	\$ 99,720	\$ 31,813	\$ 28,665	\$ 473,683	\$ 633,881
Additions	-	-	-	483,494	483,494
Dispositions	-	(31,813)	-	-	(31,813)
<b>Balance - June 30 2024 and Dec. 31 2024</b>	<b>\$ 99,720</b>	<b>\$ -</b>	<b>\$ 28,665</b>	<b>\$ 957,177</b>	<b>\$1,085,562</b>

<b>Accumulated Depreciation</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Computer equipment</b>	<b>Right-of-use assets<sup>(1)</sup></b>	<b>Total</b>
Balance – June 30, 2023	\$ 73,681	\$ 29,162	\$ 25,527	\$ 418,763	\$ 547,133
Depreciation	5,723	2,651	2,274	109,941	\$120,590
Derecognition	-	(31,813)	-	-	(31,813)
Balance – June 30, 2024	\$ 79,404	\$ -	\$ 27,801	\$ 528,704	\$ 635,910
<b>Depreciation</b>	<b>2,031</b>	<b>-</b>	<b>478</b>	<b>49,995</b>	<b>52,504</b>
<b>Balance – Dec. 31, 2024</b>	<b>\$ 81,435</b>	<b>\$ -</b>	<b>\$ 28,279</b>	<b>\$ 578,699</b>	<b>\$688,414</b>

<b>Carrying Value</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Computer equipment</b>	<b>Right-of-use assets<sup>(1)</sup></b>	<b>Total</b>
Balance – June 30, 2024	\$ 20,316	\$ -	\$ 864	\$ 428,473	\$ 449,653
<b>Balance – Dec. 31, 2024</b>	<b>\$ 18,285</b>	<b>\$ -</b>	<b>\$ 386</b>	<b>\$ 378,478</b>	<b>\$397,149</b>

<sup>(1)</sup> The Company's right-of-use assets consist of leases for office space and office equipment.

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#### 8. Equity

- (a) Authorized: unlimited number of common shares (no par value).

The following table summarizes the issuances and cancellation of the Company's common shares as at December 31, 2024 and June 30, 2024:

	Number of common shares	Share capital
Ending balance, as at June 30, 2023	50,189,160	\$ 110,489,466
Shares repurchased and cancelled <sup>(1)</sup>	(1,566,000)	(3,297,798)
Issued pursuant to the acquisition of investments <sup>(2)</sup>	300,000	202,500
Issued pursuant to the exercise of stock options <sup>(3)</sup>	3,108,333	1,492,544
Ending balance, as at June 30, 2024	52,031,493	108,886,712
<b>Shares repurchased and cancelled<sup>(4)</sup></b>	<b>(1,157,958)</b>	<b>(2,204,948)</b>
<b>Issued pursuant to the completion of private placements<sup>(5)</sup></b>	<b>5,574,100</b>	<b>919,285</b>
<b>Issued pursuant to the acquisition of investments<sup>(6)</sup></b>	<b>200,000</b>	<b>160,000</b>
<b>Ending balance, as at December 31, 2024</b>	<b>56,647,635</b>	<b>\$ 107,761,049</b>

- (1) In August 2023, the Company announced its intention to effect a normal course issuer board ("NCIB") through the facilities of the CSE. Pursuant to the NCIB, the Company was entitled to, during the period commencing August 28, 2023 and ending August 25, 2024, purchase on the CSE up to 2,559,458 common shares in total, representing approximately 5% of the common shares issued and outstanding as of August 23, 2023. The price which ThreeD paid for the shares was the market price at the time of acquisition. The actual number of common shares which were purchased and the timing of the purchases was determined by the Company. During the year ended June 30, 2024, the Company repurchased and cancelled 1,566,000 common shares at an average price of \$0.56 per share for total cost of \$883,555.
- (2) In March 2024, the Company acquired 3,750,000 common shares of Sariel Diagnostics Corp. ("Sariel"), a privately held corporation existing under the laws of the Province of British Columbia, at a price of \$0.02 per share. In consideration, the Company issued an aggregate 150,000 common shares of the Company at a price of \$0.50 per common share for a total value of \$75,000.

In June 2024, the Company acquired 2,125,000 units of Lophos Holdings Inc. ("Lophos") (CSE:MESC) at a price of \$0.06 per share. In consideration, the Company issued an aggregate 150,000 common shares of the Company at a price of \$0.85 per common share for a total value of \$127,500. Each unit of Lophos consists of one common share and one common share purchase warrant of Lophos, with each warrant being exercisable to acquire one additional

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## **THREED CAPITAL INC.**

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common share of Lophos at an exercise price of \$0.10 for a period of three years following the date of issuance.

- (3) During the year ended June 30, 2024, 3,108,333 common shares were issued to employees and directors of the Company for the exercise of 3,108,333 stock options.
- (4) In September 2024, the Company announced its intention to effect a new NCIB ("2024 NCIB") through the facilities of the CSE. Pursuant to the 2024 NCIB, the Company is entitled to, during the period commencing September 23, 2024 and ending September 23, 2025, purchase on the CSE up to 2,843,554 common shares in total, representing approximately 5% of the common shares issued and outstanding as of September 23, 2024. The price for which ThreeD will pay for any such shares will be the market price at the time of acquisition. The actual number of common shares which may be purchased and the timing of the purchases will be determined by the Company. During the six months ended December 31, 2024, the Company repurchased and cancelled 1,157,958, common shares at an average price of \$0.30 per share for total cost of \$348,936.
- (5) In July 2024, the Company completed a private placement financing with the issuance of 5,574,100 units of the Company (the "Units") in exchange for gross proceeds of \$1,505,007, or \$0.27 per Unit. Each Unit is comprised of one common share and one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.40 per common share for a period of 36 months. Of the total proceeds received the Company allocated \$920,938 to the value of the common shares and \$584,069 to the value of the Warrants (Note 8(c)) using the proportional allocation method. The Company incurred total issuance costs of \$2,702, of which \$1,653 was allocated to value of the common shares issued bringing the net value of common shares issued to \$919,285.
- (6) In August 2024, the Company acquired 3,200,000 common shares of Sariel at a price of \$0.05 per share. In consideration, the Company issued an aggregate 200,000 common shares of the Company at a price of \$0.80 per common share for a total value of \$160,000.

(b) Stock options:

The Company grants stock options to eligible directors, officers, key employees and consultants under its 2006 stock option plan to enable them to purchase common shares of the Company. Under the terms of the plan, the number of common shares that may be issued pursuant to the exercise of options granted under the plan may not exceed 20% of the number of common shares outstanding at the time of grant.

The exercise price of an option granted under the plan cannot be less than the closing price of the common shares on the last day on which the common shares trade prior to the grant date of the option. An individual can receive grants of no more than 10% of the outstanding shares of the Company on a yearly basis and options are exercisable over a period not exceeding five years. Stock options granted generally vest at the rate of 1/6 of the grant every three months over an 18-month period. Options granted are accounted for using the

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fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

During the six months ended December 31, 2024, the Company granted 1,050,000 stock options exercisable at prices between \$0.25 and \$0.90 per share expiring between October 8, 2026 and September 6, 2029.

The fair value of the options granted during the six months ended December 31, 2024, was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

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Black-Scholes option valuation model assumptions used	
Expected volatility	<b>102.3% - 107.2%</b>
Expected dividend yield	<b>0%</b>
Risk-free interest rate	<b>2.99% - 3.24</b>
Expected option life in years	<b>2.0 - 2.5</b>
Expected forfeiture rate	<b>0%</b>
Fair value per stock option granted on September 6, 2024	<b>\$0.12</b>
Fair value per stock option granted on October 8, 2024	<b>\$0.07</b>

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During the year ended June 30, 2024, the Company granted 5,700,000 stock options exercisable at prices between \$0.30 and \$0.80 per share with expiry dates between January 3, 2026 and June 11, 2029.

The fair value of the options granted during the year ended June 30, 2024, was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

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Black-Scholes option valuation model assumptions used	
Expected volatility	91.1% - 103.0%
Expected dividend yield	0%
Risk-free interest rate	3.84% - 4.35%
Expected option life in years	2.00 - 2.72
Expected forfeiture rate	0%
Fair value per stock option granted on July 14, 2023	\$0.17
Fair value per stock option granted on December 19, 2023	\$0.18
Fair value per stock option granted on January 3, 2024	\$0.19
Fair value per stock option granted on March 18, 2024	\$0.38
Fair value per stock option granted on June 11, 2024	\$0.16

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The expected volatility is based on the average historical volatility over the life of the option at ThreeD's share price. The Company has not paid any cash dividends historically and has

## THREED CAPITAL INC.

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no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that options granted are expected to be outstanding based on historical options granted.

Included in operating, general and administrative expenses for the three and six months ended December 31, 2024, is stock-based compensation expense of \$133,223 (December 31, 2023 - \$34,435) and \$292,910 (December 31, 2023 - \$393,687) respectively.

A summary of the status of the Company's stock options as at December 31, 2024 and June 30, 2024 with the changes during the periods then ended is presented below:

	December 31, 2024		June 30, 2024	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
<b>Stock options</b>				
Outstanding, at beginning of period	<b>7,527,501</b>	<b>\$0.60</b>	5,489,303	\$0.70
Granted	<b>1,050,000</b>	<b>0.31</b>	5,700,000	0.39
Exercised	-	-	(3,108,333)	0.30
Expired	<b>(62,500)</b>	<b>0.40</b>	(553,469)	1.13
Outstanding, at end of period	<b>8,515,001</b>	<b>\$0.57</b>	7,527,501	\$0.60
Exercisable, at end of period	<b>5,973,333</b>	<b>\$0.65</b>	4,710,834	\$0.72

The weighted average stock price at the time that stock options were exercised during the six months ended December 31, 2024 was \$nil per share as no options were exercised (June 30, 2024 - \$0.49 per share). As at December 31, 2024, the weighted average remaining life of outstanding options was 2.95 years (June 30, 2024 – 3.23 years).

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The following table summarizes information about stock options outstanding and exercisable as at December 31, 2024:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
58,334	58,334	0.10	May 12, 2025
110,000	110,000	0.30	September 15, 2025
100,000	100,000	0.50	January 3, 2026
1,300,000	1,300,000	0.75	January 15, 2026
400,000	400,000	0.80	March 18, 2026
500,000	500,000	1.25	March 26, 2026
100,000	-	0.90	October 8, 2026
750,000	750,000	0.80	December 13, 2026
225,000	225,000	0.80	February 16, 2027
821,667	821,667	0.50	December 1, 2027
1,450,000	966,666	0.40	December 19, 2028
1,750,000	583,333	0.40	June 11, 2029
950,000	158,333	0.25	September 6, 2029
<b>8,515,001</b>	<b>5,973,333</b>		

(c) Warrants

As outlined in Note 8(a), during the six months ended December 31, 2024, the Company completed a private placement with the issuance of 5,574,100 Warrants. Each Warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.40 per common share for a period of 36 months. Based on the proportional allocation, using the Black Scholes option valuation model, the warrants were assessed a value of \$584,069. Issuance costs of \$1,049 were allocated to value of the Warrants issued bringing the net value of Warrants to \$583,020.

The Warrants issued during the six months ended December 31, 2024, were valued using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility	102.0%
Expected dividend yield	0%
Risk-free interest rate	3.6%
Expected option life in years	3
Fair value per Warrant prior to issuance costs	\$0.24



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The summary of the status of the Company's warrants as at December 31, 2024 and June 30, 2024 with the changes during the periods then ended are as follows:

Warrants	December 31, 2024		June 30, 2024	
	# of warrants	Weighted average exercise price	# of warrants	Weighted average exercise price
Outstanding, at beginning of period	-	\$ -	2,005,826	\$ 1.80
Issued	5,574,100	0.40	-	-
Expired	-	-	(2,005,826)	1.80
Outstanding, at end of period	5,574,100	\$ 0.40	-	\$ -

The following table summarizes information about warrants outstanding as at December 31, 2024:

Number of Warrants	Exercise price	Expiry date	Warrant value (\$)
5,574,100	\$ 0.40	July 15, 2027	\$583,020

(d) Basic and diluted earnings (loss) per common share based on net income (loss) for the three and six months ended December 31:

Numerator:	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Net income (loss) for the period	\$ (2,216,578)	\$ (4,600,755)	\$ (3,315,158)	\$ 2,193,938

Denominator	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Weighted average number of common shares outstanding - basic	56,647,635	52,061,182	56,474,657	51,543,649
Weighted average effect of stock options and warrants (i)	-	-	-	169,597
Weighted average number of common shares outstanding - diluted	56,647,635	52,061,182	56,474,657	51,713,246

Earnings (loss) per common share based on net income (loss) for the period:	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Basic	\$ (0.04)	\$ (0.09)	\$ (0.06)	\$ 0.04
Diluted	(0.04)	(0.09)	(0.06)	0.04

## THREED CAPITAL INC.

### Notes to the Consolidated Financial Statements

December 31, 2024

(Unaudited - prepared in Canadian dollars)

- (i) The determination of the three months ended December 31, 2024 diluted weighted average number of common shares outstanding excludes 8,515,001 (December 31, 2023 – 6,573,333) and 5,574,100 (December 31, 2023 – nil) shares related to stock options and warrants respectively that were anti-dilutive. The diluted weighted average number of common shares outstanding for the six months ended December 31, 2024 excludes 8,515,001 (December 31, 2023 – 6,304,999) and 5,574,100 (December 31, 2023 – nil) shares related to stock options and warrants respectively that were anti-dilutive.

#### 9. Operating, general, and administrative expenses

Included in operating, general, and administrative expenses for the three and six months ended December 31 are the following expenses:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Salaries and consulting fees	\$ 523,942	\$ 273,875	\$ 914,399	\$ 534,465
Transaction costs	46,871	31,495	345,338	34,140
Stock-based compensation expense	133,223	34,435	292,909	393,687
Director fees	51,250	51,250	102,500	102,500
Depreciation expense	26,086	27,759	52,504	58,566
Travel and promotion	21,117	19,409	42,018	40,149
Professional fees	30,971	51,426	35,941	133,010
Operating lease payments	16,851	22,467	33,701	33,701
Shareholder relations, transfer agent and filing fees	16,580	16,489	31,308	31,681
Other employment benefits	9,530	8,364	20,870	19,000
CEO performance bonus accrual	(19,722)	-	-	-
Foreign exchange loss (gain)	2,394	(298)	(72,321)	(178)
Other office and general	94,427	62,082	197,801	140,693
	\$ 953,520	\$ 598,753	\$ 1,996,968	\$ 1,521,414

#### 10. Finance expenses

Finance expenses consist of the following for the three and six months ended December 31:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Interest expense on lease liabilities	\$ 15,478	\$ 18,221	\$ 31,681	\$ 19,272
Interest expense on margin borrowings	82	-	163,404	-
	\$ 15,560	\$ 18,221	\$ 195,085	\$ 19,272

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## THREED CAPITAL INC.

### Notes to the Consolidated Financial Statements

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#### 11. Supplemental disclosure of cash flow information

The following table shows the supplemental cash flow information for six months ended December 31:

	2024	2023
Issue of share capital pursuant to investment activities (Note 8(a))	160,000	-
Finance expense paid (Note 10)	31,681	19,272

#### 12. Management of capital

The Company considers its capital to be equal to its equity which amounts to \$43,010,126 on December 31, 2024 (June 30, 2024 - \$44,719,402). The Company's objectives when managing capital are:

- (a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its brokers;
- (b) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments and digital assets;
- (c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and
- (d) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) realizing proceeds from the disposition of its investments and digital assets; and
- (b) raising capital through equity or debt financings.

The Company is not subject to any capital requirements imposed by any regulator other than to maintain the margin requirements by the brokers.

There were no changes in the Company's approach to capital management for the six months ended December 31, 2024. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its liabilities as at December 31, 2024.

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**THREED CAPITAL INC.****Notes to the Consolidated Financial Statements****December 31, 2024****(Unaudited - prepared in Canadian dollars)**

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**13. Management of financial risk**

The investment operations of ThreeD's business involve the purchase and sale of securities and digital assets, and, accordingly, a portion of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including market, credit, and liquidity risks. Although digital assets are not considered financial instruments, they inherently have similar risks as traditional investments. A discussion of the Company's use of financial instruments and their associated risks is provided below.

(a) Market risk:

Market risk is the risk that the fair value of future cash flows from the Company's financial instruments will significantly fluctuate because of changes in the market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments/digital assets and unfavorable market conditions could result in dispositions of investments/digital assets at less than favorable prices.

Additionally, the Company adjusts its investments/digital assets to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments/digital currencies over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on ThreeD's financial position.

As at December 31, 2024, the Company held a total of \$11,996,057 (June 30, 2024 - \$20,747,288) in U.S. denominated investments. Additionally, the majority of the Company's digital assets are denominated in U.S. dollars. The Company also held \$22,288 (June 30, 2024 - \$22,828) in Australian-dollar denominated investments and \$48,985 (June 30, 2024 - \$24,928) in British pound sterling denominated investments. Given the foreign denominated investments, market risk for the Company includes currency risk.

There were no changes in the way the Company manages market risk during the six months ended December 31, 2024. The Company manages its market risk by having a portfolio that is not singularly exposed to any one issuer or class/sector of issuers.

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**THREE CAPITAL INC.****Notes to the Consolidated Financial Statements****December 31, 2024****(Unaudited - prepared in Canadian dollars)**

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The following table shows the estimated sensitivity of the Company's after-tax net loss for the six months ended December 31, 2024, from a change in the closing trade price of the Company's investments and digital assets with all other variables held constant as at December 31, 2024:

<b>Percentage of change in closing trade price (recent transaction price)</b>	<b>Change in after-tax net loss from % change in closing trade price</b>
2%	\$ 733,012
4%	1,466,023
6%	2,199,035
8%	2,932,046
10%	3,665,058

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2024, from a change in the closing trade price of the Company's investments and digital assets with all other variables held constant as at June 30, 2024:

<b>Percentage of change in closing trade price (recent transaction price)</b>	<b>Change in after-tax net income from % change in closing trade price</b>
2%	\$ 949,631
4%	1,899,262
6%	2,848,893
8%	3,798,524
10%	4,748,155

(b) Credit risk:

Credit risk is the risk of loss associated with the inability of a third party to fulfil its payment obligations. The Company is exposed to the risk that third parties owing it money or securities will not meet their underlying obligations. The Company may, from time to time, invest in debt obligations.

As at December 31, 2024, the Company held nine convertible debentures (June 30, 2024 – nine convertible debentures) maturing between June 2025 and July 2027. The convertible debentures fair value has been recorded at \$2,523,349 (June 30, 2024 - \$1,979,560). Six of these convertible debentures were held with private company investees (June 30, 2024 – six convertible debentures) and three were held with a publicly traded company investee (June 30, 2024 – three convertible debentures). All funds in cash are held in financial institutions that have a credit rating above AA.

There were no changes to the way the Company manages credit risk during the six months ended December 31, 2024. The Company is also exposed in the normal course of business to credit risk from the sale of its investments and advances made on investments.

## THREED CAPITAL INC.

### Notes to the Consolidated Financial Statements

December 31, 2024

(Unaudited - prepared in Canadian dollars)

The following is the Company's maximum exposure to credit risk as at December 31, 2024 and June 30, 2024:

	<b>December 31, 2024</b>	June 30, 2024
Cash	\$ 49,110	\$ 482,146
Due from brokers	3,793	677
Convertible debentures	2,523,349	1,979,560
Receivables <sup>(i)</sup>	238,554	227,893
	<b>\$ 2,814,806</b>	<b>\$ 2,690,276</b>

(i) As at December 31, 2024, Harmonized Sales Tax ("HST") comprised \$29,504 (June 30, 2024 - \$66,303) of the receivables balance, with the remaining receivables balance of \$209,050 (June 30, 2024 - \$161,590) being owed from investees for monthly administrative and office service fees.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its financing activities and proceeds from the disposition of its investments/digital assets, in addition to interest earned on its investments.

There were no changes to the way that the Company manages liquidity risk during the six months ended December 31, 2024. The Company manages liquidity risk by reviewing the amount of margin available on a daily basis and managing its cash flow. The Company holds some investments/digital assets that can be converted into cash when required.

As at December 31, 2024, the Company was using net margin of \$nil (June 30, 2024 - \$10,577,236).

The following table shows the Company's liabilities and potential due dates to liquidity risk as at December 31, 2024 (see commitments Note 14):

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 463,208	\$ 463,208	\$ -	\$ -	\$ -
Lease payments	526,073	59,468	421,629	44,976	-
	<b>\$ 989,281</b>	<b>\$ 522,676</b>	<b>\$ 421,629</b>	<b>\$ 44,976</b>	<b>\$ -</b>

## THREE CAPITAL INC.

### Notes to the Consolidated Financial Statements

December 31, 2024

(Unaudited - prepared in Canadian dollars)

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2024:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 436,366	\$ 436,366	\$ -	\$ -	\$ -
Due to brokers	10,577,913	10,577,913	-	-	-
Lease payments	597,080	130,475	421,629	44,976	-
	<b>\$ 11,611,359</b>	<b>\$ 11,144,754</b>	<b>\$ 421,629</b>	<b>\$ 44,976</b>	<b>\$ -</b>

The following table shows the Company's source of liquidity by assets as at December 31, 2024:

Assets	Liquidity by period				
	Total	Less than 1 year	1 - 3 years	After 3 years	Non-liquid assets
Cash	\$ 49,110	\$ 49,110	\$ -	\$ -	\$ -
Due from brokers	3,793	3,793	-	-	-
Prepays and receivables	937,928	238,554	-	-	699,374
Advances made on investments	238,558	238,558	-	-	-
Investments, at fair value <sup>(i)</sup>	39,833,331	15,134,395	24,698,936	-	-
Digital assets, at FVLCTS <sup>(i)</sup>	2,415,173	382,550	2,032,623	-	-
Property, equipment and right-of-use assets	397,149	-	-	-	397,149
	<b>\$43,875,042</b>	<b>\$16,046,960</b>	<b>\$26,731,559</b>	<b>\$ -</b>	<b>\$1,096,523</b>

(i) Private Company, Token Pooling Contracts, and SAFT investments are included in the 1-3 years category since they are not expected to be liquidated within 1 year.

## THREED CAPITAL INC.

### Notes to the Consolidated Financial Statements

December 31, 2024

(Unaudited - prepared in Canadian dollars)

The following table shows the Company's source of liquidity by assets as at June 30, 2024:

Assets	Liquidity by period				
	Total	Less than 1 year	1 - 3 years	After 3 years	Non-liquid assets
Cash	\$ 482,146	\$ 482,146	\$ -	\$ -	\$ -
Due from brokers	677	677	-	-	-
Prepays and receivables	358,469	227,893	-	-	130,576
Advances made on investments	150,000	150,000	-	-	-
Investments, at fair value <sup>(i)</sup>	51,577,705	28,050,277	23,527,428	-	-
Digital assets, at FVLCTS <sup>(i)</sup>	3,156,065	213,028	2,943,037	-	-
Property, equipment and right-of-use assets	449,653	-	-	-	449,653
	<u>\$ 56,174,715</u>	<u>\$ 29,124,021</u>	<u>\$ 26,470,465</u>	<u>\$ -</u>	<u>\$ 580,229</u>

(i) Private Company and SAFT investments are included in the 1-3 years category since they are not expected to be liquidated within 1 year.

(d) Digital assets regulatory risk:

Uncertainties exist with respect to the legality of SAFT investments in certain jurisdictions, as some SAFT investments might not be registered under the local securities law. As at December 31, 2024, the Company had SAFT investments valued at \$697,867 (June 30, 2024 - \$668,050).

#### 14. Commitments

During the year ended June 30, 2024, ThreeD amended and extended its lease for office premises until November 2028 with annual payments of approximately \$205,884 (plus applicable taxes) beginning in October 2023.

In December 2022, the Company signed a new lease for office equipment beginning February 2023 until March 2027, for annual payments of approximately \$3,534.

As at December 31, 2024, future minimum annual lease payments under operating leases for premises and equipment are as follows:



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**THREED CAPITAL INC.****Notes to the Consolidated Financial Statements****December 31, 2024****(Unaudited - prepared in Canadian dollars)**

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2025	<b>\$ 88,148</b>
2026	<b>210,848</b>
2027	<b>209,964</b>
2028	<b>207,314</b>
2029	<b>113,808</b>
Prepaid rent and operating costs deposits	<b>(5,447)</b>
Total lease commitments	<b>824,635</b>
Lease operating costs	<b>(298,563)</b>
Discount at effective interest rates of 10% - 15%	<b>(124,364)</b>
Lease liability, as at December 31, 2024	<b>\$ 401,708</b>

**15. Contingent liability**

In April 2006, the Company entered into a farm-in agreement with Canoro Resources Ltd. ("Canoro"), whereby it acquired a 15% interest in block AA-ONN-2003/2, in Arunachal Pradesh, northwest India. During 2009, the parties completed the interpretation of the 3-D seismic program. The consortium partners in the block are: ThreeD - 15%, Canoro - 15%, National Thermal Power Corporation - 40%, and Geopetrol International Inc. - 30%.

On April 8, 2010, the Production Sharing Contract (the "PSC") with the Government of India, through the Directorate General of Hydrocarbons (the "DGH") expired and as a result, the DGH called the Company's letter of guarantee totaling US\$1,395,000 issued by Royal Bank of Canada ("RBC"). The DGH's position is that the Company and its partners failed to meet certain terms of the PSC governing their commitments on exploration block AA-ONN-2003/2. The Company and its partners have disputed certain terms of the PSC, including its expiry on the basis of force majeure. As at June 30, 2010, the Company wrote-off all of its oil and gas properties and related expenditures in India.

In January 2015, the Company received notice from the DGH that it denied the request for non-levy of the cost of the unfinished PSC and demanded payment of the outstanding balance of US\$14,054,284 (ThreeD's share – US\$1,423,510). There has been no further correspondence from the DGH since January 2015.

The Company considers the claim to be completely without merit and will defend itself vigorously. No provision has been made for the claim in the Interim Consolidated Statements as at December 31, 2024.

**16. Subsequent events**

(a) In January 2025, the Company completed a private placement financing with the issuance of 13,040,000 units of the Company in exchange for gross proceeds of \$1,956,000, or \$0.15 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to acquire one common share

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**THREED CAPITAL INC.****Notes to the Consolidated Financial Statements****December 31, 2024****(Unaudited - prepared in Canadian dollars)**

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of the Company at an exercise price of \$0.22 per common share for a period of 36 months. No commission or finders' fees were paid as part of this private placement.

- (b) In January 2025, the Company granted 2,500,000 stock options to officers, directors, and consultants of the Company with an exercise price of \$0.25 per share, expiring January 21, 2030.
- (c) Subsequent to December 31, 2024, the Company provided a \$1,550,000 loan to the CEO of the Company. The loan carries interest at a rate of 5% per annum and is payable to the Company on or before December 31, 2025. As of the date of the Interim Consolidated Statements, a total of \$41,418 of the loan has been repaid, leaving a remaining balance owed to the Company of \$1,508,582.