

Interim Condensed Consolidated Financial Statements of



September 30, 2023
(Unaudited - prepared in Canadian dollars)

Contents

Interim Condensed Consolidated Financial Statements:

Notice to Reader	2
Consolidated Statements of Financial Position	3
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Interim Condensed Consolidated Financial Statements	7 - 31

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

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

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

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

THREED CAPITAL INC.

Consolidated Statements of Financial Position As at September 30, 2023 and June 30, 2023 (Unaudited - prepared in Canadian dollars)

	<u>Notes</u>	<u>September 30, 2023</u>	<u>June 30, 2023</u>
Assets			
Cash	5	\$ 19,744	\$ 4,555
Due from brokers	5	2,176	8,868
Prepays and receivables	5	206,123	172,865
Advances made on investments	3(d)	-	187,500
Investments, at fair value	3(b,c)	37,662,463	35,880,457
Digital assets, at fair value less cost to sell	4(b,c)	10,155,337	4,013,265
Property, equipment and right-of-use assets	7	539,435	86,746
		<u>\$ 48,585,278</u>	<u>\$ 40,354,256</u>
Liabilities and Equity			
Accounts payable and accrued liabilities	5	\$ 661,930	\$ 579,070
Due to brokers	5	16,582	172
Lease liabilities	5,14	506,391	48,178
Advances from officer	3(d),6(h)	-	35,000
		<u>1,184,903</u>	<u>662,420</u>
Equity			
Share capital	8(a)	111,224,679	110,489,466
Contributed surplus	8(b)	39,858,247	39,189,256
Warrants	8(c)	394,156	884,138
Foreign currency translation reserve		875,325	875,701
Deficit		<u>(104,952,032)</u>	<u>(111,746,725)</u>
		<u>47,400,375</u>	<u>39,691,836</u>
		<u>\$ 48,585,278</u>	<u>\$ 40,354,256</u>
Commitments	14		
Contingent liability	15		
Subsequent events	16		

See accompanying notes to the interim condensed consolidated financial statements.

THREED CAPITAL INC.**Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
Three Months Ended September 30,
(Unaudited - 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		\$ (110,881)	\$ 794,301
Net change in unrealized gains (losses) on investments		1,594,623	(12,164,601)
Net realized losses on disposal of digital assets		-	(304)
Net change in unrealized gains on digital assets		6,142,072	939,789
		<u>7,625,814</u>	<u>(10,430,815)</u>
Consulting and administrative income		51,000	37,000
Other income		41,591	-
		<u>7,718,405</u>	<u>(10,393,815)</u>
Expenses			
Operating, general and administrative	9	922,661	630,784
Finance expenses	10	1,051	6,535
		<u>923,712</u>	<u>637,319</u>
Income (loss) before income taxes		6,794,693	(11,031,134)
Income tax expense		-	-
Net income (loss) for the period		6,794,693	(11,031,134)
Other comprehensive income			
Exchange differences on translation of foreign operations		(376)	(1,101)
Total comprehensive income (loss) for the period		<u>\$ 6,794,317</u>	<u>\$ (11,032,235)</u>
Earnings (loss) per common share based on net income (loss) for the period	8(d)		
Basic		\$ 0.13	\$ (0.23)
Diluted		\$ 0.13	\$ (0.23)
Weighted average number of common shares outstanding	8(d)		
Basic		51,026,117	48,543,438
Diluted		51,221,738	48,543,438

See accompanying notes to the interim condensed consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statements of Changes in Equity Three Months Ended September 30, 2023 and 2022 (Unaudited - prepared in Canadian dollars)

		Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at June 30, 2022	Notes	48,245,412	\$ 111,234,979	\$ 1,435,242	\$ 36,819,633	\$ 876,175	\$ (99,454,166)	\$ 50,911,863
Net income for the period		-	-	-	-	-	(11,031,134)	(11,031,134)
Exchange differences on translation of foreign operations		-	-	-	-	(1,101)	-	(1,101)
Total comprehensive income for the period		-	-	-	-	(1,101)	(11,031,134)	(11,032,235)
Stock-based compensation expense	8(b)	-	-	-	125,385	-	-	125,385
Cancellation of normal course issuer buy back shares	8(a)	(338,000)	(769,163)	-	558,437	-	-	(210,726)
Issued pursuant to exercise of stock options	6(f)	250,000	46,690	-	(21,690)	-	-	25,000
Issued pursuant to the exercise of warrants	6(e)	514,748	247,325	(41,426)	-	-	-	205,899
Balance as at September 30, 2022		48,672,160	\$ 110,759,831	\$ 1,393,816	\$ 37,481,765	\$ 875,074	\$ (110,485,300)	\$ 40,025,186
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
Net loss for the period		-	-	-	-	-	6,794,693	6,794,693
Exchange differences on translation of foreign operations		-	-	-	-	(376)	-	(376)
Total comprehensive loss for the period		-	-	-	-	(376)	6,794,693	6,794,317
Stock-based compensation expense	8(b)	-	-	-	359,252	-	-	359,252
Reallocation of expired warrants		-	-	(489,982)	489,982	-	-	-
Cancellation of normal course issuer buy back shares	8(a)	(114,500)	(252,068)	-	207,038	-	-	(45,030)
Issued pursuant to exercise of stock options	6(f), 8(b)	2,000,000	987,281	-	(387,281)	-	-	600,000
Balance as at September 30, 2023		52,074,660	\$ 111,224,679	\$ 394,156	\$ 39,858,247	\$ 875,325	\$ (104,952,032)	\$ 47,400,375

See accompanying notes to the interim condensed consolidated financial statements.

THREED CAPITAL INC.**Consolidated Statements of Cash Flows****Three Months Ended September 30, 2023 and 2022****(Unaudited - prepared in Canadian dollars)**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Net income (loss) for the period		\$ 6,794,693	\$ (11,031,134)
Items not affecting cash			
Net realized losses (gains) on disposal of investments		110,881	(794,301)
Net change in unrealized losses (gains) on investments		(1,594,623)	12,164,601
Net realized losses on disposal of digital assets		-	304
Net change in unrealized gains on digital assets		(6,142,072)	(939,789)
Non-cash consulting and other income		(68,961)	-
Stock-based compensation expense	8(b)	359,252	125,385
Depreciation expense	7	30,807	31,431
Finance expense	10	1,051	6,108
		<u>(508,972)</u>	<u>(437,395)</u>
Changes in non-cash working capital balances			
Proceeds on disposal of investments		137,645	1,764,349
Purchases of investments		(179,450)	(907,978)
Advances made on investments not yet closed		-	(375,000)
Proceeds on disposal of digital assets		-	76,812
Purchases of digital assets		-	(181,062)
Increase in prepaids and receivables		(33,258)	(78,048)
Decrease (Increase) in due from brokers		6,692	(83,365)
Increase (decrease) in accounts payable and accrued liabilities		82,860	(123,164)
Increase in due to brokers		16,410	17
		<u>(478,073)</u>	<u>(344,834)</u>
Cash flows from financing activities			
Proceeds received pursuant to exercise of stock options	8(b)	600,000	25,000
Proceeds received pursuant to the exercise of warrants	8(c)	-	205,899
Repayments on advances received from officer		(35,000)	-
Purchase of shares cancelled under the normal course issuer bid	8(a)	(45,030)	(210,727)
Interest expense on margin borrowings	10	-	(427)
Principal payments of lease liabilities		(26,332)	(37,502)
		<u>493,638</u>	<u>(17,757)</u>
Net increase (decrease) in cash during the period		15,565	(362,591)
Exchange rate changes on foreign currency cash balances		(376)	(1,101)
Cash, beginning of period		4,555	394,408
Cash, end of period		\$ 19,744	\$ 30,716

Supplemental disclosure of cash flow information

11

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

1. Nature of business

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

The interim condensed consolidated financial statements for the three months ended September 30, 2023 (the "Interim Consolidated Statements") were approved for issuance by the Company's board of directors on November 28, 2023.

2. Basis of preparation

(a) Statement of compliance:

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

The Interim Consolidated Statements should be read together with the annual audited consolidated financial statements as at and for the year ended June 30, 2023. The same accounting policies and methods of computation were followed in the preparation of the Interim Consolidated Statements as were followed in the preparation of and as described in Note 3 of the annual audited consolidated financial statements as at and for the year ended June 30, 2023.

(b) Basis of presentation:

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

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

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

(c) Basis of consolidation:

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

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the Interim Consolidated Statements were the same as those in the preparation and as described in Note 2 of the annual audited consolidated financial statements as at and for the year ended June 30, 2023.

3. Investments at fair value and financial instruments hierarchy

(a) Determination of fair value:

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

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

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

1. Publicly-traded investments:

- a. Securities, including shares, options, and warrants that are traded in an active market (such as on a recognized securities exchange) and for which no sales restrictions apply are presented at fair value based on quoted closing trade prices at the consolidated statements of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statements of financial position date. These investments are included in Level 1.
- b. Securities that are traded on a recognized securities exchange, but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value between 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.
- c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. These investments are measured using the Black-Scholes option pricing model. These investments are included in Level 2.
- d. Convertible debentures and loans of public companies are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at the end of each financial reporting period, the combined instrument is adjusted to fair value based on probability-weighted approach. These investments are included in Level 2.

2. Private company investments:

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

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

		Fair Value		Cost
September 30, 2023	\$	37,662,463	\$	26,950,548
June 30, 2023		35,880,457		26,763,165

(c) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

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 September 30, 2023 and June 30, 2023:

	Level 1	Level 2	Level 3	
Investments, at fair value	Quoted market price	Valuation technique - observable market inputs	Valuation technique - non-observable market inputs	Total
September 30, 2023	\$ 4,375,696	\$ 7,962,105	\$ 25,324,662	\$ 37,662,463
June 30, 2023	\$ 3,030,128	\$ 8,097,246	\$ 24,753,084	\$ 35,880,457

Level 2 investments include warrants of public issuers and common stock of public issuers, whose resale is currently restricted. These securities typically have up to a maximum of 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price. Once the restriction has elapsed, these securities will become Level 1 securities. During the three months ended September 30, 2023, Level 2 investments amounting to \$nil (September 30, 2023 - \$1,025,433) 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 three months ended September 30, 2023, and year ended June 30, 2023. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains (losses) are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

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		(12,319,489)
Balance as at June 30, 2023	\$	24,753,084
Additions		248,409
Net unrealized gains		323,170
Balance as at September 30, 2023	\$	25,324,662

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

Description	Fair value at September 30, 2023	Valuation technique / Unobservable inputs	% of investments	Volatility
Unlisted private equities	\$ 24,075,313	Recent transaction Calibration	63.9	Recent transaction price Market trends
Unlisted private equities	135,448	New investment	0.3	Recent transaction price
Unlisted convertible debentures	699,757	Black Scholes and discounted cash flow Market prices, volatility, discount rate	1.9	150% volatility
Unlisted warrants	414,144	Black Scholes Market prices, volatility, discount rate	1.1	110% volatility
	\$ 25,324,662		67.2	

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

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	

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 judgmental. A +/- 5% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding +/- \$1,266,233 (June 30, 2023 - \$1,237,654) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

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

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

(d) Advances made on Investments:

From time to time, the Company advances funds towards investments for private placement financing that do not close before the end of the reporting period. As a result, the Company

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

would not have received its share certificates by September 30, 2023, and thus has presented the advances made on the Interim Consolidated Statements as "Advances made on investments". As at September 30, 2023, the Company had a balance of \$nil (June 30, 2023 - \$187,500) in advances made on investments.

4. Digital assets at fair value less costs to sell

(a) Determination of digital assets' fair values:

Digital assets consist of the following:

- (i) Electronic currency, coins, or alternative cryptocurrency coins (altcoins) – a type of currency only available in digital form;
- (ii) Digital tokens – a representation of a particular asset or utility which are created and distributed to the public through an Initial Coin Offering ("ICO"). ICO is a means of crowdfunding, through the release of a new token to fund project development similar to an initial public offering for stocks; and
- (iii) Simple Agreement for Future Tokens ("SAFT") – an agreement with a promise to distribute tokens to investors in the future (a token presale and not an ICO).

Digital coins and digital tokens held by the Company are carried at fair value less cost to sell for the purposes of consolidated financial statements. The Company determines the fair value of such digital coins and digital tokens using the closing price on the valuation date price provided by the crypto exchange that the Company considers the principal market. These are included in Level 2.

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

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

	Cost	FVLCTS
Digital coins	\$ 87	\$ 1,890
Digital tokens	2,235,606	9,477,447
SAFTs	445,380	676,000
	\$ 2,681,073	\$ 10,155,337

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

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

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.

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

	Level 1	Level 2	Level 3	
Digital assets, at fair value less cost to sell	Quoted market price	Valuation technique - observable market inputs	Valuation technique - unobservable market inputs	Total
Digital coins	\$ -	\$ 1,890	\$ -	\$ 1,890
Digital tokens	-	9,477,447	-	9,477,447
SAFTs	-	-	676,000	676,000
	\$ -	\$ 9,479,337	\$ 676,000	\$ 10,155,337

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - 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, 2023:

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	\$ -	\$ 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

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 three months ended September 30, 2023 and year ended June 30, 2023:

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
Purchases		-
Transfer to Level 1 and 2		-
Net unrealized gains		14,000
Balance as at September 30, 2023	\$	676,000

All purchases during the year ended June 30, 2023 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 +/- \$33,800 (June 30, 2023 - \$33,100) 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 Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

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

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

	September 30, 2023	June 30, 2023
Cash	\$ 19,744	\$ 4,555
Due from brokers	2,176	8,868
Receivables (excluding sales tax receivables)	152,859	82,740
Accounts payable and accrued liabilities	(661,930)	(579,070)
Due to brokers	(16,582)	(172)
Lease liabilities	(506,391)	(48,178)
Advances from officer	-	(35,000)
	\$ (1,010,124)	\$ (566,257)

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 September 30, 2023 and June 30, 2023 there were no expected credit losses on the outstanding receivables.

6. Related party transactions

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

(a) Compensation to key management personnel and directors during the three months ended September 30 were as follows:

Three months ended September 30,	2023	2022
Salaries and consulting fees	\$ 207,002	\$ 207,000
Director fees	51,250	51,250
Other short-term benefits	2,331	2,261
Stock-based compensation expense	357,893	119,164
Total	\$ 618,476	379,675

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

(b) 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.

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

- (c) On July 14, 2023, 2,000,000 stock options were granted to the CEO of the Company, exercisable at a price of \$0.30 per share, expiring July 14, 2028.
- (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 at an average price of \$0.40 per warrant and received 514,748 common shares of ThreeD.
- (f) During the three months ended September 30, 2023, a director of the Company exercised 2,000,000 stock options (September 30, 2022 – 36,666 stock options) at an average price of \$0.30 per share (September 30, 2022 - \$0.10 per share) and received 2,000,000 common shares (250,000 common shares) of ThreeD.
- (g) During the three months ended September 30, 2023, no warrants outstanding were exercised. During the prior period three months ended September 30, 2022, a director and close family members of the CEO of the Company exercised 514,748 warrants at an average price of \$0.40 per warrant and received 514,748 common shares of ThreeD.
- (h) As at September 30, 2023 the Company held advances from the CEO of the Company of \$nil (June 30, 2023 - \$35,000). Such advances from the CEO are payable on demand, unsecured and interest free. These advances are used for general working capital.
- (i) As at September 30, 2023, included in accounts payable and accrued liabilities is \$97,111 (June 30, 2023 - \$155,897) due to Park Place Limited, a private company controlled by the CEO, for consulting services provided. Additionally, as at September 30, 2023, included in accounts payable and accrued liabilities is \$7,884 (June 30, 2023 - \$3,086) due to the CEO of the Company for reimbursement of operating expenses.
- (j) As at September 30, 2023, included in accounts payable and accrued liabilities is \$102,500 (June 30, 2022 - \$51,250) of director fees payable to certain directors of the Company.

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements September 30, 2023 (Unaudited - prepared in Canadian dollars)

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

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

Cost	Furniture and fixtures	Leasehold improvements	Computer equipment	Right-of-use assets	Total
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
Additions	-	-	-	483,494	483,494
Balance - September 30, 2023	\$99,720	\$31,813	\$28,665	\$957,177	\$1,117,375

Accumulated Depreciation	Furniture and fixtures	Leasehold improvements	Computer equipment	Right-of-use assets	Total
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
Depreciation	1,914	1,591	432	26,870	30,807
Balance – September 30, 2023	\$75,595	\$30,753	\$25,959	\$445,633	\$577,940

Carrying Value	Furniture and fixtures	Leasehold improvements	Computer equipment	Right-of-use assets	Total
Balance – June 30, 2023	\$26,037	\$2,651	\$3,139	\$54,919	\$86,746
Balance – September 30, 2023	\$24,125	\$1,060	\$2,706	\$511,544	\$539,435

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

8. Equity

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

The following table summarizes the issuances and cancellation of the Company's common shares as at September 30, 2023 and June 30, 2023:

	Number of common shares	Share capital
Opening balance, as at June 30, 2022, net of shares to be cancelled	48,245,412	\$ 111,234,979
Shares repurchased and cancelled ⁽¹⁾	(821,000)	(1,868,292)
Issued pursuant to the exercise of stock options ⁽²⁾	2,250,000	875,454
Issued pursuant to the exercise of warrants ⁽²⁾	514,748	247,325
Ending balance, as at June 30, 2023	50,189,160	110,489,466
Shares held in treasury to be cancelled⁽³⁾	(114,500)	(252,068)
Issued pursuant to the exercise of stock options⁽⁴⁾	2,000,000	987,281
Ending balance, as at September 30, 2023, net of shares to be cancelled	52,074,660	\$ 111,224,679

- (1) In July 2022, the Company announced its intention to effect a normal course issuer bid ("NCIB") through the facilities of the CSE. Pursuant to the 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.
- (2) 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 6(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 6(e) for further details).
- (3) 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

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

which may be purchased and the timing of any such purchases will be determined by ThreeD. During the three months ended September 30, 2023, a total of 114,500 common shares were repurchased under the 2023 NCIB at a total cost of \$45,030. As at September 30, 2023, these shares were held in treasury for the purpose of cancellation and were subsequently cancelled in October 2023 (Note 16(a)).

- (4) During the three months ended September 30, 2023, 2,000,000 common shares were issued for the exercise of 2,000,000 stock options (see Note 6(f) for further details).

(b) Stock options:

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

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

During the three months ended September 30, 2023, the Company granted 2,000,000 stock options exercisable at a price of \$0.30 per share with an expiry date of July 14, 2028.

The fair value of the options granted during the three months ended September 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	96.3%
Expected dividend yield	0%
Risk-free interest rate	4.4%
Expected option life in years	2.7 years
Expected forfeiture rate	0%
Fair value per stock option granted on July 14, 2023	\$0.16

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.

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

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

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 three months ended September 30, 2023, is stock-based compensation expense of \$359,252 (September 30, 2022 - \$125,385).

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

	September 30, 2023		June 30, 2023	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Stock options				
Outstanding, at beginning of period	5,489,303	\$0.70	5,862,633	\$0.91
Granted	2,000,000	0.30	2,830,000	0.32
Exercised/Released	(2,000,000)	0.30	(2,250,000)	0.23
Cancelled/forfeited	-	-	-	-
Expired	(166,666)	1.20	(953,330)	2.01
Outstanding, at end of period	5,322,637	\$0.68	5,489,303	\$0.70
Exercisable, at end of period	4,907,637	\$0.70	4,898,463	\$0.72

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

The weighted average stock price at the time that stock options were exercised during the three months ended September 30, 2023 was \$0.34 per share (June 30, 2023 - \$0.37 per share). As at September 30, 2023, the weighted average remaining life of outstanding options was 3.08 years (June 30, 2023 – 2.71 years).

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2023:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
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
160,000	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	225,000	0.80	February 16, 2027
830,000	415,000	0.50	December 1, 2027
1,000,000	1,000,000	0.30	July 14, 2028
5,322,637	4,907,637		

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

Warrants	September 30, 2023		June 30, 2023	
	# of warrants	Weighted average exercise price	# of warrants	Weighted average exercise price
Outstanding, at beginning of period	2,005,826	\$1.80	3,587,235	\$1.60
Exercised	-	-	(514,748)	0.40
Expired	(1,101,662)	1.80	(1,066,661)	1.80
Outstanding, at end of period	904,164	\$1.80	2,005,826	\$1.80

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

The following table summarizes information about warrants exercisable and outstanding as at September 30, 2023:

Number of warrants outstanding	Exercise price (\$)	Expiry date	Warrant Value (\$)
904,164	1.80	October 30, 2023	394,156
904,164			394,156

(d) Basic and diluted earnings (loss) per common share based on net income (loss) for the three months ended September 30:

Numerator:	2023	2022
Net loss during the period	\$ 6,794,693	\$ (11,031,134)
Basic and diluted weighted average number of common shares outstanding ⁽ⁱ⁾	51,026,117	48,543,438
Weighted average effect of stock options and warrants ⁽ⁱ⁾	195,621	-
Diluted weighted average shares	51,221,738	48,543,438
Earnings (loss) per common share based on net income (loss) for the period:	2023	2022
Basic and diluted	\$ 0.13	\$ (0.23)

(i) The determination of the diluted weighted average number of common shares outstanding excludes 4,054,303 (September 30, 2022 – 5,612,633) and 904,164 (September 30, 2022 – 3,072,487) shares related to stock options and warrants respectively that were anti-dilutive for the three months ended September 30, 2023.

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

9. Operating, general, and administrative expenses

Included in operating, general, and administrative expenses for the three months ended September 30 are the following expenses:

	2023	2022
Stock-based compensation expense	\$ 359,252	\$ 125,385
Salaries and consulting fees	260,590	261,126
Professional fees	81,584	6,278
Director fees	51,250	51,250
Depreciation expense	30,807	31,431
Travel and promotion	20,740	44,579
Shareholder relations, transfer agent and filing fees	15,192	13,155
Operating lease payments	11,234	17,055
Other employment benefits	10,636	10,572
Transaction costs	2,645	23,310
Foreign exchange loss	120	1,302
Other office and general	78,611	45,341
	\$ 922,661	\$ 630,784

10. Finance expenses

Finance expenses consist of the following for the three months ended September 30:

	2023	2022
Interest expense on lease liabilities	\$ 1,051	\$ 6,108
Interest expense on margin borrowings	-	427
	\$ 1,051	\$ 6,535

11. Supplemental disclosure of cash flow information

The following table shows the supplemental cash flow information for the three months ended September 30:

	2023	2022
Finance expense paid	\$ 1,051	\$ 6,108

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

12. Management of capital

The Company considers its capital to be equal to its equity which amounts to \$47,400,375 on September 30, 2023 (June 30, 2023 - \$39,691,836). 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 three months ended September 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 September 30, 2023.

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

13. Management of financial risk

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

(a) Market risk:

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

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

As at September 30, 2023, the Company held a total of \$13,554,303 (June 30, 2023 - \$13,117,183) in U.S. denominated investments. Additionally, the majority of the Company's digital assets are denominated in U.S. dollars. The Company also held \$34,892 (June 30, 2023 - \$35,256) in Australian-dollar denominated investments and \$16,312 (June 30, 2023 - \$24,923) 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 three months ended September 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.

THREE CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

The following table shows the estimated sensitivity of the Company's after-tax net income for the three months ended September 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 September 30, 2023:

Percentage of change in closing trade price (recent transaction price)	Change in after-tax net income from % change in closing trade price
2%	\$ 829,639
4%	1,659,278
6%	2,488,916
8%	3,318,555
10%	4,148,194

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

(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 September 30, 2023, the Company held five convertible debentures (June 30, 2023 – seven convertible debentures) with a fair value of \$1,017,459 (June 30, 2023 - \$1,641,098). Four of these convertible debentures were held with private company investees (June 30, 2023 – six convertible debentures) and one was held with a publicly traded company investee (June 30, 2023 – one convertible debentures). All funds in cash are held in financial institutions that have a credit rating above AA.

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

There were no changes to the way the Company manages credit risk during the three months ended September 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.

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

	September 30, 2023	June 30, 2023
Cash	\$ 19,744	\$ 4,555
Due from brokers	2,176	8,868
Convertible debentures	1,017,459	1,641,098
Receivables	152,859	107,595
	\$ 1,192,238	\$ 1,762,116

(c) Currency risk:

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

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

	September 30, 2023	June 30, 2023
Denominated in U.S. dollars:		
Cash	\$ 9	\$ 144
Due from (to) brokers, net	736	726
Accounts payable and accrued liabilities	(18,137)	(17,761)
Net assets (liabilities) denominated in U.S. dollars	(17,392)	(16,891)

THREED CAPITAL INC.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023

(Unaudited - prepared in Canadian dollars)

The following table shows the estimated sensitivity of the Company's after-tax net income for the three months ended September 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 September 30, 2023:

Percentage of change in U.S. dollar exchange rate	Change in after-tax net income from % change in the U.S. dollar exchange rate	
2%	\$	256
4%		511
6%		767
8%		1,023
10%		1,278

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

(d) Digital assets regulatory risk:

Uncertainties exist with respect to the legality of SAFT investments in certain jurisdictions, as some SAFT investments might not be registered under the local securities law. As at September 30, 2023 the Company had SAFT investments valued at \$676,000 (June 30, 2023 - \$662,000).

14. Commitments

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

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

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

As at September 30, 2023, future minimum annual lease payments under operating leases for premises and equipment are as follows:

2024	\$ 157,066
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	1,097,249
Lease operating costs	(382,118)
Discount at effective interest rates of 10% - 15%	(208,740)
Lease liability, as at September 30, 2023	\$ 506,391

15. Contingent liability

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

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

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

The Company considers the claim to be completely without merit and will defend itself vigorously. No provision has been made for the claim in the Interim Consolidated Statements as at September 30, 2023.

THREED CAPITAL INC.**Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2023****(Unaudited - prepared in Canadian dollars)**

16. Subsequent events

- (a) In October 2023, the 114,500 common shares which were repurchased under the 2023 NCIB and held in treasury were cancelled (See Note 8(a)).
- (b) In October 2023, 904,164 warrants with an expiry date of October 30, 2023 expired and are no longer outstanding.
- (c) In November 2023, 50,000 stock options with an expiry date of November 19, 2023 expired and are no longer outstanding.