

Annual Audited Consolidated Financial Statements of



Years ended June 30, 2023 and 2022
(Prepared in Canadian dollars)

Contents

Independent Auditor's Report	2 - 5
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	6
Consolidated Statements of Net Loss and Comprehensive Loss	7
Consolidated Statements of Changes in Equity	8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10 - 54

Independent Auditor's Report

To the Shareholders of ThreeD Capital Inc.:

Opinion

We have audited the consolidated financial statements of ThreeD Capital Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and June 30, 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments and recognition of related realized/unrealized gains/losses

Key Audit Matter Description

As described in Note 5 in the consolidated financial statements, the Company held investments at fair value totaling \$35,880,457. The Company utilized appropriate valuation techniques comprising of observable/unobservable inputs used to measure different levels of investments.

Evaluating the Company's assessment of the fair value of level 3 investments required complex auditor judgement. Specifically, the key assumptions in the assessment are unobservable inputs, such as most recent transaction prices, and volatility of share price used to measure the investments fair values.

Audit Response

We responded to this matter by performing procedures over management's process in determining the fair value of the investments and calculating realized/unrealized gains/losses of the investments for the year ended June 30, 2023. Our audit work in relation to this included, but was not limited to, the following:

- Obtained direct third party confirmations from investee entities to corroborate terms of the financing raised by investees during or subsequent to the year ended June 30, 2023.
- Consulted internal valuation experts to evaluate the appropriateness of the valuation methodologies and assumptions and inputs used.
- Verified the calculation of the realized and unrealized gains/losses on a sample basis.
- Assessed the appropriateness of the disclosures relating to the fair value of investments in the consolidated financial statements.
- For a sample of investment purchase transaction, agreed the proof of payment recorded by management to the cash disbursements in the broker statements and/or bank accounts.
- For a sample of investment sale transaction, agreed the gross proceeds recorded by management to the cash receipt in the broker statements and/or bank accounts. Also recalculated the average cost base for the sale transaction and agreed the recalculated average cost base to the amount recorded by management.
- For investments that existed as of June 30, 2022, performed retrospective review of the key inputs used in the determination of fair values of these investments.

Valuation, existence and ownership of digital assets

Key Audit Matter Description

As described in Note 6 in the consolidated financial statements, the Company held digital assets totaling \$4,013,265. The Company utilized appropriate valuation techniques comprising of observable/unobservable inputs used to measure different levels of digital assets which directly impacts the measurement of unrealized gain/loss.

Evaluating the Company's assessment of fair value of digital assets especially those with limited history required complex auditor judgement. Specifically, the key assumption used in the valuation of digital assets that are restricted. Accordingly, unrealized gains and losses arising from the fair value change of digital assets are impacted by the valuation of the investments.

Ensuring the existence and ownership of the digital assets also required significant auditor judgment.

Audit Response

We responded to this matter by performing procedures over management's processes in determining the valuation, existence and ownership of the digital assets. Our audit work in relation to this included, but was not limited to, the following:

- Obtained and reviewed all SAFT investment agreements.
- Obtained management's calculation schedules for fair value of digital assets at year end, and assessed the reasonability of significant assumptions that were used in deriving the fair value of each digital asset.
- Consulted with internal valuations team to assess the reasonableness of fair value of certain digital assets that were held in escrow and SAFT investments.
- Assessed the appropriateness of principal markets used by management to value digital assets.
- Reviewed management's process and underlying controls related to wallet addresses storing the digital assets. This includes tracing to external sources of information.
- Consulted internal technology specialists to assess the underlying reliability of the consensus protocol for the blockchain networks for those tokens that have a material balance as at June 30, 2023.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zhi Huang.

Toronto, Ontario
October 30, 2023

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

THREED CAPITAL INC.

Consolidated Statements of Financial Position

As at June 30, 2023 and 2022

(Prepared in Canadian dollars)

	<u>Notes</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets			
Cash	7	\$ 4,555	\$ 394,408
Due from brokers	7	8,868	19,560
Prepays and receivables	7	172,865	80,443
Advances made on investments	5(c)	187,500	315,700
Investments, at fair value	5(a,b)	35,880,457	49,377,206
Digital assets, at fair value less costs to sell	6	4,013,265	1,096,387
Property, equipment, and right-of-use assets	9	86,746	199,855
		<u>\$ 40,354,256</u>	<u>\$ 51,483,559</u>
Liabilities and Equity			
Accounts payable and accrued liabilities	7	\$ 579,070	\$ 397,452
Due to brokers	7	172	257
Lease liabilities	7,17	48,178	173,987
Advances from officer	8(f)	35,000	-
		<u>662,420</u>	<u>571,696</u>
Equity			
Share capital	10(a)	110,489,466	111,234,979
Contributed surplus	10(b)	39,189,256	36,819,633
Warrants	10(c)	884,138	1,435,242
Foreign currency translation reserve		875,701	876,175
Deficit		<u>(111,746,725)</u>	<u>(99,454,166)</u>
		<u>39,691,836</u>	<u>50,911,863</u>
		<u>\$ 40,354,256</u>	<u>\$ 51,483,559</u>
Commitments	17		
Contingent liability	18		
Subsequent events	19		

See accompanying notes to the Consolidated Financial Statements.

On behalf of the Board:

/s/ "Sheldon Inwentash" Director

/s/ "Alan Myers" Director

THREED CAPITAL INC.**Consolidated Statements of Net Loss and Comprehensive Loss****Years Ended June 30, 2023 and 2022****(Prepared in Canadian dollars)**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Net investment and digital asset gains (losses)			
Net realized gains (losses) on disposal of investments		\$ (1,867,580)	\$ 5,881,628
Net change in unrealized losses on investments		(9,953,801)	(5,260,953)
Net realized losses on disposal of digital assets		(606)	-
Net change in unrealized gains (losses) on digital assets		2,443,440	(505,767)
		<u>(9,378,547)</u>	114,908
Consulting and administrative income		281,211	284,750
Other income		37,994	127,815
		<u>(9,059,342)</u>	527,473
Expenses			
Operating, general and administrative	12	3,206,217	4,180,501
Finance expenses	13	27,000	85,905
		<u>3,233,217</u>	4,266,406
Income (loss) before income taxes		(12,292,559)	(3,738,933)
Income tax expense	11	-	-
Net income (loss) for the year		(12,292,559)	(3,738,933)
Other comprehensive income			
Exchange differences on translation of foreign operations		(474)	(659)
Total comprehensive income (loss) for the year		<u>\$ (12,293,033)</u>	<u>\$ (3,739,592)</u>
<hr/>			
Earnings (loss) per common share based on net income (loss) for the year	10(d)		
Basic		\$ (0.25)	\$ (0.08)
Diluted		\$ (0.25)	\$ (0.08)
<hr/>			
Weighted average number of common shares outstanding	10(d)		
Basic		48,422,914	47,607,079
Diluted		48,422,914	47,607,079

See accompanying notes to the Consolidated Financial Statements.

THREED CAPITAL INC.
Consolidated Statements of Changes in Equity
Years Ended June 30, 2023 and 2022
(Prepared in Canadian dollars)

		Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at June 30, 2021	Notes	46,336,552	\$ 114,641,585	\$ 2,016,505	\$ 32,046,230	\$ 876,834	\$ (95,715,233)	\$ 53,865,921
Net loss for the year		-	-	-	-	-	(3,738,933)	(3,738,933)
Exchange differences on translation of foreign operations		-	-	-	-	(659)	-	(659)
Total comprehensive loss for the year		-	-	-	-	(659)	(3,738,933)	(3,739,592)
Stock-based compensation expense	10(b)	-	-	-	1,304,896	-	-	1,304,896
Cancellation of normal course issuer buy back shares	10(a)	(2,306,327)	(5,499,671)	-	3,301,234	-	-	(2,198,437)
Reallocation of expired warrants	10(c)	-	-	(173,195)	173,195	-	-	-
Issued pursuant to exercise of stock options	8(d), 10(b)	36,666	13,589	-	(5,922)	-	-	7,667
Issued pursuant to the exercise of warrants	8(e), 10(c)	4,178,521	2,079,476	(408,068)	-	-	-	1,671,408
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 year		-	-	-	-	-	(12,292,559)	(12,292,559)
Exchange differences on translation of foreign operations		-	-	-	-	(474)	-	(474)
Total comprehensive loss for the year		-	-	-	-	(474)	(12,292,559)	(12,293,033)
Stock-based compensation expense	10(b)	-	-	-	735,186	-	-	735,186
Cancellation of normal course issuer buy back shares	10(a)	(821,000)	(1,868,292)	-	1,475,213	-	-	(393,079)
Reallocation of expired warrants	10(c)	-	-	(509,678)	509,678	-	-	-
Issued pursuant to exercise of stock options	8(d), 10(b)	2,250,000	875,454	-	(350,454)	-	-	525,000
Issued pursuant to the exercise of warrants	8(e), 10(c)	514,748	247,325	(41,426)	-	-	-	205,899
Balance as at June 30, 2023		50,189,160	\$ 110,489,466	\$ 884,138	\$ 39,189,256	\$ 875,701	\$ (111,746,725)	\$ 39,691,836

See accompanying notes to the Consolidated Financial Statements.

THREED CAPITAL INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022
(Prepared in Canadian dollars)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Net loss for the year		\$ (12,292,559)	\$ (3,738,933)
Items not affecting cash			
Net realized losses (gains) on disposal of investments		1,867,580	(5,881,628)
Net change in unrealized losses on investments		9,953,801	5,260,953
Net realized losses on disposal of digital assets		606	-
Net change in unrealized losses (gains) on digital assets		(2,443,440)	505,767
Non-cash consulting and other income		(108,142)	(188,608)
Stock-based compensation expense	10(b)	735,186	1,304,896
Depreciation expense	9	124,555	127,582
Finance expense	13	17,224	38,898
		<u>(2,145,189)</u>	<u>(2,571,073)</u>
Changes in non-cash working capital balances			
Proceeds on disposal of investments		7,297,485	43,616,628
Purchases of investments		(5,198,423)	(36,723,840)
Advances made on investments not yet closed		(187,500)	(315,700)
Proceeds on disposal of digital assets		187,382	-
Purchases of digital assets		(661,426)	(1,078,160)
Recognition of unearned revenue		-	(92,750)
Decrease in prepaids and receivables		(92,422)	21,386
Decrease in due from brokers		10,692	2,119
Increase (decrease) in accounts payable and accrued liabilities		181,618	(1,008,774)
Increase (decrease) in due to brokers		9,691	(276,778)
		<u>(598,092)</u>	<u>1,573,058</u>
Cash flows from financing activities			
Proceeds received pursuant to exercise of stock options	10(b)	525,000	7,667
Proceeds received pursuant to the exercise of warrants	10(c)	205,899	1,671,408
Advances received from officer	8(f)	1,445,000	765,000
Repayments on advances received from officer	8(f)	(1,410,000)	(1,417,365)
Purchase of shares cancelled under the normal course issuer bid	10(a)	(393,079)	(2,198,437)
Interest expense on margin borrowings	13	(9,776)	(47,007)
Principal payments of lease liabilities		(154,331)	(159,235)
		<u>208,713</u>	<u>(1,377,969)</u>
Cash flows used in investing activities			
Purchase of property, equipment and right-of-use assets	9	\$ -	(5,447)
		<u>\$ -</u>	<u>(5,447)</u>
Net increase in cash during the period		(389,379)	189,642
Exchange rate changes on foreign currency cash balances		(474)	(659)
Cash, beginning of period		394,408	205,425
Cash, end of period		\$ 4,555	\$ 394,408

Supplemental disclosure of cash flow information

14

See accompanying notes to the Consolidated Financial Statements.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(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's investments are often in start-up ventures focused on capital growth, rather than income return, and are categorized as venture capital investments. These are held as part of an investment portfolio where their value is through their marketable value rather than as a medium through which the Company carries out its business. They are typically in businesses unrelated to the Company's business. The investments are managed on a fair value basis. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange ("CSE") under the symbol "IDK" and on the OTCQX Best Market under the symbol "IDKFF". The Company is domiciled in the Province of Ontario and its head office is located at 130 Spadina Ave., Suite 401, Toronto, Ontario, Canada.

These annual audited consolidated financial statements for the years ended June 30, 2023 and 2022 (the "Consolidated Financial Statements") were approved for issuance by the Company's board of directors on October 30, 2023.

2. Basis of preparation

(a) Statement of compliance:

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"). Significant accounting estimates, judgements and assumptions used or exercised by management in the preparation of the Consolidated Financial Statements are presented below.

(b) Basis of presentation:

The Consolidated Financial 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.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

(c) Basis of consolidation:

The Consolidated Financial Statements include the financial statements of ThreeD and its wholly-owned inactive subsidiaries: Blockamoto.io Corp., Brownstone Ventures (Barbados) Inc., Compute AI Inc., and 2121197 Ontario Ltd. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Company's potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in comprehensive income from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company's reporting period using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

(d) Critical accounting judgments, estimates and assumptions:

The preparation of the Consolidated Financial 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 Consolidated Financial 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

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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 Consolidated Financial Statements is as follows:

- (i) Fair value of investments in securities not quoted in an active market:

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 5(b) for further details.

- (ii) Fair value of financial derivatives:

The Company measures financial instruments, such as warrants and options, of investees at fair value at each consolidated statements of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Investments in warrants and options that are not traded on a recognized securities exchange do not have a readily available market value. 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. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 5(b) for further details.

- (iii) Measurement of digital assets, at fair value less costs to sell:

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

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

- c. 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).

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.

Where the fair values of digital assets recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 6(b) for further details.

- (iv) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. 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. Refer to Note 10(b) for further details.

- (v) Warrants:

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Refer to Note 10(c) for further details.

The information about significant areas of judgment considered by management in preparing the Consolidated Financial Statements are as follows:

- (i) Determination of functional currency:

The effects of Changes in Foreign Exchange Rates' (IAS 21) defines the functional currency as the currency of the primary economic environment in which an entity

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21.

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. Refer to Note 11 for further details.

(iii) Significant influence:

The Company's investments comprise of ownership interests greater than 20%. Management determines its ability to exercise significant influence over an investee by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policymaking processes, material transactions between the Company and the investee, interchange of managerial personnel, provision of essential technical information and operating involvement.

As at June 30, 2023 and 2022, the Company did not have significant influence in its investees, due to the following reasons: no directors representing ThreeD on the board, no participation in policy-making processes, no material transactions between the Company and the investees, no interchange of managerial personnel, no provision of essential technical information and operating involvement.

3. Significant accounting policies

The significant accounting policies used in the preparation of the Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented.

(a) Financial investments:

(i) Classification:

All financial assets not classified at amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit and loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statements of net loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9, Financial Instruments ("IFRS 9") for each financial instrument:

Classification	IFRS 9
Cash	FVTPL
Investments, at fair value	FVTPL
Accounts receivables (excluding sales tax receivables)	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Due from (to) brokers	Amortized Cost
Advances from officer	Amortized Cost
Lease liabilities	Amortized Cost

(ii) Recognition, de-recognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at FVTPL are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the consolidated statements of net loss and comprehensive loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statements of net loss and comprehensive loss within net change in unrealized gains or losses on investments in the period in which they arise.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

(iii) Reclassification of investments:

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) 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 Consolidated Financial 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 (see Note 5(b)).

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 in Note 5(b).
- b. Securities that are traded on a recognized securities exchange, but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value between 10% - 28%, using Finnerty's put option model. Such discount range was mainly driven by the underlying volatility of the investee companies. In determining the discount for such investments, the Company considers the nature and length of the restriction. These investments are included in Level 2 in Note 5(b).
- c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. These investments are measured using the Black-Scholes option pricing model. These investments are included in Level 2 in Note 5(b).
- 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

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

value based on probability-weighted approach. These investments are included in Level 2 in Note 5(b).

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 in Note 5(b).

The determinations of fair value of the Company's privately-held investments, other than initial cost, are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

The fair value of a privately-held investment may be adjusted if:

- a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- c. the investee company is placed into receivership or bankruptcy;

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

- d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- e. share price, enterprise value, or other valuations indicators of peer companies comparable to the Company's investee significantly changes;
- f. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);
- g. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- h. release by the investee company of positive/negative exploration results; and
- i. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

(b) Financial assets other than investments at fair value:

Financial assets that are managed to collect contractual cash flows made up of principal and interest on specified dates are classified as loans and receivable. They are subsequently measured at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected credit loss.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

(c) Digital assets at fair value less costs to sell ("FVLCTS"):

Digital coins and digital tokens held by the Company are carried at fair value less costs to sell for the purposes of the 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.

To determine which exchange is the principal market for the purpose of calculating the fair value less costs to sell of a particular digital asset, the Company considers only those exchanges that are available to be used by the Company, have an online trading platform and published transaction price and volume data. The determination of principal market is specific to a particular digital asset. Based on these requirements, the Company prepares a list of eligible crypto exchanges and consider the following criteria to select the principal market: (i) whether it contains the crypto trading pairs that Company transacts with; (ii) the volume of digital coins and digital tokens traded on such exchange in the prior twelve month.

The Company evaluates the principal markets annually and conducts a quarterly analysis to determine if any changes in principal market required.

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 a privately-held investments). These are included in Level 3.

(d) Revenue recognition:

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income and other income are recorded on an accrual basis when performance obligations, if any, have been achieved.

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of net loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of net loss and comprehensive loss as incurred.

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.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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 loss and comprehensive 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 32%. In determining the discount for such digital currency, the Company considers the nature and length of the restriction. 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 statements of net loss and comprehensive 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 and measurement of 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.

(e) Foreign currency:

(i) Functional currency:

The Consolidated Financial Statements are presented in Canadian dollars, which is the Company's functional currency. Each subsidiary of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of Brownstone Ventures (Barbados) Inc. is U.S. dollars. The functional currency of 2121197 Ontario Ltd. and Blockamoto.io Corp. is Canadian dollars.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(iii) Translation of foreign operations:

The results and financial position of ThreeD's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
2. Share capital is translated using the exchange rate at the date of the transaction;
3. Revenue and expenses for each consolidated statement of net loss and comprehensive loss are translated at average exchange rates; and
4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive loss in the consolidated statement of net loss and comprehensive loss.

The Company treats specific inter-company loan balances that are not intended to be repaid in the foreseeable future as part of its net investment in a foreign operation, which is recorded as an exchange difference on translation of foreign operations in other comprehensive income in the consolidated statements of net loss and comprehensive loss.

When a foreign entity is sold, such exchange differences are reclassified to income or loss in the consolidated statements of net loss and comprehensive loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(g) Non-monetary transactions:

Transactions in which shares or other non-cash consideration are exchanged for assets or

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

services are valued at the fair value of the assets or services involved or the value of the share based consideration if that is more readily determinable.

(h) Leases:

The Company determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A lease liability is recognized at the commencement of the lease term at the present value of the lease payments. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. Payments are discounted using the implicit rate within the lease, when readily available, or the Company's incremental borrowing rate when the rate implicit is not known. The Company applies a single discount rate for a portfolio of leases with reasonably similar characteristics.

The lease liability is measured at amortized cost using the effective interest rate method. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, extension, or termination option that is within the Company's control. The Company recognizes the amount of any remeasurement of a lease liability as an adjustment to the right-of-use-asset. If the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company shall recognize any remaining amount of the remeasurement in the statement of loss and comprehensive loss.

Upon recognition of a lease liability at the lease commencement date, a corresponding right-of-use asset is recognized at the amount equal to the lease liability. Depreciation is recognized on the right-of-use asset on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The Company presents right-of-use assets in 'Property, equipment and right-of-use assets' and lease liabilities in 'Lease liabilities' in the consolidated statements of financial position.

Leases with terms of less than twelve months and leases for which the underlying asset is of low value (US\$5,000) are recognized as an expense in the Consolidated Financial Statements on a straight-line basis over the lease term.

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

(i) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary difference and the carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of net loss and comprehensive loss.

Deferred tax assets and deferred tax liabilities are not offset unless a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(j) Stock-based compensation plan:

The Company has a stock option plan that is described in Note 10(b). Employees (including officers), directors, and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Any consideration received by the Company on the exercise of stock options is credited to share capital. The cost of options is recognized, together with a corresponding increase in contributed surplus, over the period in which the corresponding performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award ("vesting date").

The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records compensation expense and credits contributed surplus for all stock options granted, which represents the movement in cumulative expense recognized as at the beginning and end of that period.

Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense.

Where the terms of a stock option award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option, or is otherwise beneficial to the optionee as measured at the date of modification.

Where an option is cancelled, any expense not yet recognized for the vested options on the date of cancellation is recognized immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, unless the outstanding options have an anti-dilutive effect.

(k) Earnings (loss) per common share:

Basic earnings (loss) per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per common share is calculated in

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

(l) Financial liabilities:

Financial liabilities are presented at amortized cost except for financial derivatives and certain financial liabilities that from inception were designated at fair value through profit or loss. All financial liabilities are recognized initially at fair value net of directly attributable transaction costs, except for those designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of net loss and comprehensive loss.

Other financial liabilities are subsequently recognized at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

(m) Financial derivatives – options and warrants:

A financial derivative such as a warrant or option that will be settled with the issuing entity's own equity instruments will be classified as an equity instrument if the derivative is used to acquire a fixed number of the entity's own equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered as a financial liability at fair value through profit or loss if it is used to acquire either a variable number of equity instruments or consideration in a foreign currency and the options and warrants were not offered pro rata to all existing owners of the same class of non-derivative equity instruments.

(n) Segment reporting:

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. During the year ended June 30, 2023 and 2022, the Company's operations primarily relate to investing. The Company's management is responsible for the Company's entire investment and digital assets' portfolios and considers the business to have a single operating segment.

(o) Provisions:

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event that is independent of future action by the Company, and (b) it is probable that an outflow of resources embodying economic benefits will be

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(p) Property, equipment and right-of-use-assets:

Property, equipment, and right-of-use assets are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided at rates designed to amortize the cost of the assets over their estimated useful lives as follows:

	Rate	Basis
Furniture and equipment	20%	Declining balance
Leasehold improvements	5 years	Over the term of the lease
Computer equipment	30%	Declining balance
Right-of-use assets	1.5-5 years	Over the term of the lease

The carrying values of property equipment and right-of-use assets are assessed for impairment when indicators of such impairment exist, or when annual impairment testing for an asset is required.

If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. If the carrying amount of the asset exceeds its recoverable amount, the asset is deemed impaired, and an impairment loss is charged to the consolidated statements of net loss and comprehensive loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of net loss and comprehensive loss.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

4. Current and future changes in accounting policies

During the year ended June 30, 2023, the Company adopted the following accounting policy changes, which did not have an effect on the Consolidated Financial Statements:

- (a) The Company adopted amendments to International Accounting Standards ("IAS") 16, '*Property, plant and equipment*'. The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use, instead, a company will recognize such sales proceeds and related cost in profit or loss.
- (b) The Company adopted amendments to IAS 37, '*Provisions, contingent liabilities and contingent assets*'. The amendment specifies which costs a company includes when assessing whether a contract will be loss-making.

The IASB and the IFRIC have issued the following new and revised standards and interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the Consolidated Financial Statements of the company. The Company intends to adopt these standards, if applicable, when the standards become effective:

- (a) Effective for annual periods beginning on or after January 1, 2023, the Company will adopt 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.
- (b) Effective for annual periods beginning on or after January 1, 2023, the Company will adopt amendments to IAS 12, '*Income taxes*'. The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- (c) Effective for annual periods beginning on or after January 1, 2023, the Company will adopt IFRS 17, '*Insurance contracts*', which replaces IFRS 4 and provides a principle-based framework for the recognition, measurement, presentation, and disclosure of insurance contracts.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

5. Investments at fair value and financial instruments hierarchy

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

		Fair Value		Cost
June 30, 2023	\$	35,880,457	\$	26,763,165
June 30, 2022		49,377,206		30,306,114

(b) Financial instruments hierarchy:

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

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

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 June 30, 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	
June 30, 2023	\$ 3,030,128	\$ 8,097,246	\$ 24,753,084	\$ 35,880,457
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

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

securities. During the year ended June 30, 2023, Level 2 investments amounting to \$3,487,112 (June 30, 2022 - \$2,917,097) were transferred to Level 1 investments.

In addition, investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2. The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the year ended June 30, 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 loss and comprehensive 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		1,219,312
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		(12,319,488)
Balance as at June 30, 2023	\$	24,753,084

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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

Description	Fair value at June 30, 2023	Valuation technique / Unobservable inputs	% of investments	Volatility
Unlisted private equities	\$ 22,986,930	Recent transaction Calibration	64.1	Recent transaction price Market trends
Unlisted private equities	116,200	New investment	0.3	Recent transaction price
Unlisted convertible debentures	1,217,799	Black Scholes and discounted cash flow Market prices, volatility, discount rate	3.4	150% volatility
Unlisted warrants	432,155	Black Scholes Market prices, volatility, discount rate	1.2	110% volatility
	\$ 24,753,084		69.0	

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	

Investments in convertible debentures are comprised of loan receivables that are convertible into common shares of the investees at a conversion price based on fixed and variable prices. These loans carry interest ranging between 5% to 8% and have maturity dates within 1 to 3 years.

For investments valued based on trends in comparable publicly traded companies, general market conditions, and specific company information, the inputs used can be highly

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

judgmental. A +/- 5% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding +/- \$1,237,654 (June 30, 2022 - \$2,061,179) 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.

(c) 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 June 30, 2023, and thus has presented the advances made on the Consolidated Financial Statements as "Advances made on investments". As at June 30, 2023, the Company had a balance of \$187,500 (June 30, 2022 - \$315,700) in advances made on investments. All advances outstanding as of June 30, 2022 were converted into investments during the year ended June 30, 2023.

6. Digital assets at fair value less costs to sell

(a) The fair value and cost of digital assets are as follows as at June 30, 2023:

	Cost	FVLCTS
Digital coins	\$ 87	\$ 1,137
Digital tokens	2,235,606	3,350,128
SAFTs	445,380	662,000
	\$ 2,681,073	\$ 4,013,265

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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 are agreements with a promise by the investee company to distribute tokens to investors in the future (i.e.: a token presale and not an ICO). There may be no resale of the SAFT and a considerable period of time may elapse between the payment of the SAFT and the receipt of the tokens, if at all. SAFTs are subject to high risks.

- (b) The following table presents the Company's digital assets, measured at fair value less costs to sell and categorized into levels of the fair value hierarchy on the consolidated statement of financial position as at June 30, 2023:

Digital assets, at fair value less cost to sell	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique - observable market inputs	Valuation technique - unobservable market inputs	
Digital coins	\$ -	\$ 1,137	\$ -	\$ 1,137
Digital tokens	-	3,350,128	-	3,350,128
SAFTs	-	-	662,000	662,000
	\$ -	\$ 3,351,265	\$ 662,000	\$ 4,013,265

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

The following table presents the Company's digital assets, measured at fair value less costs to sell and categorized into levels of the fair value hierarchy on the consolidated statement of financial position as at June 30, 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 years ended June 30, 2023 and 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	(971,010)
Net unrealized gains	199,470
Balance as at June 30, 2023	\$ 662,000

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 +/- 5% change on the fair value (i.e. recent transaction price) of Level 3 digital assets will result in a corresponding +/- \$33,100 (June 30, 2022 - \$54,766) 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.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

7. Financial assets and liabilities other than investments at fair value:

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

	June 30, 2023	June 30, 2022
Cash	\$ 4,555	\$ 394,408
Due from brokers	8,868	19,560
Receivables (excluding sales tax receivables)	82,740	-
Accounts payable and accrued liabilities	(579,070)	(397,452)
Due to brokers	(172)	(257)
Lease liabilities	(48,178)	(173,987)
Advances from officer	(35,000)	-
	\$ (566,257)	\$ (157,728)

The carrying values of cash, due from brokers, receivables, accounts payable and accrued liabilities, due to brokers, and advances from officers approximate their fair values due to the short term to maturity for these instruments. Lease liabilities carrying amount approximates its fair value as it is present valued at the discount rate implicit in the lease or using the Company's incremental borrowing rate. As at June 30 2023 and 2022, there were no expected credit losses on the outstanding receivables.

8. 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 year ended June 30 were as follows:

Year Ended June 30	2023	2022
Salaries and consulting fees	\$ 828,000	\$ 808,000
Director fees	205,000	102,500
Other short-term benefits	9,125	9,185
Stock-based compensation expense	718,640	935,093
Total	\$ 1,760,765	1,854,778

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

(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, excisable at a price of \$0.90 per share, expiring February 16, 2027.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

- (c) 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. On May 30, 2023, 2,000,000 stock options were granted to the CEO of the Company, exercisable at a price of \$0.25 per share, expiring May 30, 2028.
- (d) During the year ended June 30, 2023, directors of the Company exercised 2,250,000 stock options (June 30, 2022 – 36,666 stock options) at an average price of \$0.23 per share (June 30, 2022 - \$0.21 per share) and received 2,250,000 common shares (June 30, 2022 – 36,666 common shares) of ThreeD.
- (e) During the year ended June 30, 2023, close family members of the CEO of the Company exercised 514,748 warrants (June 30, 2022 – 4,178,521 warrants) at an average price of \$0.40 per warrant (June 30, 2022 - \$0.40 per warrant) and received 514,748 common shares (June 30, 2022 – 4,178,521 common shares) of ThreeD.
- (f) As at June 30, 2023 the Company held advances from the CEO of the Company of \$35,000 (June 30, 2022 - \$Nil). Such advances from the CEO are payable on demand, unsecured and interest free. These advances are used for general working capital.
- (g) As at June 30, 2023, included in accounts payable and accrued liabilities is \$155,897 (June 30, 2022 - \$nil) due to Park Place Limited, a private company controlled by the CEO, for consulting services provided during the year ended June 30, 2023. Additionally, as at June 30, 2023, included in accounts payable and accrued liabilities is \$3,086 (June 30, 2022 - \$17,249) due to the CEO of the Company for reimbursement of operating expenses.
- (h) As at June 30, 2023, included in accounts payable and accrued liabilities is \$51,250 (June 30, 2022 - \$nil) of director fees payable to certain directors of the Company.

9. Property, equipment, and right-of-use assets

Property, equipment and right-of-use assets are as follows as at June 30, 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 - June 30, 2023	\$99,720	\$31,813	\$28,665	\$473,683	\$633,881

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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, 2022	\$67,172	\$22,799	\$21,234	\$324,948	\$436,153
Depreciation	6,509	6,363	4,293	107,390	124,555
Dispositions	-	-	-	(13,575)	(13,575)
Balance – June 30, 2023	\$73,681	\$29,162	\$25,527	\$418,763	\$547,133

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 – June 30, 2023	\$26,037	\$2,651	\$3,139	\$54,919	\$86,746

10. 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 June 30, 2023 and 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⁾	(821,000)	(1,868,292)
Issued pursuant to the exercise of stock options⁽⁴⁾	2,250,000	875,454
Issued pursuant to the exercise of warrants⁽⁴⁾	514,748	247,325
Ending balance, as at June 30, 2023	50,189,160	\$ 110,489,466

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

- (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 year ended June 30, 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 8(d) 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 8(e) for further details).
 - (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 was entitled to, 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 was to pay for any such shares was 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 year ended June 30, 2023, the Company repurchased and cancelled 821,000 common shares at an average cost of \$0.48 per share for total cost of \$393,079.
 - (4) During the year ended June 30, 2023, 2,250,000 common shares were issued for the exercise of 2,250,000 stock options (see Note 8(d) for further details). Additionally, during the year ended June 30, 2023, 514,748 common shares were issued for the exercise of 514,748 warrants (see Note 8(e) 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

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

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 year ended June 30, 2023, the Company granted 2,830,000 stock options to directors, officers, consultants and employees of the Company exercisable at prices of \$0.50 and \$0.25 per share expiring between December 1, 2027 and May 30, 2028.

The fair value of the options granted during the year ended June 30, 2023, 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	114.9%-162.3%
Expected dividend yield	0%
Risk-free interest rate	3.5%-3.8%
Expected option life in years	3.1 years
Expected forfeiture rate	0%
Fair value per stock option granted on December 1, 2022	\$0.25
Fair value per stock option granted on May 30, 2023	\$0.16

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

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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 year ended June 30, 2023, is stock-based compensation expense of \$735,186 (June 30, 2022 - \$1,304,896).

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

	June 30, 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	2,830,000	0.32	1,375,000	0.92
Exercised/Released	(2,250,000)	0.23	(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	4,898,463	\$0.72	4,875,127	\$0.93

The weighted average stock price at the time that stock options were exercised during year ended June 30, 2023, was \$0.37 per share (June 30, 2022 - \$1.23). As at June 30, 2023, the weighted average remaining life of outstanding options was 2.71 years (June 30, 2022 - 2.93 years).

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

The following table summarizes information about stock options outstanding and exercisable as at June 30, 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	750,000	0.80	December 13, 2026
225,000	187,499	0.80	February 16, 2027
830,000	276,661	0.50	December 1, 2027
5,489,303	4,898,463		

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

Warrants	June 30, 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	(1,066,661)	1.80	(416,666)	1.8
Outstanding, at end of period	2,005,826	\$1.80	3,587,235	\$1.60

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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 June 30, 2023:

Number of warrants outstanding	Exercise price (\$)	Expiry date	Warrant Value (\$)
1,101,662	1.80	August 23, 2023	489,982
904,164	1.80	October 30, 2023	394,156
2,005,826			884,138

(d) Basic and diluted loss per common share based on net loss for the years ended June 30, 2023 and 2022:

Numerator:	2023	2022
Net loss during the year	\$ (12,292,559)	\$ (3,738,933)
Denominator:	2023	2022
Basic and diluted weighted average number of common shares outstanding ⁽ⁱ⁾	48,422,914	47,607,079
Loss per common share based on net loss for the year:	2023	2022
Basic and diluted	\$ (0.25)	\$ (0.08)

(i) The determination of the year ended June 30, 2023 diluted weighted average number of common shares outstanding excludes 5,489,303 stock options (June 30, 2022 – 5,862,633 stock options) and 2,005,826 warrants (June 30, 2022 – 3,587,235 warrants) that were anti-dilutive.

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

11. Income tax expense and deferred taxes

- (a) Income tax expense attributable to income before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.50% (June 30, 2022 - 26.50%) of pre-tax income as a result of the following:

	2023	2022
Net Income (loss) before income taxes	\$ (12,292,559)	\$ (3,738,933)
Tax rate	26.50%	26.50%
Computed expected income taxes	(3,257,528)	(990,817)
Increase (decrease) in taxes:		
Non-deductible portion of capital losses realized	(357,965)	(728,043)
Unrealized fair value loss (gain) on investments	1,563,116	(856,212)
Stock based compensation expense	194,824	345,797
Permanent and other differences	5,624	(5,485)
Reclassification of investments	3,102	(515,953)
Expired net operating loss - Barbados	724,066	2,422,654
Change in unrecognized deferred tax assets	1,124,761	328,059
	\$ -	\$ -

- (b) The following table summarizes the components of deferred tax for the years ended June 30, 2023 and 2022:

Deferred tax	2023	2022
Capital loss	\$ 400,902	\$ 2,282,457
Non-capital losses	1,663,586	538,118
Resource pool	-	-
Property and equipment and right-of-use assets	(17,105)	(43,656)
Investments (business)	(1,646,481)	(494,462)
Investments (capital)	(400,902)	(2,282,457)
Deferred tax asset (liability)	\$ -	\$ -

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

- (c) Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. The following deductible temporary differences are not recognized in the Consolidated Financial Statements due to the unpredictability of future income as at June 30, 2023 and 2022:

	2023		2022
Capital losses carry-forward	\$ 26,635,796	\$	15,179,467
Non-capital losses carry-forward	20,506,737		17,468,738
Exploration and evaluation assets tax pools	18,137,724		18,641,208
Investments/digital assets (capital)	-		2,303,202
Lease liability	48,178		173,987
Share issuance costs and other differences	5,383		13,945
Tax losses - Barbados	-		13,164,832
	\$ 65,333,818	\$	66,945,379

As at June 30, 2023, the Company has approximately \$602,000 (June 30, 2022 - \$743,000) of Canadian resource deductions and \$17,535,000 (June 30, 2022 - \$17,897,000) of foreign resource deductions available that have an unlimited carry-forward period to reduce future years' income for tax purposes, the benefit of which has not been recorded in the Consolidated Financial Statements.

As at June 30, 2023, the Company has approximately \$26,636,000 of capital losses (June 30, 2022 - \$15,179,000) and \$20,507,000 of Canadian non-capital losses (June 30, 2022 - \$17,469,000) available to reduce future years' income for tax purposes, the benefit of which has not been recognized in the Consolidated Financial Statements.

In addition, the Company has unclaimed non-capital losses of US\$nil (June 30, 2022 - US\$10,216,384) in Barbados that expired in 2023.

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

12. Operating, general, and administrative expenses

Included in operating, general, and administrative expenses for the year ended June 30 are the following expenses:

	2023	2022
Salaries and consulting fees	\$ 1,059,076	\$ 1,124,398
Stock-based compensation expense	735,186	1,304,896
Professional fees	462,716	273,461
Director fees	205,000	102,500
Depreciation expense	124,555	127,582
Transaction costs	105,310	390,601
Travel and promotion	92,476	64,105
Shareholder relations, transfer agent and filing fees	77,829	186,101
Operating lease payments	65,864	74,272
Other employment benefits	45,857	39,238
Foreign exchange loss (gain)	5,652	57,249
Other office and general	226,696	436,098
	\$ 3,206,217	\$ 4,180,501

13. Finance expenses

Finance expenses consist of the following for the years ended June 30:

	2023	2022
Interest expense on lease liabilities	\$ 17,224	\$ 38,898
Interest expense on margin borrowings	9,776	47,007
	\$ 27,000	\$ 85,905

14. Supplemental disclosure of cash flow information

The following table shows the supplemental cash flow information for the years ended June 30:

	2023	2022
Finance expense paid	\$ 17,224	\$ 38,898

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

15. Management of capital

The Company considers its capital to be equal to its equity which amounts to \$39,691,836 on June 30, 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 year ended June 30, 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 June 30, 2023.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

16. 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 June 30, 2023, the Company held a total of \$13,117,183 (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 \$35,256 (June 30, 2022 - \$66,690) in Australian-dollar denominated investments and \$24,923 (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 year ended June 30, 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.

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(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, 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 June 30, 2023:

Percentage of change in closing trade price (recent transaction price)	Change in after-tax net loss from % change in closing trade price
2%	\$ 692,156
4%	1,384,312
6%	2,076,468
8%	2,768,624
10%	3,460,780

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 June 30, 2023, the Company held seven convertible debentures (June 30, 2022 – ten convertible debentures) with a fair value of \$1,641,098 (June 30, 2022 - \$5,752,176). Six 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 year ended June 30, 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.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

The following is the Company's maximum exposure to credit risk as at June 30:

	2023	2022
Cash	\$ 4,555	\$ 394,408
Due from brokers	8,868	19,560
Convertible debentures	1,641,098	5,752,176
Receivables ⁽ⁱ⁾	107,595	13,205
	\$ 1,762,116	\$ 6,179,349

(i) As at June 30, 2023, Harmonized Sales Tax ("HST") comprised \$24,855 (June 30, 2022 - \$13,205) of the receivables balance, with the remaining receivables balance of \$82,740 (June 30, 2022 - \$nil) being owed from investees for monthly administrative and office service fees. Although the Company has received payments previously from the investees, the Company is exposed to credit risk relating to those receivables.

An aging of accounts receivable (excluding sales tax receivables), net of expected credit losses are as follows as at June 30:

	2023	2022
Accounts receivable aging:		
0-30 days	\$ 12,210	\$ -
31-60 days	12,210	-
61-90 days	12,210	-
Greater than 90 days	46,110	-
	\$ 82,740	\$ -
Expected credit loss provision	-	-
	\$ 82,740	\$ -

The Company does not have collateral against any of its receivable balances.

(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 year ended June 30, 2023. The Company manages liquidity risk by reviewing the amount of margin

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

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 June 30, 2023, the Company was using net margin of \$nil (June 30, 2022 - \$nil) and had advances from an officer of \$35,000 (June 30, 2022 - \$nil).

The following table shows the Company's liabilities and potential due dates to liquidity risk as at June 30, 2023 (see commitments Note 17):

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 579,070	\$ 579,070	\$ -	\$ -	\$ -
Due to brokers	172	172	-	-	-
Lease payments	61,782	52,064	3,534	3,534	2,650
Advances from officer	35,000	35,000	-	-	-
	\$ 676,024	\$ 666,306	\$ 3,534	\$ 3,534	\$ 2,650

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2022:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 397,452	\$ 397,452	\$ -	\$ -	\$ -
Due to brokers	257	257	-	-	-
Office lease payments	191,886	140,987	50,899	-	-
	\$ 589,595	\$ 538,696	\$ 50,899	\$ -	\$ -

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

The following table shows the Company's source of liquidity by assets as at June 30, 2023:

Assets	Liquidity by period				
	Total	Less than 1 year	1 - 3 years	After 3 years	Non-liquid assets
Cash	\$ 4,555	\$ 4,555	\$ -	\$ -	\$ -
Due from brokers	8,868	8,868	-	-	-
Prepays and receivables	172,865	107,595	-	-	65,270
Advances made on investments	187,500	187,500	-	-	-
Investments, at fair value ⁽ⁱ⁾	35,880,457	11,127,373	24,753,084	-	-
Digital assets, at FVLCTS ⁽ⁱ⁾	4,013,265	3,351,265	662,000	-	-
Property, equipment and right-of-use assets	86,746	-	-	-	86,746
	\$40,354,256	\$ 14,787,156	\$ 25,415,084	\$ -	\$152,016

(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.

The following table shows the Company's source of liquidity by assets as at June 30, 2022:

Assets	Liquidity by period				
	Total	Less than 1 year	1 - 3 years	After 3 years	Non-liquid assets
Cash	\$ 394,408	\$ 394,408	\$ -	\$ -	\$ -
Due from brokers	19,560	19,560	-	-	-
Prepays and receivables	80,443	13,205	-	-	67,238
Advances made on investments	315,700	315,700	-	-	-
Investments, at fair value ⁽ⁱ⁾	49,377,206	8,153,618	41,223,588	-	-
Digital assets, at FVLCTS ⁽ⁱ⁾	1,096,387	1,077	1,095,310	-	-
Property, equipment and right-of-use assets	199,855	-	-	-	199,855
	\$ 51,483,559	\$ 8,897,568	\$ 42,318,898	\$ -	\$ 267,093

(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.

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

(d) 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:

	June 30, 2023	June 30, 2022
Denominated in U.S. dollars:		
Cash	\$ 144	\$ 41,156
Due from (to) brokers, net	726	(37)
Accounts payable and accrued liabilities	(17,761)	(17,287)
Net assets (liabilities) denominated in U.S. dollars	(16,891)	23,832

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended June 30, 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 June 30, 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%		497
6%		745
8%		993
10%		1,241

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

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

(e) 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 June 30, 2023 the Company had SAFT investments valued at \$662,000 (June 30, 2022 - \$1,095,310).

17. 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. Subsequent to year end June 30, 2023, ThreeD extended its lease for office premises until November 2028 with annual payments of approximately \$205,884 (plus applicable taxes) beginning in October 2023.

During the year ended June 30, 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 June 30, 2023, future minimum annual lease payments under operating leases for premises and equipment are as follows:

2024	\$ 200,247
2025	209,417
2026	209,417
2027	208,534
2028	205,884
2029	112,378
Prepaid rent and operating costs deposits	(5,447)
Total lease commitments	1,140,430
Lease operating costs	(398,968)
Subsequent amendments and new leases	(495,113)
Discount at effective interest rates of 10% - 15%	(198,171)
Lease liability, as at June 30, 2023	\$ 48,178

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

THREED CAPITAL INC.

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Prepared in Canadian dollars)

18. 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 Consolidated Financial Statements as at June 30, 2023.

19. Subsequent events

- (a) Subsequent to June 30, 2023, 166,666 stock options with an expiry date of September 14, 2023 expired and are no longer outstanding.
- (b) Subsequent to June 30, 2023, 1,101,662 warrants with an expiry date of August 23, 2023 and 904,164 warrants with an expiry date of October 30, 2023 expired and are no longer outstanding.
- (c) In July 2023, the Company granted 2,000,000 stock options to an officer of the Company with an exercise price of \$0.30 per share, expiring July 14, 2028.
- (d) Subsequent to June 30, 2023, 1,000,000 stock options with an expiration date of July 14, 2028 were exercised for proceeds received of \$300,000. Additionally, 1,000,000 stock options with an expiration date of September 15, 2025 were exercised for proceeds received of \$300,000. As a result of the option exercises, the Company issued a total of 2,000,000 common shares.

THREED CAPITAL INC.**Notes to the Consolidated Financial Statements****June 30, 2023 and 2022****(Prepared in Canadian dollars)**

- (e) In August 2023, The Company announced its intention to effect a new NCIB ("2023 NCIB") through the facilities of the CSE. Pursuant to the 2023 NCIB, the Company may, during the period commencing August 28, 2023 and ending August 25, 2024, purchase on the CSE up to 2,559,458 common shares in total. 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 ThreeD. As at the date of the Consolidated Financial Statements, a total of 114,500 common shares have been repurchased and cancelled by ThreeD under the 2023 NCIB at an average cost of \$0.3933 per share for total cost of \$45,029.