

Interim Condensed Consolidated Financial Statements of



March 31, 2023
(Unaudited - prepared in Canadian dollars)

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THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****March 31, 2023****(Unaudited - prepared in Canadian dollars)**

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 March 31, 2023 and June 30, 2022

(Unaudited - prepared in Canadian dollars)

	<u>Notes</u>	<u>March 31, 2023</u>	<u>June 30, 2022</u>
Assets			
Cash	5	\$ 1,504	\$ 394,408
Due from brokers	5	18,431	19,560
Prepays and receivables	5	143,290	80,443
Advances made on investments	3(d)	-	315,700
Investments, at fair value	3(b,c)	33,353,687	49,377,206
Digital assets, at fair value less cost to sell	4(b,c)	4,159,260	1,096,387
Property, equipment and right-of-use assets	7	117,986	199,855
		<u>\$ 37,794,158</u>	<u>\$ 51,483,559</u>
Liabilities and Equity			
Accounts payable and accrued liabilities	5	\$ 223,881	\$ 397,452
Due to brokers	5	411	257
Lease liabilities	5,14	84,649	173,987
		<u>308,941</u>	<u>571,696</u>
Equity			
Share capital	8(a)	109,660,702	111,234,979
Contributed surplus	8(b)	38,614,871	36,819,633
Warrants	8(c)	1,393,816	1,435,242
Foreign currency translation reserve		875,307	876,175
Deficit		<u>(113,059,479)</u>	<u>(99,454,166)</u>
		<u>37,485,217</u>	<u>50,911,863</u>
		<u>\$ 37,794,158</u>	<u>\$ 51,483,559</u>
Commitments	14		
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See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Three And Nine Months Ended March 31,

(Unaudited - prepared in Canadian dollars)

	Notes	Three Months Ended		Nine Months Ended	
		2023	2022	2023	2022
Net investment and digital asset gains (losses)					
Net realized gain (losses) on disposal of investments		\$ (1,363,889)	\$ (2,443,142)	\$ 359,047	\$ 7,570,837
Net change in unrealized losses on investments		(1,330,831)	(366,335)	(14,781,450)	(6,164,466)
Net realized losses on disposal of digital assets		-	-	(361)	-
Net change in unrealized gains (losses) on digital assets		1,492,874	115,439	2,589,190	(44,473)
		<u>(1,201,846)</u>	<u>(2,694,038)</u>	<u>(11,833,574)</u>	<u>1,361,898</u>
Consulting and administrative income		51,000	30,000	230,211	254,750
Other income		-	13,920	37,994	106,413
		<u>(1,150,846)</u>	<u>(2,650,118)</u>	<u>(11,565,369)</u>	<u>1,723,061</u>
Expenses					
Operating, general and administrative	9	738,272	915,780	2,015,827	3,141,605
Finance expenses	10	12,062	24,816	24,117	76,875
		<u>750,334</u>	<u>940,596</u>	<u>2,039,944</u>	<u>3,218,480</u>
Income (loss) before income taxes		(1,901,180)	(3,590,714)	(13,605,313)	(1,495,419)
Income tax expense		-	-	-	-
Net income (loss) for the period		(1,901,180)	(3,590,714)	(13,605,313)	(1,495,419)
Other comprehensive income					
Exchange differences on translation of foreign operations		14	245	(868)	(135)
Total comprehensive income (loss) for the period		<u>\$ (1,901,166)</u>	<u>\$ (3,590,469)</u>	<u>\$ (13,606,181)</u>	<u>\$ (1,495,554)</u>
Earnings (loss) per common share based on net income (loss) for the period					
Basic	8(d)	\$ (0.04)	\$ (0.07)	\$ (0.28)	\$ (0.03)
Diluted		<u>\$ (0.04)</u>	<u>\$ (0.07)</u>	<u>\$ (0.28)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding					
Basic	8(d)	48,297,277	48,573,727	48,478,649	47,371,331
Diluted		<u>48,297,277</u>	<u>48,573,727</u>	<u>48,478,649</u>	<u>47,371,331</u>

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statements of Changes in Equity Nine Months Ended March 31, 2023 and 2022 (Unaudited - prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at June 30, 2021		46,336,552	\$ 114,641,585	\$ 2,016,505	\$ 32,046,230	\$ 876,834	\$ (95,715,233)	\$ 53,865,921
Net income for the period		-	-	-	-	-	(1,495,419)	(1,495,419)
Exchange differences on translation of foreign operations		-	-	-	-	(135)	-	(135)
Total comprehensive income for the period		-	-	-	-	(135)	(1,495,419)	(1,495,554)
Stock-based compensation expense	8(b)	-	-	-	1,141,923	-	-	1,141,923
Cancellation of normal course issuer buy back shares	8(a)	(2,234,827)	(5,339,423)	-	3,178,618	-	-	(2,160,805)
Reallocation of expired warrants		-	-	(173,195)	173,195	-	-	-
Issued pursuant to the exercise of stock options	6(e)	36,666	13,589	-	(5,922)	-	-	7,667
Issued pursuant to the exercise of warrants	6(f)	4,178,521	2,306,841	(635,432)	-	-	-	1,671,409
Balance as at March 31, 2022		48,316,912	\$ 111,622,592	\$ 1,207,878	\$ 36,534,044	\$ 876,699	\$ (97,210,652)	\$ 53,030,561
Balance as at June 30, 2022		48,245,412	111,234,979	1,435,242	36,819,633	876,175	(99,454,166)	50,911,863
Net loss for the period		-	-	-	-	-	(13,605,313)	(13,605,313)
Exchange differences on translation of foreign operations		-	-	-	-	(868)	-	(868)
Total comprehensive loss for the period		-	-	-	-	(868)	(13,605,313)	(13,606,181)
Stock-based compensation expense	8(b)	-	-	-	341,715	-	-	341,715
Cancellation of normal course issuer buy back shares	8(a)	(821,000)	(1,868,292)	-	1,475,213	-	-	(393,079)
Issued pursuant to the exercise of stock options	6(e), 8(b)	250,000	46,690	-	(21,690)	-	-	25,000
Issued pursuant to the exercise of warrants	6(f), 8(c)	514,748	247,325	(41,426)	-	-	-	205,899
Balance as at March 31, 2023		48,189,160	\$ 109,660,702	\$ 1,393,816	\$ 38,614,871	\$ 875,307	\$ (113,059,479)	\$ 37,485,217

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.**Consolidated Statements of Cash Flows****Nine Months Ended March 31, 2023 and 2022****(Unaudited - prepared in Canadian dollars)**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities			
Netloss for the period		\$ (13,605,313)	\$ (1,495,419)
Items not affecting cash			
Net realized gains on disposal of investments		(359,047)	(7,570,837)
Net change in unrealized losses on investments		14,781,450	6,164,466
Net realized losses on disposal of digital assets		361	-
Net change in unrealized losses (gains) on digital assets		(2,589,190)	44,473
Non-cash consulting and other income		(87,142)	(171,988)
Stock-based compensation expense	8(b)	341,715	1,141,923
Depreciation expense	7	93,317	95,259
Finance expense		14,639	31,655
		(1,409,210)	(1,760,468)
Changes in non-cash working capital balances			
Proceeds on disposal of investments		6,356,972	39,431,971
Purchases of investments		(4,353,164)	(33,161,773)
Advances made on investments not yet closed		-	(253,160)
Proceeds on disposal of digital assets		187,234	-
Purchases of digital assets		(661,278)	(379,800)
Recognition of unearned revenue		-	(92,750)
Increase in prepaids and receivables		(62,847)	(39,293)
Decrease (increase) in due from brokers		10,607	(314,837)
Decrease in accounts payable and accrued liabilities		(173,571)	(1,226,714)
Increase (decrease) in due to brokers		154	(324,041)
		(105,103)	1,879,136
Cash flows used in financing activities			
Proceeds received pursuant to exercise of stock options	6(e), 8(b)	25,000	7,667
Proceeds received pursuant to the exercise of warrants	6(f), 8(c)	205,899	1,671,408
Advances received from officer		910,000	765,000
Repayments on advances received from officer		(910,000)	(1,417,365)
Purchase of shares cancelled under the normal course issuer bid	8(a)	(393,079)	(2,160,805)
Interest expense on margin borrowings		(9,478)	(45,220)
Principal payments of lease liabilities, net		(115,275)	(121,733)
		(286,933)	(1,301,048)
Cash flows used in investing activities			
Purchase of property and equipment	7	-	(1,974)
		-	(1,974)
Net increase (decrease) in cash during the period		(392,036)	576,114
Exchange rate changes on foreign currency cash balances		(868)	(135)
Cash, beginning of year		394,408	205,425
Cash, end of period		\$ 1,504	\$ 781,404

See accompanying notes to the consolidated financial statements.

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Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2023

(Unaudited - prepared in Canadian dollars)

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 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.

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issuance by the Company's board of directors on May 26, 2023.

2. Basis of preparation

(a) Statement of compliance:

These 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").

These interim consolidated statements should be read together with the annual audited consolidated financial statements as at and for the year ended June 30, 2022. The same accounting policies and methods of computation were followed in the preparation of these 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, 2022.

(b) Basis of presentation:

These 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.

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(c) Basis of consolidation:

These interim consolidated statements include the financial statements of ThreeD and its wholly-owned inactive subsidiaries: Blockamoto.io Corp., Brownstone Ventures (Barbados) 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, using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

(d) 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, 2022.

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.

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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 to a maximum of 25%, using Finnerty's put option model. 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. When there are sufficient and reliable observable market inputs, an option pricing model is used; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value. 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 alternative methods. 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 described below. These investments are included in Level 3.

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

	Fair Value	Cost
March 31, 2023	\$ 33,353,687	\$ 29,064,046
June 30, 2022	49,377,206	30,306,114

(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

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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).

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 March 31, 2023 and June 30, 2022:

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	
March 31, 2023	\$ 4,351,373	\$ 9,385,614	\$ 19,616,700	\$ 33,353,687
June 30, 2022	\$ 3,780,277	\$ 4,373,341	\$ 41,223,588	\$ 49,377,206

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 nine months ended March 31, 2023, Level 2 investments amounting to \$2,991,472 (March 31, 2022 - \$3,664,691) were transferred to Level 1 investments.

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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 nine months ended March 31, 2023, and year ended June 30, 2022. 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, 2021	\$	16,954,437
Additions		11,747,396
Proceeds on disposals		(3,471,851)
Realized gain on disposals		2,620,091
Transfer to Level 1		(1,611,273)
Transfer to Level 2		(271,227)
Net unrealized gains		15,256,015
Balance as at June 30, 2022	\$	41,223,588
Additions		1,131,872
Proceeds on disposals		-
Realized loss on disposals		(11,355)
Transfer to Level 1		(2,274,491)
Transfer to Level 2		(3,084,481)
Net unrealized losses		(17,368,433)
Balance as at March 31, 2023	\$	19,616,700

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

Description	Fair value at March 31, 2023	Valuation technique / Unobservable inputs	% of investments	Volatility
Unlisted private equities	\$ 18,012,690	Recent transaction Calibration	54.0	Recent transaction price Market trends
Unlisted private equities	327,508	New investment	0.9	Recent transaction price
Unlisted convertible debentures	1,187,537	Black Scholes and discounted cash flow Market prices, volatility, discount rate	3.6	110% volatility
Unlisted warrants	88,965	Black Scholes Market prices, volatility, discount rate	0.3	110% volatility
	\$ 19,616,700		58.8	

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Description	Fair value at June 30, 2022	Valuation technique / Unobservable inputs	% of investments	Volatility
Unlisted private equities	\$ 33,684,813	Recent transaction price Calibration	68.2	Recent transaction price Market trends
Unlisted private equities	3,359,081	New investment	6.8	Recent transaction price
Unlisted convertible debentures	4,061,102	Black Scholes and discounted cash flow Market prices, volatility, discount rate	8.2	178% volatility
Unlisted warrants	118,592	Black Scholes Market prices, volatility, discount rate	0.2	110% volatility
	\$ 41,223,588		83.4	

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 +/- 25% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding +/- \$4,904,175 (June 30, 2022 - \$10,305,897) 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 financing that do not close before the end of the reporting period. As a result, the Company would not have received its share certificates by March 31, 2023, and thus has presented the advances made on the interim consolidated statements as "Advances made on investments".

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As at March 31, 2023, the Company had a balance of \$nil (June 30, 2022 - \$315,700) in advances made on investments.

4. Digital assets at fair value less cost 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 crowdfunding, through the release of a new token to fund project development similar to an initial public offering for stocks; and
- (iii) 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 provided by the crypto exchange that the Company considers the principal market. These are included in Level 2.

Digital Coins and tokens which are not actively traded and purchases under 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 (depending upon the circumstances) may be adjusted using one or more valuation indicators (refer to the accounting policy for the fair value of privately-held investments). These are included in Level 3.

(b) The fair value and cost of digital assets are as follows as at March 31, 2023:

	Cost	FVLCTS
Digital coins	\$ 87	\$ 1,055
Digital tokens	1,978,811	2,833,644
SAFTs	1,894,029	1,324,561
	\$ 3,872,927	\$ 4,159,260

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The fair value and cost of digital assets are as follows as at June 30, 2022:

	Cost	FVLCTS
Digital coins	\$ 87	\$ 591
Digital tokens	1,129,389	486
SAFTs	2,269,769	1,095,310
	\$ 3,399,245	\$ 1,096,387

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 SAFTs which is an agreement with a promise by the 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 cost to sell and categorized into levels of the fair value hierarchy on the consolidated statement of financial position as at March 31, 2023:

	Level 1	Level 2	Level 3	
Digital assets, at fair value less cost to sell	Quoted market price	Valuation technique - observable market inputs	Valuation technique - unobservable market inputs	Total
Digital coins	\$ -	\$ 1,055	\$ -	\$ 1,055
Digital tokens	-	2,833,644	-	2,833,644
SAFTs	-	-	1,324,561	1,324,561
	\$ -	\$ 2,834,699	\$ 1,324,561	\$4,159,260

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The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statement of financial position as at June 30, 2022:

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	\$ -	\$ 591	\$ -	\$ 591
Digital tokens	-	486	-	486
SAFTs	-	-	1,095,310	1,095,310
	\$ -	\$ 1,077	\$ 1,095,310	\$ 1,096,387

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

The following table presents the changes in fair value measurements of digital assets classified as Level 3 for the nine months ended March 31, 2023, and year ended June 30, 2022.

Balance as at June 30, 2021	\$ -
Purchases	1,078,160
Transfer to Level 1 or Level 2	-
Net unrealized gains	17,150
Balance as at June 30, 2022	\$ 1,095,310
Purchases	338,230
Transfer to Level 1	-
Transfer to Level 2	(713,970)
Net unrealized gains	604,991
Balance as at March 31, 2023	\$ 1,324,561

All purchases in Level 3 were SAFTs. Once tokens are 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 +/- 25% change on the fair value (i.e. recent transaction price) of Level 3 digital assets will result in a corresponding +/- \$331,140 (June 30, 2022 - \$273,828) 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:

	March 31, 2023	June 30, 2022
Cash	\$ 1,504	\$ 394,408
Due from brokers	18,431	19,560
Receivables (excluding sales tax receivables)	48,840	-
Accounts payable and accrued liabilities	(223,881)	(397,452)
Due to brokers	(411)	(257)
Lease liabilities	(84,649)	(173,987)
	\$ (240,166)	\$ (157,728)

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 is a reasonable approximation of 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 March 31, 2023 and June 30, 2022, 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 nine months ended March 31 were as follows:

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Salaries and consulting fees	\$ 207,000	\$ 202,000	\$ 621,000	\$ 601,000
CEO performance bonus accrual	-	(110,279)	-	-
Director fees	51,250	51,250	153,750	51,250
Other short-term benefits	2,301	2,261	6,823	6,924
Stock-based compensation expense	111,214	305,096	327,672	723,793
Total	\$ 371,765	450,328	\$ 1,109,245	1,382,967

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

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Effective January 1, 2021, the Company adopted a new cash-based performance bonus calculation for the CEO. The performance bonus for the current year starting July 1, 2022, is calculated as 5% of the increase in retained earnings from June 30, 2021, adjusted for the aggregate amount of the Company's tax expense (if any) and adjusted for any decrease to shareholders' equity of the Company arising from any declaration of dividends. During the three and nine months ended March 31, 2023, the Company recorded \$nil amount for the performance bonus accrual. During the three months ended March 31, 2022, an adjustment to the performance bonus accrual for the CEO was recorded, resulting in a \$110,279 decrease to bring the performance bonus accrual to \$nil as at March 31, 2022.

- (b) On December 13, 2021, 750,000 stock options were granted to directors and officers of the Company, exercisable at a price of \$0.80 per share, expiring on December 13, 2026. On February 16, 2022, 200,000 stock options were granted to a certain officer of the Company, exercisable at a price of \$0.90 per share, expiring February 16, 2027. On December 1, 2022, 800,000 stock options were granted to directors and officers of the Company, exercisable at a price of \$0.50 per share, expiring on December 1, 2027.
- (c) During the year ended June 30, 2022, directors of the Company exercised 36,666 stock options at an average price of \$0.21 per share and received 36,666 common shares of ThreeD.
- (d) During the year ended June 30, 2022, close family members of the CEO of the Company exercised 4,178,521 warrants at an average price of \$0.40 per warrant and received 4,178,521 common shares of ThreeD.
- (e) During the nine months ended March 31, 2023, directors of the Company exercised 250,000 stock options (March 31, 2022 – 36,666 stock options) at an average price of \$0.10 per share (March 31, 2022 - \$0.21 per share) and received 250,000 common shares (March 31, 2022 – 36,666 common shares) of ThreeD.
- (f) During the nine months ended March 31, 2023, a director and close family members of the CEO of the Company exercised 514,748 warrants (March 31, 2022 – 4,178,521 warrants) at an average price of \$0.40 per warrant (March 31, 2022 - \$0.40 per warrant) and received 514,748 common shares (March 31, 2022 – 4,178,521 common shares) of ThreeD.
- (g) As at March 31, 2023, included in accounts payable and accrued liabilities is \$9,281 (June 30, 2022 - \$nil) due to Park Place Limited, a private company controlled by the CEO.

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****March 31, 2023****(Unaudited - prepared in Canadian dollars)****7. Property, equipment and right-of-use assets**

Property, equipment and right-of-use assets are as follows as at March 31, 2023 and June 30, 2022:

Cost	Furniture and fixtures	Leasehold improvements	Computer equipment	Right-of-use assets	Total
Balance – June 30, 2021	\$99,720	\$31,813	\$23,218	\$475,810	\$630,561
Additions	-	-	5,447	-	5,447
Balance - June 30, 2022	\$99,720	\$31,813	\$28,665	\$475,810	\$636,008
Additions	-	-	-	12,417	12,417
Dispositions	-	-	-	(14,544)	(14,544)
Balance - March 31, 2023	\$99,720	\$31,813	\$28,665	\$473,683	\$633,881

Accumulated Depreciation	Furniture and fixtures	Leasehold improvements	Computer equipment	Right-of-use assets	Total
Balance – June 30, 2021	\$59,036	\$16,437	\$16,466	\$216,632	\$308,571
Depreciation	8,136	6,362	4,768	108,316	127,582
Balance – June 30, 2021	\$67,172	\$22,799	\$21,234	\$324,948	\$436,153
Depreciation	4,882	4,772	3,142	80,521	93,317
Dispositions	-	-	-	(13,575)	(13,575)
Balance – March 31, 2023	\$72,054	\$27,571	\$24,376	\$391,894	\$515,895

Carrying Value	Furniture and fixtures	Leasehold improvements	Computer equipment	Right-of-use assets	Total
Balance - June 30, 2022	\$32,548	\$9,014	\$7,431	\$150,862	\$199,855
Balance – March 31, 2023	\$27,665	\$4,242	\$4,290	\$81,789	\$117,986

THREED CAPITAL INC.

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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 March 31, 2023 and June 30, 2022:

	Number of common shares	Share capital
Opening balance, as at June 30, 2021, net of shares to be cancelled	46,336,552	\$ 114,641,585
Shares repurchased and cancelled ⁽¹⁾	(2,234,827)	(5,334,820)
Shares held in treasury to be cancelled ⁽¹⁾	(71,500)	(164,851)
Issued pursuant to the exercise of stock options ⁽²⁾	36,666	13,589
Issued pursuant to the exercise of warrants ⁽²⁾	4,178,521	2,079,476
Ending balance, as at June 30, 2022, net of shares to be cancelled	48,245,412	111,234,979
Shares repurchased and cancelled⁽³⁾	(783,000)	(1,781,818)
Shares held in treasury to be cancelled⁽³⁾	(38,000)	(86,474)
Issued pursuant to the exercise of stock options⁽⁴⁾	250,000	46,690
Issued pursuant to the exercise of warrants⁽⁴⁾	514,748	247,325
Ending balance, as at March 31, 2023	48,189,160	\$ 109,660,702

- (1) In July 2021, the Company announced its intention to effect a normal course issuer bid ("NCIB") through the facilities of the CSE. Pursuant to the NCIB, during the twelve-month period commencing July 21, 2021, and ending July 20, 2022, the Company was entitled to purchase on the CSE up to 2,316,827 common shares in total, representing approximately 5% of the common shares issued and outstanding as of July 15, 2021. The price which the Company was to pay for any such shares was the market price at the time of acquisition. The actual number of common shares to be purchased and the timing of any such purchases was determined by the Company. During the year ended June 30, 2022, the Company repurchased and cancelled 2,234,827 common shares at an average cost of \$0.97 per share for total cost of \$2,160,805. As at June 30, 2022, 71,500 common shares repurchased under the NCIB for total cost of \$37,632 were held in treasury for the purpose of cancellation and were subsequently cancelled during the nine months ended March 31, 2023.
- (2) During the year ended June 30, 2022, 36,666 common shares were issued for the exercise of 36,666 stock options (see Note 6(c) for further details). Additionally, during the year ended June 30, 2022, 4,178,521 common shares were issued for the exercise of 4,178,521 warrants (see Note 6(d) for further details).

THREED CAPITAL INC.

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- (3) In July 2022, the Company announced its intention to effect a new NCIB ("2022 NCIB") through the facilities of the CSE. Pursuant to the 2022 NCIB, the Company may, during the twelve-month period commencing July 27, 2022, and ending July 26, 2023, purchase on the CSE up to 2,412,270 common shares in total, representing approximately 5% of the common shares issued and outstanding as of July 21, 2022. The price 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 any such purchases will be determined by the Company. During the nine months ended March 31, 2023, the Company repurchased and cancelled 783,000 common shares at an average cost of \$0.48 per share for total cost of \$378,284. As at March 31, 2023, 38,000 common shares repurchased under the 2022 NCIB for total cost of \$14,796 were held in treasury for the purpose of cancellation and were subsequently cancelled in April 2023 (see Note 16(a)).
- (4) During the nine months ended March 31, 2023, 250,000 common shares were issued for the exercise of 250,000 stock options (see Note 6(e) for further details). Additionally, during the nine months ended March 31, 2023, 514,748 common shares were issued for the exercise of 514,748 warrants (see Note 6(f) for further details).
- (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 fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

During the nine months ended March 31, 2023, the Company granted 830,000 stock options to directors, officers, consultants and employees of the Company exercisable at prices of \$0.50 per share expiring on December 1, 2027.

The fair value of the options granted during the nine months ended March 31, 2023, was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****March 31, 2023****(Unaudited - prepared in Canadian dollars)**

Black-Scholes option valuation model assumptions used	
Expected volatility	162.31%
Expected dividend yield	0%
Risk-free interest rate	3.46%
Expected option life in years	3.15 years
Expected forfeiture rate	0%
Fair value per stock option granted on December 1, 2022	\$0.25

During the year ended June 30, 2022, the Company granted 1,375,000 stock options to directors, officers and consultants of the Company exercisable at prices of \$1.13, \$1.30, \$0.80 and \$0.90 per share expiring between August 11, 2023 and February 16, 2027.

The fair value of the options granted during the year ended June 30, 2022, 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	172.0%-197.2%
Expected dividend yield	0%
Risk-free interest rate	0.47%-1.61%
Expected option life in years	2.0-3.0 years
Expected forfeiture rate	4.1%-4.7%
Fair value per stock option granted on August 11, 2021	\$0.85
Fair value per stock option granted on September 9, 2021	\$1.13
Fair value per stock option granted on December 13, 2021	\$0.67
Fair value per stock option granted on February 16, 2022	\$0.75

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 nine months ended March 31, 2023, is stock-based compensation expense of \$115,449 (March 31, 2022 - \$350,551) and \$341,715 (March 31, 2022 - \$1,141,923) respectively.

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A summary of the status of the Company's stock options as at March 31, 2023 and June 30, 2022 and changes during the periods then ended is presented below:

	March 31, 2023		June 30, 2022	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Stock options				
Outstanding, at beginning of period	5,862,633	\$0.91	5,327,074	\$0.95
Granted	830,000	0.50	1,375,000	0.92
Exercised/Released	(250,000)	0.10	(36,666)	0.21
Cancelled/forfeited	-	-	(600,000)	1.05
Expired	(953,330)	2.01	(202,775)	1.80
Outstanding, at end of period	5,489,303	\$0.70	5,862,633	\$0.91
Exercisable, at end of period	4,597,630	\$0.72	4,875,127	\$0.93

The weighted average stock price at the time that stock options were exercised during nine months ended March 31, 2023, was \$0.70 per share (June 30, 2022 - \$1.23). As at March 31, 2023, the weighted average remaining life of outstanding options was 2.96 years (June 30, 2022 - 2.93 years).

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2023:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
166,666	166,666	1.20	September 14, 2023
50,000	50,000	0.40	November 19, 2023
149,304	149,304	1.20	December 14, 2023
187,499	187,499	1.20	April 11, 2024
62,500	62,500	0.40	September 18, 2024
108,334	108,334	0.10	May 12, 2025
1,160,000	1,160,000	0.30	September 15, 2025
1,300,000	1,300,000	0.75	January 15, 2026
500,000	500,000	1.25	March 26, 2026
750,000	624,999	0.80	December 13, 2026
225,000	149,999	0.80	February 16, 2027
830,000	138,329	0.50	December 1, 2027
5,489,303	4,597,630		

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- (c) The summary of the status of the Company's warrants as at March 31, 2023 and June 30, 2022 and the changes during the periods then ended are as follows:

Warrants	March 31, 2023		June 30, 2022	
	# of warrants	Weighted average exercise price	# of warrants	Weighted average exercise price
Outstanding, at beginning of period	3,587,235	\$1.60	8,182,422	\$1.00
Exercised	(514,748)	0.40	(4,178,521)	0.40
Expired	-	-	(416,666)	1.8
Outstanding, at end of period	3,072,487	\$1.80	3,587,235	\$1.60

On February 18, 2021, certain share purchase warrants of the Company which were set to expire during the year 2021 were extended to expiry dates in 2022. On March 2, 2022, the Company announced a further extension of the terms of these existing share purchase warrants to expire in 2023. The table below summarizes the number of warrants whose term has been extended showing the initial expiration date and the new expiry date.

Date of Issuance	Number of Warrants	Original Expiry Date	New Expiry Date
April 13, 2018	1,066,661	April 13, 2021	April 13, 2023
August 23, 2018	1,101,662	August 23, 2021	August 23, 2023
October 30, 2018	904,164	October 30, 2021	October 30, 2023

The following table summarizes information about warrants exercisable and outstanding as at March 31, 2023:

Number of warrants outstanding	Exercise price (\$)	Expiry date	Warrant Value (\$)
1,066,661	1.80	April 13, 2023	509,678
1,101,662	1.80	August 23, 2023	489,982
904,164	1.80	October 30, 2023	394,156
3,072,487			1,393,816

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

Numerator:	Three months ended		Nine months ended	
	2023	March 31, 2022	2023	March 31, 2022
Net income (loss) for the period	\$ (1,901,180)	\$ (3,590,714)	\$ (13,605,313)	\$ (1,495,419)

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Denominator	Three months ended		Nine months ended	
	2023	March 31, 2022	2023	March 31, 2022
Basic and diluted weighted average number of common shares outstanding ⁽ⁱ⁾	48,297,277	48,573,727	48,478,649	47,371,331

Earnings (loss) per common share based on net income (loss) for the period:	Three months ended		Nine months ended	
	2023	March 31, 2022	2023	March 31, 2022
Basic and diluted	(0.04)	(0.07)	(0.28)	(0.03)

(i) The determination of the three and nine months ended March 31, 2023 diluted weighted average number of common shares outstanding excludes 5,489,303 stock options (March 31, 2022 – 6,462,633 stock options) and 3,072,487 warrants (March 31, 2022 – 3,587,235 warrants) that were anti-dilutive.

(e) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at March 31, 2023 and June 30, 2022:

	March 31, 2023	June 30, 2022
Common shares outstanding	48,189,160	48,245,412
Warrants to purchase common shares	3,072,487	3,587,235
Stock options to purchase common shares	5,489,303	5,862,633
	56,750,950	57,695,280

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9. Operating, general, and administrative expenses

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

	Three months ended March 31,		Nine months ended March 31,	
	2023	2022	2023	2022
Salaries and consulting fees	\$ 260,300	\$ 287,801	\$ 797,520	\$ 865,616
Stock-based compensation expense	115,449	350,551	341,715	1,141,923
Director fees	51,250	51,250	153,750	51,250
Professional fees	98,973	29,085	146,722	72,542
Depreciation expense	30,585	31,904	93,317	95,259
Transaction costs	26,297	117,540	88,069	352,049
Travel and promotion	22,253	12,554	80,110	24,328
Shareholder relations, transfer agent and filing fees	25,597	30,119	52,852	57,007
Operating lease payments	16,850	22,739	50,892	56,849
Other employment benefits	14,959	13,306	34,372	32,030
Foreign exchange loss (gain)	103	(4,322)	3,957	44,038
CEO performance bonus accrual	-	(110,279)	-	-
Other office and general	75,656	83,532	172,551	348,714
	\$ 738,272	\$ 915,780	\$ 2,015,827	\$ 3,141,605

10. Finance expenses

Finance expenses consist of the following for the three and nine months ended March 31:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2022	2023	2022
Interest expense on margin borrowings	\$ 8,452	\$ 13,513	\$ 9,478	\$ 45,220
Interest expense on lease liabilities	3,610	11,303	14,639	31,655
Total	\$ 12,062	\$ 24,816	\$ 24,117	\$ 76,875

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****March 31, 2023****(Unaudited - prepared in Canadian dollars)**

11. Supplemental disclosure of cash flow information

The following table shows the supplemental cash flow information for the nine months ended March 31, 2023 and 2022:

	2023	2022
Finance expense paid	\$ 9,478	\$ 45,220

12. Management of capital

The Company considers its capital to be equal to its equity which amounts to \$37,485,217 on March 31, 2023 (June 30, 2022 - \$50,911,863). 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 its margin requirements by the brokers.

There were no changes in the Company's approach to capital management for the nine months ended March 31, 2023. 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 March 31, 2023.

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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 March 31, 2023, the Company held a total of \$9,702,698 (June 30, 2022 - \$11,396,260) in U.S. denominated investments. Additionally, the majority of the Company's digital assets are denominated in U.S. dollars. The Company also held \$67,950 (June 30, 2022 - \$66,690) in Australian-dollar denominated investments and \$42,691 (June 30, 2022 - \$193,501) 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 nine months ended March 31, 2023. 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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The following table shows the estimated sensitivity of the Company's after-tax net loss for the nine months ended March 31, 2023, from a change in the closing trade price (or recent transaction price) of the Company's investments and digital assets with all other variables held constant as at March 31, 2023:

Percentage of change in closing trade price (recent transaction price)	Change in after-tax net loss from % change in closing trade price
2%	\$ 650,850
4%	1,301,699
6%	1,952,549
8%	2,603,399
10%	3,254,248

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended June 30, 2022, from a change in the closing trade price (or recent transaction price) of the Company's investments and digital assets with all other variables held constant as at June 30, 2022:

Percentage of change in closing trade price (recent transaction price)	Change in after-tax net loss from % change in closing trade price
2%	\$ 875,717
4%	1,751,434
6%	2,627,151
8%	3,502,867
10%	4,378,584

(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 March 31, 2023, the Company held nine convertible debentures (June 30, 2022 – ten convertible debentures) with a fair value of \$1,782,180 (June 30, 2022 - \$5,752,176). Eight of these convertible debentures were held with private company investees (June 30, 2022 – eight convertible debentures) and one was held with a publicly traded company investee (June 30, 2022 – two 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 nine months ended March 31, 2023. 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.

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The following is the Company's maximum exposure to credit risk as at March 31, 2023 and June 30, 2022:

	March 31, 2023	June 30, 2022
Cash	\$ 1,504	\$ 394,408
Due from brokers	18,431	19,560
Convertible debentures	1,782,180	5,752,176
Receivables	50,860	13,205
	\$ 1,852,975	\$ 6,179,349

(c) Currency risk:

The Company presently holds funds in Canadian dollars but some of its liabilities are denominated in U.S. dollars. The Company does not engage in any hedging activities to mitigate its foreign exchange risk. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the value of the Company's financial instruments.

The following assets and liabilities (excluding investments and digital assets) were denominated in foreign currencies:

	March 31, 2023	June 30, 2022
Denominated in U.S. dollars:		
Cash	\$ 396	\$ 41,156
Due from (to) brokers, net	911	(37)
Accounts payable and accrued liabilities	(18,155)	(17,287)
Net assets (liabilities) denominated in U.S. dollars	(16,848)	23,832

The following table shows the estimated sensitivity of the Company's after-tax net loss for the nine months ended March 31, 2023, from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at March 31, 2023:

Percentage of change in U.S. dollar exchange rate	Change in after-tax net loss from % change in the U.S. dollar exchange rate
2%	\$ 248
4%	495
6%	743
8%	991
10%	1,238

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****March 31, 2023****(Unaudited - prepared in Canadian dollars)**

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended June 30, 2022, from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at June 30, 2022:

Percentage of change in U.S. dollar exchange rate	Change in after-tax net loss from % change in the U.S. dollar exchange rate	
2%	\$	350
4%		701
6%		1,051
8%		1,401
10%		1,752

(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 March 31, 2023 the Company had SAFT investments valued at \$1,324,561 (June 30, 2022 - \$1,095,310)

14. Commitments

In September 2018, the Company signed a lease for office premises which started on December 2018 until November 2023, for annual payments of approximately \$190,974 (plus applicable taxes), increasing approximately 3.4% per year.

During the nine months ended March 31, 2023, the Company signed a new lease for office equipment beginning February 2023 until March 2027, for annual payments of approximately \$3,534.

As at March 31, 2023, future minimum annual lease payments under operating leases for premises and equipment are as follows:

Fiscal year 2023	45,155
Fiscal year 2024	90,809
Prepaid rent and operating costs deposits	(5,447)
Total lease commitments	130,517
Lease operating costs	(40,033)
Discount at effective interest rates of 10% - 15%	(5,835)
Lease liability, as at March 31, 2023	\$ 84,649

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2023

(Unaudited - prepared in Canadian dollars)

As at March 31, 2023, the Company had commitments to purchase investments totaling \$nil (June 30, 2022 - \$253,860).

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 March 31, 2023.

16. Subsequent events

- (a) In April 2023, the 38,000 common shares of the Company which were repurchased under the 2022 NCIB and held in treasury were cancelled (see Note 8(a)).
- (b) In April 2023, 1,066,661 warrants expired and thus were not exercised for common shares of the Company.