ThreeD Capital

Management's Discussion and Analysis

For the quarter ended: **December 31, 2024**

Date of report: **February 26, 2025**

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of ThreeD Capital Inc. ("ThreeD" or the "Company") should be read in conjunction with ThreeD's unaudited interim condensed consolidated financial statements (the "Interim Consolidated Statements") and notes thereto as at and for the three and six months ended December 31, 2024, and 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 and described in note 3 of the annual audited consolidated financial statements as at and for the year ended June 30, 2024.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Caution Regarding Forward-Looking Information

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's anticipated investment activities and results and financing activities, the Company's future working capital requirements, the Company's expectations regarding digital assets, management's beliefs as to the prospective nature of the Company's investments, the ability of the Company to raise capital on a going forward basis through the disposition of investments, the impact of changes in accounting policies and other factors on the Company's operating results, and the performance of global capital markets and interest rates, the exposure of its financial instruments to various risks and its ability to manage those risks, and the Company's ability to use tax resource pools and loss carry-forwards.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to realize sufficient proceeds from the disposition of the investments (which will be based upon market conditions beyond the Company's control) or otherwise raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, fluctuations in the value of the Company's portfolio investments due to market conditions and/or company-specific factors, including, without limitation, risks related to the fact that the term Net Asset Value ("NAV") does not have any standardized meaning according to Generally Accepted Accounting Principles ("GAAP") and therefore may not be comparable to similar measures presented by other companies and may not be indicative of NAV for any future periods (refer to the section under the heading "Use of Non-GAAP Financial Measures" within this MD&A for further information regarding NAV), fluctuations in prices of commodities underlying the Company's interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, the impact of pandemics on capital markets and otherwise, risks associated with digital assets including significant price volatility, the loss of the digital assets due to fraud or other events and high transaction fees, global supply and demand, interest rates, exchange rates, inflation or deflation, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, availability of capital on terms acceptable to the Company or at all, and other risks included elsewhere in this MD&A under the headings "Management of Financial Risks" and "Principal Business Risks" and in other public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedarplus.ca.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business

ThreeD Capital Inc. 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 (the "CSE") under the symbol "IDK" and on the OTCQX Best Market ("OTCQX") under the stock 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, M5V 2L4, Canada.

Summary

- For the three months ended December 31, 2024, the Company had a net loss of $2,216,578 (loss per share of $0.04) as compared to a net loss of $4,600,755 (loss per share of $0.09) for the three months ended December 31, 2023.

- For the six months ended December 31, 2024, the Company had a net loss of $3,315,158 (loss per share of $0.06) as compared to net income of $2,193,938 (earnings per share of $0.04) for the six months ended December 31, 2023.

- As at December 31, 2024, the Company held investments at fair value and digital assets, at fair value less costs to sell ("FVLCTS") totalling $42,248,504 as compared to $54,733,770 as at June 30, 2024, a 23% decrease.

- As at December 31, 2024, net asset value per share ("NAV per share") was $0.76 as compared to the June 30, 2024 NAV per share of $0.86 (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

- In July 2024, the Company completed a private placement (the "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. The Company incurred total issuance costs of $2,702 relating to the Private Placement.

- 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.

Investments

The fair value and cost of investments are as follows as at December 31, 2024:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
AI/ML Innovations Inc. (CSE:AIML)	(i)	15,899,200 common shares 22,000,000 warrants, exercisable between $0.10 - $0.15/share, expiring between December 18, 2025 - July 4, 2028	$ 1,318,463	$ 5,015,810	12.6
Kleen HY-DRO-GEN Inc. (private)	(ii)	4,000,000 class B common non-voting shares	200,000	4,000,000	10.0
Avicanna Inc. (TSX:AVCN)	(i)	11,210,300 common shares 1,698,750 warrants, exercisable between $0.40 - $0.55/share, expiring between March 31, 2025 - August 28, 2027	5,605,081	3,615,585	9.1
1000365194 Ontario Inc. (private)	(iii)	30,000,000 preferred shares	2	3,000,000	7.5
One Bullion Limited (private)	(ii)	6,206,250 common shares	406,345	1,431,736	3.6
Infinitii ai Inc. (CSE:IAI)	(i)	$556,670 convertible debenture 10% maturing July 9, 2027 $200,000 convertible debenture 10%, maturing Dec 14, 2026	756,670	784,446	2.0
2462344 Ontario Inc. (private)	(ii)	1,450,547 common shares	398,190	500,926	1.3
KOP Therapeutics Corp. (private)	(ii)	2,028,696 common shares 428,696 warrants, exercisable at $0.40/share, expiring December 31, 2026	660,723	372,177	0.9
Sariel Diagnostic Corp. (private)	(ii)	6,950,000 common shares	235,000	347,500	0.9
Nifty Kids Inc. (private)	(iii)	12,500,000 preferred shares	250,000	114,420	0.3
LL Prosper Inc. (private)	(ii)	375 common shares	134,490	75,995	0.2
Kattegat Mining Inc. (private)	(ii)	1,250,000 common shares	150,000	56,250	0.1
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	100,000	24,157	0.1
Wolf Acquisitions 1.0 Corp. (private)	(iii)	6,282,500 common shares	628,250	-	-
Other publicly traded investments			2,558,298	5,718,554	14.4
Other private investments			16,087,676	14,775,775	37.1
			$ 29,489,188	$ 39,833,331	100.0

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

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
Kleen HY-DRO-GEN Inc. (private)	(ii)	4,000,000 class B common non-voting shares	$ 200,000	$ 4,000,000	7.8
1000365194 Ontario Inc. (private)	(iii)	30,000,000 preferred shares	2	3,000,000	5.8
One Bullion Limited (private)	(ii)	5,952,000 common shares	304,645	1,428,480	2.8
Infinitii ai Inc. (CSE:IAI)	(i)	17,659,000 common shares $280,000 convertible debenture 7%, maturing Feb 7, 2024 $200,000 convertible debenture 10%, maturing Dec 14, 2026	480,000	557,336	1.1
2462344 Ontario Inc. (private)	(ii)	1,450,547 common shares	398,190	476,487	0.9
KOP Therapeutics Corp. (private)	(ii)	2,028,696 common shares 428,696 warrants, exercisable at $0.40/share, expiring December 31, 2026	660,723	355,457	0.7
Quebec Innovative Materials Corp. (CSE: QIMC)	(i)	6,000,000 common shares 4,000,000 warrants exercisable at $0.05/share, expire May 23, 2026	178,000	278,000	0.5
Birchtree Investments Ltd. (CSE: BRCH)	(i)	12,550,000 common shares	662,228	240,000	0.5
Nifty Kids Inc. (private)	(iii)	12,500,000 preferred shares	250,000	114,420	0.2
Sariel Diagnostic Corp. (private)	(ii)	3,750,000 common shares	75,000	75,000	0.1
LL Prosper Inc. (private)	(ii)	375 common shares	134,490	72,287	0.1
Kattegat Mining Inc. (private)	(ii)	1,250,000 common shares	150,000	56,250	0.1
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares 1,554 options exercisable at $17.00/share, expire Dec 23, 2024	100,000	24,188	0.0
Wolf Acquisitions 1.0 Corp. (private)	(iii)	6,282,500 common shares	628,250	-	-
Other publicly traded investments			34,482,043	26,974,941	52.3
Other private investments			8,232,782	13,924,859	27.0
			$ 46,936,353	$ 51,577,705	100.0

(a) The Company specifies the following investments by issuer name in its investment disclosure:
  - (i) Investments in which ThreeD is subject to insider or early warning reporting requirements; or
  - (ii) Investments in which one or more of the Company's management and/or director(s) is a director or officer of the investee; or
  - (iii) Private investments in which the Company owns greater than 10% of the investee.

As at December 31, 2024, the fair value of investments exceeded original cost by $10,344,143 as compared to $4,641,352 as at June 30, 2024. The fair value of the Company's investments as reflected in its Interim Consolidated Statements are calculated in accordance with IFRS and may differ from the actual proceeds of disposition that would be realized by the Company. For example, the amounts at which the Company's publicly-traded investments could be disposed of currently may differ from fair values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

As at December 31, 2024, total investments included securities of private companies (categorized in Level 3) with a fair value totalling $24,698,936 (61.5% of total fair value of the Company's investments; cost of $19,250,676). As at June 30, 2024, total investments included securities of private companies (categorized in Level 3) with a fair value totalling $23,527,428 (45.6% of total fair value of the Company's investments; cost of $11,134,082). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

Digital Assets at Fair Value Less Costs to Sell ("FVLCTS")

Digital assets consist of the following:

a. electronic currency, coins, or alternative cryptocurrency coins (altcoins) – a type of currency only available in digital form;

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

c. 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

d. SAFT – an agreement with a promise to distribute tokens to investors in the future (a token presale and not an ICO).

Purchases and sales of digital assets are recognized on the day in which the Company and the counterparty consummates the transaction. The Company also accepts and receives digital currency as consideration for services and in private placement financings. The digital assets are recorded on the statement of financial position, as digital assets, at their fair value less costs to sell and re-measured at each reporting date.

Realized gains and losses on disposal of digital assets and unrealized gains and losses in the value of digital assets are reflected in the consolidated statements of net income (loss) and comprehensive income (loss). Upon disposal of a digital currency, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. 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%. In determining the discount for such digital currency, the Company considers the nature and length of the restriction. Token Pooling Contracts are initially recorded at the fair value at the time the tokens are transferred to a pooling arrangement. 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%). Token Pooling Contracts are subsequently remeasured at fair value each reporting period using appropriate valuation techniques based on the terms of the Token Pooling Contract. SAFTs 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 a SAFT may (depending upon the circumstances) be adjusted using appropriate valuation techniques.

All transaction costs associated with the acquisition and disposition of digital currency are expensed to the consolidated statement of net income (loss) and comprehensive income (loss) as incurred. The Company records the revaluation of gains and losses in profit and loss because this is considered to be the most fair and accurate presentation of the Company's operations to the users of the financial statements.

There is currently no specific definitive guidance in IFRS for the accounting for the purchase, sale or exchange of digital assets and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue transactions in digital assets. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings. The digital assets 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 valuation indicators.

The cost and FVLCTS of digital assets as at December 31, 2024, are as follows:

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

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

		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

There are inherent and higher risks to digital assets including the risk associated with traditional securities, which include significant price volatility, the loss of the digital assets, fraud and high transaction fees. 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. See also "Principal Business Risks" below.

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.

Summary of Quarterly Results

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows:

	Quarter ended			
	December 31, 2024	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**
Net investment and digital asset gains (losses)	(1,391,161)	(118,701)	(14,120,484)	4,486,530
Net income (loss) for the period	(2,216,578)	(1,098,580)	(1,885,431)	3,709,026
Total comprehensive income (loss) for the period	(2,217,226)	(1,098,329)	(1,885,611)	3,708,589
Earnings (loss) per share based on net income (loss) for the period - basic	(0.04)	(0.02)	(0.03)	0.07
Earnings (loss) per share based on net income (loss) for the period - diluted	(0.04)	(0.02)	(0.03)	0.07
	December 31, 2023	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
Net investment and digital asset gains (losses)	(4,251,307)	7,625,814	2,455,027	(1,201,846)
Net income (loss) for the period	(4,600,755)	6,794,693	1,312,754	(1,901,180)
Total comprehensive income (loss) for the period	(4,600,361)	6,794,317	1,313,148	(1,901,166)
Earnings (loss) per share based on net income (loss) for the period - basic	(0.09)	0.13	0.03	(0.04)
Earnings (loss) per share based on net income (loss) for the period - diluted	(0.09)	0.13	0.03	(0.04)

No dividends were declared by the Company during any of the periods indicated.

Results of Operations
Three Months Ended December 31, 2024 and 2023

For the three months ended December 31, 2024, the Company generated net realized losses on disposal of investments of $1,613,489 (December 31, 2023 - $79,049 net realized losses). The net realized losses are a result of the dispositions of the Company's investments to generate cash proceeds for use in general working capital and purchases of other investments and digital assets.

For the three months ended December 31, 2024, the Company recorded a net change in unrealized gains on investments of $723,611 (December 31, 2023 - $856,866 net unrealized losses). The net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $707,019 (December 31, 2023 - $1,407,951 net write-down) further increased by the reversal of previously recognized net unrealized losses on investments of $16,591 (December 31, 2023 - $551,085 reversal of previously recognized net unrealized gains).

For the three months ended December 31, 2024 the Company recorded realized gains on the disposal of digital assets of $9 (December 31, 2023 - $656,679 net realized gains). During the three months ended December 31, 2024, the Company recorded a net change in unrealized losses on digital assets of $501,292 (December 31, 2023 - $3,972,071 net unrealized losses).

During the three months ended December 31, 2024, the Company recorded consulting and administrative income of $87,000 (December 31, 2023 - $111,000). The decrease between the three months ended December 31, 2024 and three months ended December 31, 2023 is due to a service contract that was cancelled in March 2024, thus decreasing the consulting and administrative income earned by the Company in the following periods. During the three months ended December 31, 2024, the Company recorded interest and dividend income of $56,663 (December 31, 2023 - $156,526). The decrease in interest and dividend income during the current period relates mainly to the decrease in the value of interest income recognized from the Company lending certain digital tokens and receiving bi-weekly digital tokens as interest payments. Additionally, during the three months ended December 31, 2024, the Company recognized $3,758 of interest relating to a $1,000,000 loan provided to the CEO of the Company in July 2024. The loan carried interest at a rate of 5% per annum and was fully repaid during the three months ended December 31, 2024.

For the three months ended December 31, 2024, operating, general and administrative expenses was $953,520 (December 31, 2023 - $598,753). The increase of $354,767 between the three months ended December 31, 2024 and three months ended December 31, 2023 was primarily due to increased salaries and consulting fees and stock-based compensation which were slightly offset by decreased professional fees and a reversal of a previously recognized CEO performance bonus accrual.

The following is the breakdown of the Company's operating, general and administrative expenses for the three months ended December 31, 2024 and 2023. Details of the changes follow the table:

	2024	2023
Salaries and consulting fees (a)	**$ 523,942**	$ 273,875
Stock-based compensation expense (b)	**133,223**	34,435
Director fees	**51,250**	51,250
Transaction costs (c)	**46,871**	31,495
Professional fees (d)	**30,971**	51,426
Depreciation expense	**26,086**	27,759
Travel and promotion	**21,117**	19,409
Operating lease payments	**16,851**	22,467
Shareholder relations, transfer agent and filing fees	**16,580**	16,489
Other employment benefits	**9,530**	8,364
Foreign exchange loss (gain)	**2,394**	(298)
CEO performance bonus accrual (e)	**(19,722)**	-
Other office and general	**94,427**	62,082
	$ 953,520	$ 598,753

(a) Salaries and consulting fees increased by $250,067 during the three months ended December 31, 2024 compared to the three months ended December 31, 2023, mainly as a result of the Company entering into new investor relations agreements beginning in January 2024. Additionally, during the three months ended December 31, 2024, the Company paid a discretionary bonus to the CEO of $150,000, which is included in salaries and consulting fees.

(b) Stock-based compensation expense increased by $98,788 for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options granted typically vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period. During the three months ended December 31, 2024, the Company granted a total of 100,000 stock options compared to 1,450,000 stock options granted during the three months ended December 31, 2023.

(c) Transaction costs increased by $15,376 during the three months ended December 31, 2024 as compared to the three months ended December 31, 2023, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments and digital assets through brokers, which are expensed as incurred.

(d) Professional fees decreased by $20,455 during the three months ended December 31, 2024 compared to the three months ended December 31, 2024, mainly as a result of the Company reaching a settlement, in June 2024, concerning a lawsuit filed by the Company and 1313366 Ontario Inc. (together, the "Plaintiffs") against Palisades Goldcorp Ltd., Collin Kettell, and New Found Gold Corp. ("NFG" together, the "Defendants") in the Ontario Superior Court of Justice in

Toronto, Ontario. As the legal action has been settled in the prior year, the Company has incurred significantly less legal fees relating to the lawsuit in the current reporting period.

(e) In the prior year, the Company adopted a new cash-based performance bonus calculation for the CEO. The 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 performance bonus accrual for the year-to-date performance at $nil, resulting in a $19,722 decrease from the previous quarter ended September 30, 2024.

For the three months ended December 31, 2024, the Company had finance expense of $15,560 (December 31, 2023 - $18,221). The decrease in finance expense in the current period compared to the prior period primarily relates to decreased interest expense on lease liabilities as the Company amended and extended its office lease agreement effective October 2023, at a lower monthly payment amount, resulting decreased interest expense recorded on each lease payment.

For the three months ended December 31, 2024, the Company recorded a loss from the exchange differences on translation of foreign operations of $648 (December 31, 2023 - $394 gain). The Company expects the exchange differences on translation of foreign operations to be minimal since its foreign subsidiaries are no longer active.

Six Months Ended December 31, 2024 and 2023

For the six months ended December 31, 2024, the Company generated net realized losses on disposal of investments of $6,066,973 (December 31, 2023 - $189,930 net realized losses). The net realized losses are a result of the dispositions of the Company's investments to generate cash proceeds for use in general working capital and purchases of other investments and digital assets.

For the six months ended December 31, 2024, the Company recorded a net unrealized gain on investments of $5,702,791 (December 31, 2023 - $737,757 net unrealized gain). The net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $3,655,422 (December 31, 2023 - $580,726 net write-up) further increased by the reversal of previously recognized net unrealized losses on investments of $2,047,369 (December 31, 2023 - $157,031 reversal of previously recognized net unrealized losses).

For the six months ended December 31, 2024 the Company recorded realized losses on the disposal of digital assets of $2,267 (December 31, 2023 - $656,679 net realized gains). During the six months ended December 31, 2024, the Company recorded a net unrealized loss on digital assets of $1,143,413 (December 31, 2023 - $2,170,001 net unrealized gain).

During the six months ended December 31, 2024, the Company recorded consulting and administrative income of $174,000 (December 31, 2023 - $162,000). The minor increase between the six months ended December 31, 2024 and six months ended December 31, 2023 is due mainly to a new monthly service contract entered into in October 2023 between the Company and one of its investees, resulting in increased consulting and administrative income for the Company from October 2023 onwards. During the six months ended December 31, 2024, the Company recorded interest and dividend income of $212,757 (December 31, 2023 - $198,117). The increase in interest and dividend income during the current period relates mainly to the interest income recognized from the Company lending digital tokens, beginning in October 2024, and receiving bi-weekly digital tokens as interest payments. Additionally, during the six months ended December 31, 2024, the Company recognized $14,967 of interest relating to a $1,000,000 loan provided to the CEO of the Company in July 2024. The loan carried interest at a rate of 5% per annum and was fully repaid during the six months ended December 31, 2024.

For the six months ended December 31, 2024, operating, general and administrative expenses was $1,996,968 (December 31, 2023 - $1,521,414). The increase of $475,554 between the six months ended December 31, 2024 and six months ended December 31, 2023 was primarily due to increased salaries and consulting fees and transaction costs, which were slightly offset by decreased stock-based compensation and professional fees.

The following is the breakdown of the Company's operating, general and administrative expenses for the six months ended December 31, 2024 and 2023. Details of the changes follow the table:

	2024	2023
Salaries and consulting fees (a)	**$ 914,399**	$ 534,465
Transaction costs (b)	**345,338**	34,140
Stock-based compensation expense (c)	**292,909**	393,687
Director fees	**102,500**	102,500
Depreciation expense	**52,504**	58,566
Travel and promotion	**42,018**	40,149
Professional fees (d)	**35,941**	133,010
Operating lease payments	**33,701**	33,701
Shareholder relations, transfer agent and filing fees	**31,308**	31,681
Other employment benefits	**20,870**	19,000
Foreign exchange loss (gain)	**(72,321)**	(178)
Other office and general	**197,801**	140,693
	$ 1,996,968	$ 1,521,414

(a) Salaries and consulting fees increased by $379,934 for the six months ended December 31, 2024, as compared to the six months ended December 31, 2023, mainly as a result of the Company entering into new investor relations agreements beginning in January 2024. Additionally, during the six months ended December 31, 2024, the Company paid a discretionary bonus to the CEO of $150,000, which is included in salaries and consulting fees.

(b) Transaction costs increased by $311,198 for the six months ended December 31, 2024 as compared to the six months ended December 31, 2023, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments and digital assets through brokers, which are expensed as incurred.

(c) Stock-based compensation expense decreased by $100,778 for the six months ended December 31, 2024, as compared to the six months ended December 31, 2023. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options granted typically vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period. During the six months ended December 31, 2024, the Company granted a total of 1,050,000 stock options compared to 3,450,000 stock options granted during the three months ended December 31, 2023.

(d) Professional fees decreased by $97,069 during the six months ended December 31, 2024 compared to the six months ended December 31, 2024, mainly as a result of the Company reaching a settlement, in June 2024, concerning a lawsuit filed by the Plaintiffs against the Defendants in the Ontario Superior Court of Justice in Toronto, Ontario. As the legal action has been settled in the prior year, the Company has incurred significantly less legal fees relating to the lawsuit in the current reporting period.

For the six months ended December 31, 2024, the Company had finance expense of $195,085 (December 31, 2023 - $19,272). The increase in finance expense in the current period compared to the prior period primarily relates to increased interest expense paid to brokers on margin borrowings throughout the six months ended December 31, 2024 compared to the six months ended December 31, 2023.

For the six months ended December 31, 2024, the Company recorded a loss from the exchange differences on translation of foreign operations of $397 (December 31, 2023 - $18 gain). The Company expects the exchange differences on translation of foreign operations to be minimal since its foreign subsidiaries are no longer active.

Cash Flows
Six months ended December 31, 2024 and 2023

During the six months ended December 31, 2024, the Company used net cash of $1,366,564 from its operating activities (December 31, 2023 – $325,269 used in operating activities). The Company classifies its investment activities (proceeds on disposal of investments and digital assets, purchases of investments and digital assets, and due from/to brokers) as operating activities, as investing is the Company’s primary business. During the six months ended December 31, 2024, the Company had proceeds from disposition of investments of $46,122,168 (December 31, 2023 - $1,033,653). During the six months ended December 31, 2024, the Company purchased $34,256,147 of investments (December 31, 2023 - $1,039,474). The Company also had proceeds on disposition of digital assets of $522,216 (December 31, 2023 - $1,436,711) and purchases of digital assets of $790,065 (December 31, 2023 - $718,352).

During the six months ended December 31, 2024, the Company provided a loan to the CEO of the Company for $1,000,000 (December 31, 2023 - $nil), which was fully repaid by the end of December 2024. The Company generated $14,967 from interest charged to the CEO in relation to this loan. See the “Related Party Transactions” section within this MD&A for further details regarding the loan.

During the six months ended December 31, 2024, the Company generated net cash of $918,958 in financing activities (December 31, 2023 - $413,939 generated from financing activities). During the six months ended December 31, 2024, the Company completed the Private Placement and issued 5,574,100 common shares and common share purchase warrants in exchange for gross proceeds received of $1,505,007 (December 31, 2023 - $nil). The Company incurred issuance costs of $2,702 (December 31, 2023 - $nil) relating to the Private Placement. During the six months ended December 31, 2024, the Company received $nil proceeds (December 31, 2023 - $600,000) for the exercise of stock options. The Company paid $163,404 (December 31, 2023 - $nil) in interest expense on margin borrowings and paid $71,007 (December 31, 2023 - $73,376) in principal payments of its lease liabilities during the six months ended December 31, 2024. Additionally, during the six months ended December

31, 2024, the Company bought back and cancelled a total of 1,157,958 common shares (December 31, 2023 – 247,500 common shares), under the Company's normal course issuer bids for a total payment of $348,936 (December 31, 2023 - $94,685).

For the six months ended December 31, 2024, the Company had a net decrease in cash of $432,639 (December 31, 2023 - $88,670 increase in cash). For the six months ended December 31, 2024, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of $397 (December 31, 2023 - $18 gain), leaving a cash balance of $49,110 as at December 31, 2024 (December 31, 2023 - $93,243).

Liquidity and Capital Resources

Consolidated statement of financial position highlights		**December 31, 2024**		June 30, 2024
Cash	**$**	**49,110**	$	482,146
Due from broker		**3,793**		677
Accounts receivables		**209,050**		227,893
Investments, at fair value		**39,833,331**		51,577,705
Digital assets, at fair value less cost to sell		**2,415,173**		3,156,065
Total assets		**43,875,042**		56,174,715
Due to brokers		**-**		10,577,913
Total liabilities		**864,916**		11,455,313
Share capital, contributed surplus, warrants		**153,179,771**		151,573,492
Foreign currency translation reserve		**874,705**		875,102
Deficit		**(111,044,350)**		(107,729,192)

Total liabilities as at December31, 2024 were $864,916 which is a $10,590,397 decrease from June 30, 2024. The decrease was primarily due to the decrease in due to brokers which decreased by $10,577,913 to $nil as at December 31, 2024 (June 30, 2023 - $10,577,913) as a result of the Company not trading investments on margin. Accounts payable and accrued liabilities increased by $26,842 as at December 31, 2024 compared to June 30, 2024. As at December 31, 2024, accounts payable and accrued liabilities includes $18,757 (June 30, 2024 - $18,360) accrued for the winding down of the Company's inactive subsidiaries in Barbados.

The Company's cash and investments as at December 31, 2024, are sufficient to meet the Company's current liabilities.

The Company continues to have no long-term debt. In order to meet its operating expenditure obligations as they become due, ThreeD may have to dispose of some of its investments/digital assets or rely on external sources of capital such as using margin from brokerage accounts or raising capital. The Company's ability to access the debt and equity markets when required will depend upon factors beyond its control, such as economic and political conditions that may affect the capital markets generally. The Company's inability to raise sufficient capital to fund its operations and growth may result in the disposition of its investments at inopportune times and, accordingly, could have a material adverse effect on the Company's business, financial condition, and results of operations, and its ability to continue as a going concern. On average the Company anticipates working capital requirements of approximately $300,000 per month to cover ongoing operating expenses.

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:

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

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 December31, 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
Total	**$ 546,815**	294,475	**$ 1,011,797**	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 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) of the notes to the Interim Consolidated Statements. 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 of 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 Interim Consolidated Statements.

(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.

(i) 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 repayable 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.

Off-Balance Sheet Arrangements

As at December 31, 2024, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of ThreeD.

Management of Capital

There were no changes in the Company's approach to capital management during the six months ended December 31, 2024. 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 its brokers.

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.

Management of Financial Risks

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.

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:

Percentage of change in closing trade price (recent transaction price)	Change in after-tax net loss from % change in closing trade price
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:

Percentage of change in closing trade price (recent transaction price)	**Change in after-tax net income from % change in closing trade price**
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.

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

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

(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:

	Payments due by period				
Liabilities and obligations	**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**	**-**
	$ 989,281	**$ 522,676**	**$ 421,629**	**$ 44,976**	**$ -**

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

	Payments due by period				
Liabilities and obligations	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	-
	$ 11,611,359	$ 11,144,754	$ 421,629	$ 44,976	$ -

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**	**-**	**-**	**-**
Prepaids and receivables	**937,928**	**238,554**	**-**	**-**	**699,374**
Advances made on investments	**238,558**	**238,558**	**-**	**-**	**-**
Investments, at fair value(i)	**39,833,331**	**15,134,395**	**24,698,936**	**-**	**-**
Digital assets, at FVLCTS(i)	**2,415,173**	**382,550**	**2,032,623**	**-**	**-**
Property, equipment and right-of-use assets	**397,149**	**-**	**-**	**-**	**397,149**
	$ 43,875,042	**$16,046,960**	**$26,731,559**	**$ -**	**$ 1,096,523**

(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.

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	-	-	-
Prepaids and receivables	358,469	227,893	-	-	130,576
Advances made on investments	150,000	150,000	-	-	-
Investments, at fair value(i)	51,577,705	28,050,277	23,527,428	-	-
Digital assets, at FVLCTS(i)	3,156,065	213,028	2,943,037	-	-
Property, equipment and right-of-use assets	449,653	-	-	-	449,653
	$ 56,174,715	$ 29,124,021	$ 26,470,465	$ -	$ 580,229

(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).

Principal Business Risks

ThreeD's financial condition, results of operation and business are subject to certain risks, which may negatively affect them. Certain of these risks are described below in addition to elsewhere in this MD&A.

(a) Cash flows:

The Company generates revenue and cash flows primarily from its proceeds from the disposition of its investments, in addition to interest income and dividend income earned on the Company's investments. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various market factors some of which are outside of the Company's direct control.

(b) Private issuers and illiquid securities:

The Company invests in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption, or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of the Company's private company investments or that the Company will otherwise be able to realize a return on such investments. The Company also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

(c) Investment risks:

The Company acquires securities of public and private companies from time to time, which are primarily junior or small-cap companies. The market values of these securities can experience significant fluctuations in the short and long term due to factors beyond the Company's control. Market value can be reflective of the actual or anticipated operating results of the companies and/or the general market conditions that affect a specific sector as a whole, such as fluctuations in commodity prices and global political and economical conditions. The Company's investments are carried at fair value, and unrealized gains/losses on the securities and realized losses on the securities sold could have a material adverse impact on the Company's operating results. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies.

(d) Digital assets:

The Company acquires digital assets which include digital coins, tokens, Token Pooling Contracs, and SAFTs. The risks associated with digital assets are similar to investments risks, in addition, digital assets have a limited history and the fair value less costs to sell historically has been very volatile. Historical performance of digital assets are not indicative of their future price performance. Certain digital assets are illiquid investments, are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy.

The Company has not hedged the conversion of any of its digital assets to traditional fiat currencies.

In addition, the majority of digital assets investments made by the Company are held within the cold wallets (hardware wallets). The cold wallets are used to maintain one or more digital wallets, whose private keys are maintained on computers or other devices that are not connected to the Internet or any other computer network. The cold wallets also keep the private keys that provide access to the digital wallets and facilitate the transfer of digital assets in accordance with the Company's instructions.

Certain tokens are held within the hot wallets (exchange wallets). Security breaches, computer malware and computer hacking attacks have been a prevalent concern of using the hot wallets. Any security breach caused by hacking could cause loss of digital assets.

In addition to the security access to wallets, there is a risk of fraudulent users and the reliability of the underlying blockchain of digital coins and tokens. There is no certainty of knowing the transaction between two individuals who are represented by a private and public key are in fact who they represent and are not a fraudulent individual. Because of how blockchain is set up, through total anonymity, it is difficult to confirm that the risk does not exist that the "person" on the other end may not be who you expect it to be. There is also an inherent risk that the proof of concept being supported by blockchain itself fails. A blockchain relies on a consensus model to operate. If for some reason the majority of participants were no longer invested in the success of the network, it would no longer be considered reliable. As a result, the integrity of transactions would be lost.

(e) Simple Agreement for Future Tokens (SAFTs):

The Company invests in SAFTs which are agreements with a promise by the company to distribute tokens to investors in the future (ie: 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, see "Digital Assets at Fair Value Less Costs to Sell ("FVLCTS")" and "Valuation of Token Pooling Contracts and SAFTs" sections within this MD&A.

(f) Token Pooling Contracts:

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 and where interest payments are received in the form of digital tokens. There may be no resale of the Token Pooling Contracts and the value of tokens received as interest payments can experience significant fluctuations in the short and long term due to factors beyond the Company's control. In recent years digital assets have experienced extreme price fluctuations. These fluctuations have had a substantial effect on digital asset prices. Token Pooling Contracts are subject to higher risks, see "Digital Assets at Fair Value Less Costs to Sell ("FVLCTS")" and "Valuation of Token Pooling Contracts and SAFTs" sections within this MD&A.

(g) Non-controlling interests:

The Company's investments include equity securities of companies that the Company does not control. These securities may be acquired by the Company in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which ThreeD does not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and the Company's financial condition, results of operations and cash flow could suffer as a result.

(h) Dependence on management:

The Company is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success will depend upon the continued service of these individuals who are not obligated to remain employed with ThreeD. A loss of key personnel - members of management in particular - could impair the Company's ability to execute its strategy and implement its operational objectives, all of which would have a material adverse effect on the Company.

(i) Exchange rate fluctuations:

A significant portion of the Company's portfolio is invested in U.S. dollar denominated investments, as well, from time to time, investments and digital assets are denominated in other foreign currencies. Changes in the value of the foreign currencies in which the Company investments are denominated could have a negative impact on the ultimate return on the Company's investments and digital assets and overall financial performance.

Material Accounting Policies

The same accounting policies and methods of computation were followed in the preparation of the Interim Consolidated Statements as were followed in the preparation and as described in Note 3 of the annual audited consolidated financial statements as at and for the year ended June 30, 2024.

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:

(a) 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.

(b) 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 an the effects of supplier finance arrangements on an companies liabilities and cash flows, as well as on its liquidity risk and risk management.

(c) 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.

Critical Accounting Estimates

The preparation of the Interim Consolidated Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Interim Consolidated Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's Interim Consolidated Statements include the Company's valuation of its privately-held investments, valuation of Token Pooling Contracts and SAFTs, the valuation related to the Company's deferred tax assets ("DTA") and deferred tax liabilities ("DTL"), and the Company's estimate of inputs for the calculation of the fair value of stock-based compensation expense, the Company's own warrants and broker warrants, and unlisted warrants of investees held by ThreeD.

<u>Valuation of privately-held investments:</u>

The valuation of these investments ("private investments") requires management to assess the current financial status and prospects of private investments based upon potentially incomplete or unaudited financial information provided by the investee company, on management's general knowledge of the private investment's activities, and on any political or economic events that may impact upon the private investment specifically, and to attempt to quantify the impact of such events on the fair value of the investment. In addition to any events or circumstances that may affect the fair value of a particular private investment, management can consider general market conditions that may affect the fair value of either a particular private investment or of a group, segment or complete portfolio of private investments.

Changes in the fair value of the Company's private investments may be for company-specific reasons or as a result of general market conditions which may be more frequent during times of significant volatility. Given the relative size of ThreeD's private investment portfolio, such changes can have a material impact on the Company's financial condition or operating results.

For the six months ended December 31, 2024 and year ended June 30, 2024, the Company had the following changes in its private investments categorized as Level 3 in the financial instrument hierarchy:

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
Additions		**721,531**
Proceeds on disposals		**-**
Realized loss on disposals		**(29,976)**
Transfer to Level 1		**(169,000)**
Net unrealized gains		**648,953**
Balance as at December 31, 2024	**$**	**24,698,936**

Valuation of Token Pooling Contracts and SAFTs:

The valuation of Token Pooling Contracts requires management to make certain estimates, considering the interest rate, term, and number of tokens lent to the pool arrangement as mentioned within the 'Digital Assets at Fair Value Less Costs to Sell ("FVLCTS")' section within this MD&A. As at December 31, 2024, the Company had one (June 30, 2024 – one) Token Pooling Contract.

The valuation of SAFTs requires management to assess the current financial status and prospects of receiving tokens in the future based upon potentially incomplete information provided by the investee company, on management's general knowledge of the private company's activities, and on any political or economic events that may impact upon the private company specifically, and to attempt to quantify the impact of such events on the fair value of the SAFT.

For the six months ended December 31, 2024 and the year ended June 30, 2024, the Company had the following changes in its Token Pooling Contracts and SAFTs categorized as Level 3 in the financial instrument hierarchy:

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
Net unrealized losses		**(910,414)**
Balance as at December 31, 2024	**$**	**2,032,623**

Deferred tax assets:

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DTL are recognized for all taxable temporary differences and DTA are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. The Company does not record DTA to the extent that it considers it is not more likely than not that deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

Management determined, based upon expectations for future taxable income, that there is uncertainty if the Company will be able to realize the tax benefits of the DTA during the next several years and therefore has determined not to record any DTA.

Stock-based Compensation Expense:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense and the fair value of the warrants and broker warrants issued under the Company's private placements. The model requires six key inputs: exercise price, market price at date of issue, risk free interest rate, expected dividend yield, expected life, and expected volatility. The first three inputs are facts rather than estimates, while the expected life, expected volatility, and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number, or higher dividend yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

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:

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

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:

Black-Scholes option valuation model assumptions used	
Expected volatility	91.1% - 96.3%
Expected dividend yield	0%
Risk-free interest rate	3.8% - 4.4%
Expected option life in years	2.0 - 2.7
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

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 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 $292,909 (December 31, 2023 - $393,687) respectively.

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
8,515,001	**5,973,333**		

<u>Valuation of Warrants and Convertible Debentures of Investees:</u>

The Company uses the Black Scholes option valuation model to calculate the value of warrants issued of the Company.

During the six months ended December 31, 2024, the Company completed the Private Placement and issued 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. The warrants were assessed a value of $584,069 prior to any issuance costs.

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**

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

<u>Valuation of Warrants and Convertible Debentures of Investees:</u>

The Company uses the Black-Scholes option pricing model and/or other valuation techniques to calculate the fair value of warrants and convertible debentures of investees that are not actively traded in the open market. The model requires six key inputs: exercise price, market price at date of issue, risk free interest rate, expected dividend yield, expected life and expected volatility. The first three inputs are facts rather than estimates, while the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number, or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant, higher volatility number, or lower dividend yield used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at December 31, 2024 and June 30, 2024, the fair value of the Company's warrants and convertible debentures was $7,097,030 and $3,383,592 respectively.

Outstanding Share Data

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 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.

In January 2025, the Company granted 2,500,000 stock options to offices, directors, and consultants of the Company with an exercise price of $0.25 per share, expiring January 21, 2030.

As at the date of this MD&A, the number of common shares of the Company issued and outstanding and the number of common shares issuable pursuant to other outstanding securities of ThreeD are as follows:

Common shares	**Number of securities outstanding**	Number of securities exercisable
Outstanding	**69,687,635**	69,687,635
Issuable under the exercise of options	**11,015,001**	5,973,333
Issuable under the exercise of warrants	**18,614,100**	5,474,100
	99,316,736	81,135,068

Refer to Note 8 of the notes to the Interim Consolidated Statements for details of the Company's share capital as at December 31, 2024.

Internal Controls Over Financial Reporting

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the Interim Consolidated Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the Interim Consolidated Statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Interim Consolidated Statements for external purposes in accordance with IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Use of Non-GAAP Financial Measures

This MD&A contains references to NAV which is a non-GAAP financial measure. NAV is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP financial measure presented in the Interim Consolidated Statements and thus no applicable quantitative reconciliation for such non-GAAP financial measure. The Company believes that the measure provides information useful to its shareholders in understanding the Company's performance and may assist in the evaluation of the Company's business relative to that of its peers. Accordingly, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP, and is not necessarily indicative of other metrics presented in accordance with GAAP. Existing NAV of the Company is not necessarily predictive of the Company's future performance or the NAV of the Company as at any future date.

Additional Information

Additional information relating to ThreeD may be found on the Company's website at www.threedcapital.com and the Company's profile on SEDAR+ at www.sedarplus.ca.