ThreeD Capital Inc.
(Formerly Brownstone Energy Inc.)
Management's Discussion and Analysis

For the year ended: **June 30, 2017**

Date of report: **October 12, 2017**

On June 27, 2016, Brownstone Energy Inc. changed its name to ThreeD Capital Inc. ("ThreeD" or the "Company") and consolidated its issued and outstanding common shares on the basis of one new common share for every 10 existing common shares. All figures and comparative figures reflect the stock consolidation, retroactively.

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of ThreeD Capital Inc. ("ThreeD" or the "Company") should be read in conjunction with ThreeD's annual audited consolidated financial statements and notes thereto as at and for the years ended June 30, 2017 and 2016.

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

Caution Regarding Forward-Looking Information:

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking

information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to realize sufficient proceeds from the disposition of the investments (which will be based upon market conditions beyond the Company's control) or otherwise raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, fluctuations in the value of the Company's portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying the Company's interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, and other risks included elsewhere in this MD&A under the headings "Risks" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

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

Nature of the Business:

ThreeD was an energy-focused company with direct and indirect interests in oil and gas exploration projects. Its common shares are publicly-traded on the Canadian Securities Exchange under the symbol "IDK". The Company is now a Canadian-based venture capital firm focused on opportunistic investments in companies in the junior resources, technology and biotechnology markets. The Company is domiciled in the Province of Ontario and its head office is located at 69 Yonge St., Suite 1010, Toronto, Ontario, Canada.

ThreeD primarily invests in junior opportunities where it can have the greatest impact through support mechanisms. From resource investments through to the disruptive technologies that are at the forefront of innovation, ThreeD aims to be positioned at the earliest possible stage and work with the investee's management to launch concepts from design to reality.

ThreeD's investment strategy is to invest in multiple private and public companies across a variety of sectors primarily in North America. ThreeD seeks to invest in early stage, promising companies where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's network in order to earn increases to the Company's equity stake.

Summary:

- On June 27, 2016, the Company changed its name to ThreeD Capital Inc. and consolidated its issued and outstanding common shares on the basis of one new common share for every 10 existing common shares.

- During the year ended June 30, 2017, the Company completed 5 non-brokered private placement financing raising gross proceeds of $2,722,890 through the issuance and sale of 31,053,000 units at a prices between $0.05 and $0.15 per unit. Each unit was comprised of one common share of the Company and one common share purchase warrant, each warrant entitling the holder to acquire one common share of the Company at prices between $0.10 and $0.20 per share expiring between August 17, 2019 and May 19, 2020.

- During the year ended June 30, 2017, warrant holders exercised 3,200,000 warrants at $0.10 per share for 3,200,000 common shares with gross proceeds of $320,000.

- As at June 30, 2017, net asset value per share ("NAV per share") was $0.15 as compared to $0.09 as at June 30, 2016, a 67% increase (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

- On July 5, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of $300,000 through the issuance and sale of 3,000,000 units at a price of $0.10 per unit. Each unit was comprised of one common share of the Company and one common share purchase warrant, each warrant entitling the holder to acquire one common share of the Company at $0.15 per share on or July 5, 2020.

- On July 5, 2017, the Company announced that it had appointed Daniel Bloch as managing director (the Middle East) and the opening of an office in Israel to further capitalize on international investment opportunities.

Going concern uncertainty:

Although, the Company has earned net income for the year ended June 30, 2017 of $2,701,428 (2016 – net loss of $7,529,961), it has an accumulated deficit of $118,121,206 (2016 - $120,822,634). The Company is a junior venture capital firm and is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, illiquid securities and the ability to maintain adequate cash flows, exchange rate fluctuations and continuing as a going concern. Cash on hand is currently not adequate to cover expected expenditures for the 12-month period ended June 30, 2018 and therefore the Company will be required to secure additional funding and/or sell some investments which are primarily not readily convertible to cash.

These challenges and the continued cumulative operating losses indicate material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. These consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern or be unable to realize its assets and discharge its liabilities in the normal course of business. Such adjustments can be material.

Exploration and evaluation assets:

(a) As at June 30, 2016, the Company has a 50% interest in the exploration licenses of the Rimouski and Rimouski North properties in the St. Laurent Lowlands, Quebec. During the year ended June 30, 2016, the Company sold 9 exploration licenses for net proceeds of $5,000. Included in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended June 30, 2016 is other income of $5,000 on the sale of the exploration licenses.

In December 2016, the Company sold its remaining 50% interest in the exploration licenses of the Rimouski and Rimouski North properties for gross proceeds of $10,000. Included in the consolidated statement of income and comprehensive income for the year ended June 30, 2017 is other income of $9,997 on the sale of the exploration licenses.

(b) In September 2015, the Company staked 6,000 hectares in the Athabasca Basin, Saskatchewan (the "Brustad River Uranium Property") at a cost of $11,000. During the year ended June 30, 2016, the Company sold its stake in the Brustad River Uranium Property for total proceeds of $12,000. Included in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended June 30, 2016 is other income of $1,000 on the sale of the Brustad River Uranium Property.

As at June 30, 2017, the Company no longer has any exploration and evaluation assets.

Investments:

The fair value and cost of investments are as follows as at June 30, 2017:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
CKR Carbon Corporation (TSXV: CKR)	(ii)	1,000,000 common shares 1,000,000 warrants expire Mar 29, 2020	**$ 106,160**	**$ 97,541**	**1.4**
Goldspot Discoveries Inc. (private)	(iii)	270,000 common shares	**135,027**	**270,000**	**3.8**
Northern Sphere Mining Corp. (CSX: NSM)	(ii)	1,431,000 common shares 75,000 warrants expire Apr 10, 2019 500,000 warrants expire Dec 16, 2019	**473,378**	**299,426**	**4.2**
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	**127,501**	**5,400,000**	**75.6**
Other publicly traded investments			**1,952,098**	**502,972**	**7.0**
Other private investments			**1,860,645**	**572,645**	**8.0**
			$4,654,809	**$ 7,142,584**	**100.0**

The fair value and cost of investments are as follows as at June 30, 2016:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
EnerMad Corp. (private)	(iii)	2,000,000 common shares	**$ 1,500,000**	**$ 100,000**	**5.1**
Mooncor Oil & Gas Corp. (TSXV: MOO)	(ii)	8,500,000 common shares	**1,735,000**	**63,750**	**3.3**
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	**127,501**	**135,000**	**6.9**
Other publicly traded investments			**4,777,969**	**1,628,257**	**83.2**
Other private investments			**300,000**	**30,000**	**1.5**
			$ 8,440,470	**$ 1,957,007**	**100.0**

(a) The Company includes the following investments in its investment disclosure:

 (i) Investments in which it is subject to insider or early warning (s101) reporting requirements; or
 (ii) Investments in which one or more of the Company's management and/or director(s) is a director of the investee; or
 (iii) Private investments in which we own greater than 10% of the investee.

As at June 30, 2017, the fair value of investments exceeded cost by $2,487,775 as compared to the original cost of investments exceeding fair value by $6,483,463 as at June 30, 2016. The decrease for the year ended June 30, 2017 was primarily due to the net change in unrealized gains on investments of $8,971,238 offset by the disposal of investments, realizing a loss of $5,079,773. As at June 30, 2017, the Company continued to hold legacy investments, some of which have been held since 2008 (due to the illiquidity nature of the investment). These investments attribute a cost of approximately $2,752,555 to the Company's portfolio while their fair value is $205,000.

As at June 30, 2017, total investments included securities of private companies with a fair value totalling $6,242,645 (87% of total fair value of the Company's investments; cost of $2,123,173). As at June 30, 2016, total investments included securities of a private company with a fair value totalling $265,000 (14% of total fair value of the Company's investments; cost of $1,927,501). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

For details of the Company's accounting policies for investments, see (b) under "Significant Accounting Policies" elsewhere in this MD&A. The fair value of the Company's investments as reflected in its consolidated financial statements and calculated in accordance with IFRS and its accounting policies may differ from the actual proceeds of disposition that would be realized by the Company. For example, the amounts at which the Company's publicly-traded investments could be disposed of currently may differ from fair values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. See also "Risk Management" and "Risks" sections elsewhere in this MD&A.

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. 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). 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 statement of financial position as at June 30, 2017.

Results of Operations

Selected financial information for the Company for its three most recently completed financial years as at and for the years ending June 30 is provided below:

	2017	2016	2015
Net investment gains (losses), interest and other income	**$ 3,891,465**	$ (6,224,120)	$ (1,600,560)
Comprehensive income (loss) for the year	**2,701,471**	(7,310,737)	(5,621,992)
Earnings (loss) per common share based on net income (loss) for the year – basic	**0.08**	(0.58)	(0.46)
Earnings (loss) per common share based on net income (loss) for the year – diluted	**0.07**	(0.58)	(0.46)
Investments, at fair value	**$ 7,142,584**	$ 1,957,007	$ 5,451,327
Exploration and evaluation assets	**-**	3	3
Total assets	**7,259,297**	2,065,147	8,726,530
Total liabilities	**175,110**	896,096	246,742
Equity	**7,084,187**	1,169,051	8,479,788

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

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

	Quarter ended			
	June 30, 2017	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**
Net investment gains (losses)	**$ 4,815,226**	**$ (306,518)**	**$ (399,087)**	**$ (218,156)**
Net income (loss) for the period	**4,466,529**	**(664,022)**	**(643,181)**	**(457,898)**
Total comprehensive income (loss) for the period	**4,466,991**	**(663,881)**	**(643,597)**	**(458,042)**
Earnings (loss) per share based on net income (loss) for the period – basic	**0.10**	**(0.02)**	**(0.02)**	**(0.02)**
Earnings (loss) per share based on net income (loss) for the period – diluted	**0.08**	**(0.02)**	**(0.02)**	**(0.02)**
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Net investment losses	$ (457,041)	$ (528,472)	$ (1,027,952)	$ (4,251,665)
Net loss for the period	(960,125)	(743,195)	(1,253,771)	(4,572,870)
Total comprehensive loss for the period	(736,538)	(741,671)	(1,254,328)	(4,578,200)
Loss per share based on net loss for the period – basic and diluted	(0.07)	(0.06)	(0.10)	(0.35)

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

Three months ended June 30, 2017 and 2016:

For the three months ended June 30, 2017, the Company generated net realized losses on disposal of investments of $263,332 as compared to $231,640 for the three months ended June 30, 2016. The net realized losses in the current quarter was a result of the disposition of four of the Company's investments.

For the three months ended June 30, 2017, the Company recorded a net change in unrealized gains on investments of $5,078,558 as compared to a net change in unrealized losses on investments of $225,401 for the three months ended June 30, 2016. The net change in unrealized gains on investments in the current period related primarily to the net write-up of $5,265,000 on the Company's investment in New Found Gold Corp ("NFG"), a private gold exploration company, offset by unrealized losses on investments. The fair value of NFG was determined in accordance with the Company's accounting policy for private company investments. In the prior period, the net change in unrealized losses on investments primarily related to the net write-down on the Company's investments of $224,155. For the three months ended June 30, 2017, the write-up on the Company's investments was primarily on the Company's private investment in New Found Gold Corp.

For the three months ended June 30, 2017, the Company recorded interest and other income of $7,000 as compared to a net loss of $77 for the three months ended June 30, 2016. In the current year period, the $7,000 was attributable to administrative fees while in the prior year period, the net loss was a foreign exchange adjustment on the disposal of exploration and evaluation assets.

For the three months ended June 30, 2017, operating, general and administrative expenses decreased by $145,642 to $355,659 from $501,301 for the three months ended June 30, 2016. The decrease was primarily due to a decrease in foreign exchange expense offset by an increase in stock-based compensation expense as discussed below.

The following is the breakdown of the Company's operating, general and administrative expenses for the indicated three month periods ended June 30. Details of the changes follow the table:

		2017		2016
Salaries and consulting fees	**$**	**164,250**	$	159,936
Stock-based compensation expense (a)		**111,752**		-
Professional fees		**34,238**		46,981
Operating lease payments		**17,966**		19,217
Travel and promotion		**10,223**		8,748
Other office and general		**6,774**		20,052
Other employment benefits		**4,994**		6,791
Shareholder relations, transfer agent and filing fees		**3,045**		5,587
Transaction costs		**2,625**		6,836
Foreign exchange loss (b)		**(208)**		227,153
	$	**355,659**	$	501,301

(a) Stock-based compensation expense increased by $111,752 as compared to the three months ended June 30, 2016. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of

the options calculated as at the grant date. During the current period, the Company granted 750,000 options exercisable at $0.15 per share expiring between April 5, 2022 and April 20, 2022.

(b) Foreign exchange loss decreased by $227,361 for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. The Company had a foreign exchange gain during the current quarter due to the increase in the value of the Canadian dollar versus the U.S. dollar during the quarter, which decreased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

Net loss for the three months ended September 30, 2017 was $571,250 ($0.01 per share) as compared to $457,898 ($0.02 per share), from the net investment losses and operating expenses as previously discussed.

For the three months ended June 30, 2017, the Company recorded a gain from the exchange differences on translation of foreign operations of $462 resulting in total comprehensive income for the period of $4,466,991. For the three months ended June 30, 2016, the Company recorded a gain from the exchange differences on translation of foreign operations of $223,587 resulting in total comprehensive loss for the period of $736,538.

Year ended June 30, 2017 and 2016:

For the year ended June 30, 2017, the Company generated net realized losses on disposal of investments of $5,079,773, as compared to $6,683,090 for the year ended June 30, 2016. The net realized losses in the current and prior year was a result of the disposition of a majority of the Company's legacy investments.

For the year ended June 30, 2017, the Company recorded a net change in unrealized gains on investments of $8,971,238 as compared to $417,960 for the year ended June 30, 2016. The net change in unrealized gains on investments in the current year related to the net write-up to fair value of $5,125,331 on the Company's investments and the reversal of previously recognized net unrealized losses on disposal of investments of $3,845,907. The net change in unrealized gains on investments in the prior year related to the reversal of previously recognized net unrealized losses on disposal of investments of $2,672,524 offset by the net write-down to market of $2,254,564 on the Company's investments.

For the year ended June 30, 2017, the Company recorded interest and other income of $17,600 as compared to $41,010 for the year ended June 30, 2016. In the current year, other income consisted of $7,000 in administrative fees charged to investees and $9,997 from the sale of exploration and evaluation assets, with the balance in interest income which is primarily composed of interest earned on deposits in broker accounts. In the prior year, other income consisted of $24,000 in consultancy income and $16,876 gain from sale of exploration and evaluation assets.

For the year ended June 30, 2017, operating, general and administrative expenses decreased by $81,564 to $1,193,848 from $1,275,412 for the year ended June 30, 2016, primarily from the decreased in foreign exchange loss offset by an increase in stock-based compensation expense.

The following is the breakdown of the Company's operating, general and administrative expenses for the year ended June 30. Details of the changes follow the table:

	2017	2016
Salaries and consulting fees	**$ 662,783**	$ 647,083
Stock-based compensation expense (a)	**217,246**	-
Operating lease payments	**82,004**	82,210
Professional fees	**58,106**	67,864
Other office and general	**56,667**	75,044
Shareholder relations, transfer agent and filing fees	**36,174**	32,380
Transaction costs (b)	**32,902**	92,282
Other employment benefits	**21,270**	28,483
Travel and promotion	**14,814**	27,422
Foreign exchange gain (c)	**11,882**	220,833
Exploration and evaluation expenses (d)	**-**	1,811
	$ 1,193,848	$ 1,275,412

(a) Stock-based compensation expense increased by $217,246 for the year ended June 30, 2017 as compared to the year ended June 30, 2016. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options granted vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period. During the current year, the Company granted 3,923,000 stock options to directors, officers, employees and consultants of the Company, exercisable at $0.15 per share expiring between January 16, 2022 and April 20, 2022 (no option grants in the prior year).

(b) Transactions costs decreased by $59,380 for the year ended June 30, 2017 as compared to the year ended June 30, 2016, due to a decrease in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy.

(c) Foreign exchange loss decreased by $208,951 for the year ended June 30, 2017 as compared to the year ended June 30, 2016. The foreign exchange loss was due to the increase in the value of the Canadian dollar versus the U.S. dollar during the year, which decreased the Canadian dollar value of the Company's U.S. dollar denominated monetary assets.

(d) Exploration and evaluation expenses decreased by $1,811 to nil for the year ended June 30, 2017. In the prior year, the Company's exploration and evaluation expenses of $1,811 consisted of exploration and evaluation expenses of $3,903 relating to the Company's Quebec properties offset by a reversal of previously exploration and evaluation expenses.

Net income for the year ended June 30, 2017 was $2,701,428 ($0.08 per share) as compared to a net loss of $7,529,961 ($0.58 per share). The net income in the current year was primarily from the net investment gains while in the prior year, the net loss was primarily due to the net realized losses on disposal of investments.

For the year ended June 30, 2017, the Company recorded a gain from the exchange differences on translation of foreign operations of $43 resulting in total comprehensive income for the year of

$2,701,471. For the year ended June 30, 2016, the Company recorded a gain from the exchange differences on translation of foreign operations of $219,224 resulting in total comprehensive loss for the year of $7,310,737. The Company expects the exchange differences on translation of foreign operations to be minimal going forward since its foreign subsidiaries are no longer active and are in the process of being wind-up.

Cash Flows
Year ended June 30, 2017 and 2016:

During the year ended June 30, 2017, the Company used cash of $3,001,831 in operating activities as compared to $2,778,963 in the year ended June 30, 2016. The Company classifies its investment activities (proceeds on disposal of investments, purchases of investments, and due from/to brokers) as operating activities which is the Company's primary business. The Company was less active in the current year as compared to last year, due to cash flow constraints. During the year ended June 30, 2017, the Company had proceeds from disposition of investments of $1,805,478 as compared to $8,844,547 during the year ended June 30, 2016. During the year ended June 30, 2017, the Company purchased $3,099,590 of investments, a decrease of $8,515,767, when compared to $11,615,357 of investments purchased during the year ended June 30, 2016.

During the year ended June 30, 2017, the Company generated net cash of $2,996,419 (2016 – nil) in financing activities from non-brokered private placement financings. During the current year, the Company raised net proceeds of $2,676,419 from private placement financings and received proceeds of $320,000 from the exercise of warrants.

During the year ended June 30, 2017, net cash generated in investing activities was $5,324 as compared to $2,618 during the year ended June 30, 2016. In the current year, the Company had proceeds of $10,000 from the sale of exploration and evaluation assets and purchased $4,676 of capital equipment. In the prior year, the Company had proceeds of $17,000 from the sale of exploration and evaluation assets and spent cash on expenditures on exploration and evaluation assets of $11,000 and purchased $3,382 of capital equipment. The Company no longer owns exploration and evaluation assets.

For the year ended June 30, 2017, the Company had a net decrease in cash of $88 as compared to $2,776,345 for the year ended June 30, 2016. For the year ended June 30, 2017, the Company also had a gain from the exchange rate changes on its foreign operations' cash balances of $43, leaving a cash balance of $21,973 as at June 30, 2017 as compared to an exchange gain of $219,224, leaving a cash balance of $22,018 as at June 30, 2016.

Segmented information:

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.

The Company's operations primarily relate to investing. The Company's management is responsible for the Company's entire investment portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy and the performance is evaluated on an overall basis.

All of the Company's property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the year ended June 30, 2017 and 2016.

Liquidity and capital resources:

Consolidated statement of financial position highlights	June 30, 2017	June 30, 2016
Cash	$ 21,973	$ 22,018
Investments, at fair value	7,142,584	1,957,007
Exploration and evaluation assets	-	3
Total assets	7,259,297	2,065,147
Due to brokers	-	561,653
Total liabilities	175,110	896,096
Share capital, warrants and broker warrants, contributed surplus	124,366,018	121,152,353
Foreign currency translation reserve	839,375	839,332
Deficit	(118,121,206)	(120,822,634)

As at June 30, 2017, total liabilities decreased by $720,986 to $175,110 as compared to $896,096 as at June 30, 2016. In the current year, included in total liabilities is $100,000 advanced by a third party for an anticipated non-brokered private placement by the Company which closed on July 5, 2017, as previously discussed. As at June 30, 2016, total liabilities included $561,653 due to brokers (margin used) and $234,616 owing to the Company's Chief Executive Officer and Chief Financial Officer for accrued consulting fees, all of which have been paid in full in fiscal 2017. The Company has consulting/employment agreements with these officers aggregating $35,750 per month. As at June 30, 2017, total liabilities also include $17,409 accrued for the winding down of its subsidiaries in Barbados.

The Company's cash and investments as at June 30, 2017 would be sufficient to meet the Company's current liabilities.

The Company continues to have no long-term debt. In order to meet its operating expenditure obligations as they become due, ThreeD will have to dispose of some its investments or rely on external sources of capital. The Company expects to have to raise additional funds through debt and/or equity financings to meet its investment and expenditure needs. The Company's ability to access the debt and equity markets when required will depend upon factors beyond its control, such as economic and political conditions that may affect the capital markets generally. The Company's inability to raise sufficient capital to fund its operations and growth may result in the disposition of its investments at non-opportunistic times and, accordingly, could have a material adverse effect on the Company's business, financial condition, and results of operations, and its ability to continue as a going concern.

In April 2015, the Company signed a lease for new premises which started May 1, 2015 for annual payments of approximately $82,875 ($6,906 monthly, increased to $7,166 effective January 1, 2017) plus applicable taxes until April 30, 2018 and office equipment lease payments of $5,340 annually ($445 monthly) plus applicable taxes until April 30, 2019.

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 were as follows during the years ended June 30:

Type of expense	2017	2016
Salaries and consulting fees	**$ 429,000**	$ 429,000
Other short-term benefits	**7,554**	14,766
Stock-based compensation expense	**161,287**	-
	$ 597,841	$ 443,766

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO") and Vice-President of Business Development and General Council ("VP").

(b) As at June 30, 2017, included in accounts payable and accrued liabilities is nil (2016 - $234,616) relating to consulting fees due to the CEO and CFO.

(c) On January 16, 2017, the Company granted 2,523,000 options to directors and officers of the Company, exercisable at $0.15 per share expiring on January 16, 2022.

(d) On April 5, 2017, the Company granted 250,000 options to a director and 250,000 to an officer of the Company, exercisable at $0.15 per share expiring on April 5, 2022.

(e) During the year ended June 30, 2017, the Company completed five non-brokered private placements. Related parties participated in the private placements as follows:

(i) The CEO and CFO subscribed for 2,700,000 units for gross proceeds of $135,000 pursuant to the Company's private placement in August 2016.

(ii) The CEO and directors of the Company subscribed for 1,500,000 units for gross proceeds of $50,000 pursuant to the first tranche of the private placement in December 2016. The CEO subscribed for 250,000 units for gross proceeds of $25,000 pursuant to the final tranche of the Company's private placement in December 2016.

(iii) An insider (a shareholder who owns +10% on partially-diluted basis of the Company) and a director of the Company subscribed for 677,000 units for gross proceeds of $88,010 pursuant to the Company's private placement in February 2017.

(iv) A director of the Company subscribed for 100,000 units for gross proceeds of $10,000 pursuant to the Company's private placement in May 2017.

Off-Balance sheet arrangements:

As at June 30, 2017, the Company does not have any off-balance sheet arrangements that have, or are reasonable likely to have, a current or future effect on the results of operations or financials condition of ThreeD.

Management of capital:

The Company considers its capital to include all components of equity which amounts to $7,084,187 on June 30, 2017 (2016 - $1,169,051). 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 broker;

(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;

(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

(b) raising capital through equity or debt financings.

The Company is not subject to any capital requirements imposed by any regulator.

There were no changes in the Company's approach to capital management during the year ended June 30, 2017. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current working capital is sufficient to discharge its liabilities as at June 30, 2017.

Subsequent to June 30, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of $300,000 through the issuance and sale of 3,000,000 units at a price of $0.10 per unit. Each unit was comprised of one common share of the Company and one common share purchase warrant, each warrant entitling the holder to acquire one common share of the Company at $0.15 per share on or before July 5, 2020.

Subsequent to June 30, 2017, the Company entered into an agreement with Agora Internet Relations Corp. ("Agora") pursuant to which Agora will provide marketing, advertising and related services to the Company for a fee of $40,000 to be paid by the issuance of common shares of the Company. The fee is payable in five installments of $8,000 each with the first Installment paid on August 2, 2017, and the subsequent Installments become payable at the end of each three-month period thereafter. The price of the common shares to be issued as payment for each installment will be set at the closing price of

the common shares on the date which such installment becomes payable. The first installment was paid by the issuance of 72,727 common shares at a price of $0.11 per share for an aggregate price of $8,000.

Risk management:

The investments operation of ThreeD's business involves the purchase and sale of securities and, accordingly, a significant 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. 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 or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in 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 and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on ThreeD's financial position. As at June 30, 2017 and 2016, the Company held some U.S. denominated investments and therefore market risk also includes currency risk.

There were no changes in the way the Company manages market risk during the year ended June 30, 2017. The Company manages its market risk by having a portfolio that is not singularly exposed to any one issuer or class/sector of issuers. However, as previously discussed, the Company's portfolio consists of private investments which is 87% of the total fair value of the Company's investments. See Liquidity risk.

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2017 from a change in the closing trade price of the Company's investments with all other variables held constant as at June 30, 2017:

Percentage of change in closing trade price	**Increase in after-tax net income from % increase in closing trade price**	**Decrease in after-tax net income from % decrease in closing trade price**
2%	**$ 123,924**	**$ (123,924)**
4%	**247,848**	**(247,848)**
6%	**371,771**	**(371,771)**
8%	**495,695**	**(495,695)**
10%	**619,619**	**(619,619)**

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended June 30, 2016 from a change in the closing trade price of the Company's investments with all other variables held constant as at June 30, 2016:

Percentage of change in closing trade price	Decrease in after-tax net loss from % increase in closing trade price		Increase in after-tax net loss from % decrease in closing trade price	
2%	$	33,954	$	(33,954)
4%		67,908		(67,908)
6%		101,862		(101,862)
8%		135,816		(135,816)
10%		169,770		(169,770)

(b) Credit risk:

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties owing it money or securities will not perform their underlying obligations and for funds held with banks and brokers for cash. The Company may, from time to time, invest in debt obligations. As at June 30, 2017 and 2016, the Company did not hold any debt obligations. All funds in cash are held in financial institutions that have a credit rating above AA and the Company believes it is not exposed to any significant loss.

There were no changes to the way the Company manages credit risk during the year ended June 30, 2017. The Company is also exposed in the normal course of business to credit risk from the sale of its investments and advances to investees.

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

	2016		2015	
Cash	**$**	**21,973**	$	22,018
Due from brokers		**1,104**		-
Receivables (i)		**25,551**		21,653
	$	**48,628**	$	43,671

(i) As at June 30, 2016, included in receivables is $17,641 (2016 - $21,653) relating to Harmonized Sales Tax input sales tax refunds. The Company believes it is not exposed to credit risk since the amount is fully collectible from the Canadian government and historically the refund has been assessed as filed.

(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, 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, 2017. The Company manages liquidity risk by reviewing the amount of margin available on a daily basis and managing its cash flow. The Company holds some investments that can be converted into cash when required. As at June 30, 2017, total investments included securities of private companies with a fair value totalling $6,242,645 (87% of total fair value of the Company's

investments) which may not be readily available to convert to cash. As at June 30, 2016, total investments included securities of a private company with a fair value totalling $265,000 (14% of total fair value of the Company's investments).

As at June 30, 2017, the Company was using margin of nil (2016 – $561,653).

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2017:

	Payments due by period				
Liabilities and obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Accounts payable and accrued liabilities (i)	**$ 175,110**	**$ 175,110**	**$ -**	**$ -**	**$ -**

(i) Included in accounts payable and accrued liabilities is an advance of $100,000 from a third-party for the Company's non-brokered private placement which closed on July 5, 2017.

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2016:

	Payments due by period				
Liabilities and obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable and accrued liabilities	$ 334,443	$ 334,443	$ -	$ -	$ -
Due to brokers	561,653	561,653	-	-	-
	$ 896,096	$ 896,096	$ -	$ -	$ -

The following table shows the Company's source of liquidity by assets as at June 30, 2017:

	Liquidity by period				
Assets	**Total**	**Less than 1 year**	**1 – 3 years**	**After 4 years**	**Non-liquid assets**
Cash	**$ 21,973**	**$ 21,973**	**$ -**	**$ -**	**$ -**
Due from brokers	**1,104**	**1,104**	**-**	**-**	**-**
Prepaids and receivables	**75,587**	**25,551**	**-**	**-**	**50,036**
Investments, at fair value	**7,142,584**	**899,939**	**6,242,645**	**-**	**-**
Property, plant and equipment	**18,049**	**-**	**-**	**-**	**18,049**
	$ 7,259,297	**$ 948,567**	**$ 6,242,645**	**$ -**	**$ 68,085**

The following table shows the Company's source of liquidity by assets as at June 30, 2016:

	Liquidity by period				
Assets	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash	$ 22,061	$ 22,061	$ -	$ -	$ -
Prepaids and receivables	68,526	21,653	-	-	46,873
Investments, at fair value	1,957,007	1,692,007	265,000	-	-
Property, plant and equipment	17,593	-	-	-	17,593
Exploration and evaluation assets	3	-	-	-	3
	$ 2,065,190	$ 1,735,721	$ 265,000	$ -	$ 64,469

(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 Company does not hedge its foreign currency exposure.

The following assets and liabilities were denominated in foreign currencies as at June 30:

	2017	2016
Denominated in U.S. dollars:		
Cash	**$ 504**	$ 4,476
Due from brokers	**15**	-
Accounts payable and accrued liabilities	**(28,212)**	(26,396)
Due to brokers	**-**	(453,204)
Net assets denominated in U.S. dollars	**$ (27,693)**	$ (475,124)

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2017 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, 2017:

Percentage change in U.S. dollar exchange rate	**Decrease in after-tax net income from an increase in % in the U.S. dollar exchange rate**	**Increase in after-tax net income from a decrease in % in the U.S. dollar exchange rate**
2%	**$ (407)**	**$ 407**
4%	**(814)**	**814**
6%	**(1,221)**	**1,221**
8%	**(1,628)**	**1,628**
10%	**(2,035)**	**2,035**

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended June 30, 2016 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, 2016:

Percentage change in U.S. dollar exchange rate	Increase in after-tax net loss from an increase in % in the U.S. dollar exchange rate	Decrease in after-tax net loss from a decrease in % in the U.S. dollar exchange rate
2%	$ (6,984)	$ 6,984
4%	(13,969)	13,969
6%	(20,953)	20,953
8%	(27,937)	27,937
10%	(34,922)	34,922

Risks:

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

(a) Cash flows:

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

(b) Private issuers and illiquid securities:

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

(c) Investment risks:

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

(d) Non-controlling interests:

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

(e) Dependence on management:

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

(f) Exchange rate fluctuations:

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

Significant Accounting Policies:

Refer to Note 3 of the Notes to the consolidated financial statement as at and for the year ended June 30, 2017 for details of the Company's basis of preparation of the consolidated financial statements.

Some significant accounting polices used in the presentation of the consolidated financial statements are as follows.

(a) Financial investments:

(i) Classification:

All investments are classified upon initial recognition at fair value through profit or loss, with changes in fair value reported in income (loss).

(ii) Recognition, de-recognition and measurement:

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

Investments at fair value through profit or loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the consolidated statement of income (loss) and comprehensive income (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, *Financial Instruments* ("IFRS 9") (2013).

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 statement of income (loss) and comprehensive income (loss) within net change in unrealized gains or losses on investments in the period in which they arise.

(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.

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 statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These investments are included in Level 1.

   b. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction. These investments are included in Level 2.

   c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the consolidated statement

of financial position date of the underlying security less the exercise price of the warrant or option, and zero. These investments are included in Level 2.

2. Private company investments:

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

The determinations of fair value of the Company's privately-held investments at 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;

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. 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);

f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;

g. release by the investee company of positive/negative exploration results; and

h. 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) Revenue recognition:

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 statement of income (loss) and comprehensive income (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 statement of income (loss) and comprehensive income (loss) as incurred. 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.

(c) 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. In prior years, all of the Company's operations related to direct and indirect investments in the oil and gas sector and the Company's significant segments consisted of six distinct geographic areas: Canada, United States, Argentina, Colombia, Israel and Brazil. During the year ended June 30, 2017 and 2016, the Company's operations primarily relate to investing. The Company's management is responsible for the Company's entire investment portfolio and considers the business to have a single operating segment.

(d) Foreign currency translation:

(i) Functional currency:

These consolidated financial statements are presented in Canadian dollars, which is the parent's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(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.

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 income (loss) and comprehensive income (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 income (loss) in the consolidated statement of income (loss) and comprehensive income (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 (loss) in the consolidated statement of income (loss) and comprehensive income (loss). When a foreign entity is sold, such exchange differences are reclassified to income or loss in the consolidated statement of income (loss) and comprehensive income (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.

(e) Non-monetary transactions:

Transactions in which shares or other non-cash consideration are exchanged for assets or services are valued at the fair value of the assets or services involved.

(f) 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 bases 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 statement of income (loss) and comprehensive income (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. 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.

(g) Stock-based compensation plan:

The Company has a stock option plan that is described in Note 10(c) of the Company's consolidated financial statements as at and for the year ended June 30, 2017. 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 ThreeD 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 which 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 it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(h) Earnings (loss) per 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 period, excluding shares securing employee share purchase loans and shares in escrow. Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Changes in Accounting Policies:

Effective July 1, 2016, the Company has adopted the following new and revised standard, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions for which there was no significant impact on the Company's consolidated financial statements:

(a) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") - On July 1, 2016, the Company implemented amendments to IAS 16 and IAS 38, which eliminated the use of a revenue-based depreciation method for items of property, plant and equipment and eliminated the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's consolidated financial statements for the year ended June 30, 2017.

Future changes in accounting policies:

At the date of authorization of these consolidated financial statements, the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") has 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) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

    The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

(b) In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

    In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of adopting these amendments on the Company's consolidated financial statements.

(c) IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities

on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases. The presentation on the statement of loss and other comprehensive loss required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company has not completed the process of assessing the impact that the amended standards will have on its consolidated financial statements.

(d) IAS 7, *Statement of Cash Flows* ("IAS 7") - In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact of adopting these amendments to its consolidated financial statements.

(e) IAS 12, *Income Taxes* ("IAS 12") - In January 2016, the IASB issued amendments to IAS 12, which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact of adopting these amendments to its consolidated financial statements.

(f) IFRS 2, *Share-based payments* ("IFRS 2") - In June 2016, the IASB issued final amendments to IFRS 2, which clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classifications of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of adopting these amendments on its consolidated financial statements.

Critical accounting estimates:

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

Critical accounting estimates used in the preparation of the Company's consolidated financial statements include the Company's valuation of its privately-held investments, estimate of recoverable fair value on exploration assets, the valuation related to the Company's deferred tax assets ("DTA") and deferred tax liabilities ("DTL"), and the Company's estimate of inputs for the calculation of the fair value of stock-based compensation expense, the Company's own warrants, and unlisted warrants of public companies held by ThreeD.

Valuation of privately-held investments:

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility. Given the relatively size of our private investment portfolio, such changes can have a material impact on our financial condition or operating results. For the year ended June 30, 2017 and 2016, the Company had the following changes in its private investments categorized as level 3 in the financial instrument hierarchy:

	Opening balance at July 1,	Purchases	Proceeds on dispositions	Realized losses on dispositions	Net unrealized gains (losses)	Ending balance
2017	**$ 265,000**	**$ 495,672**	**$ (39,450)**	**$ (260,550)**	**$ 5,781,973**	**$ 6,242,645**
2016	200,000	427,501	-	-	(362,501)	265,000

Deferred tax assets:

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

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

Management determined, based upon expectations for future taxable income that it believes that it is not more likely than not it will realize the tax benefits of the DTA during the next several years.

Stock-based Compensation Expense/Warrants:

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

options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

No options were granted in fiscal 2016. During the year ended June 30, 2017, the Company granted 3,923,000 stock options to directors, officers, employees and consultants of the Company, exercisable at $0.15 per share expiring between January 16, 2022 and April 20, 2022.

The fair value of the options granted during the year ended June 30, 2017 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 (weighted average)	
Expected volatility	**112.66%**
Expected dividend yield	**0%**
Risk-free interest rate	**0.93% - 0.99%**
Expected option life in years	**4.1 years**
Expected forfeiture rate	**4.2%**
Fair value per stock option granted on January 16, 2017	**$ 0.10**
Fair value per stock option granted on April 5, 2017	**$ 0.10**
Fair value per stock option granted on April 20, 2017	**$ 0.10**

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.

During the year ended June 30, 2017, the Company issued purchase warrants (as part of the private placement financings). As at June 30, 2017, the warrants outstanding were as follows:

Number of warrants	Exercise price	Expiry date	Warrant value ($)
8,800,000	$ 0.10	August 17, 2019	$ 101,997
7,500,000	0.15	December 1, 2019	192,105
1,500,000	0.15	December 8, 2019	36,849
4,753,000	0.20	February 21, 2020	211,155
1,500,000	0.20	April 6, 2020	78,713
3,800,000	0.15	May 19, 2020	131,072
27,853,000			$ 751,891

The purchase warrants issued during the year ended June 30, 2017 were valued using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes option valuation model assumptions used:	**August 17, 2016**	**December 1, 2016**	**December 8, 2016**	**February 21, 2017**	**April 6, 2017**	**May 19, 2017**
Expected volatility	112.66%	112.66%	112.66%	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	0.57%	0.81%	0.78%	0.93%	0.82%	0.74%
Expected option life in years	3	3	3	3	3	3
Fair value per warrant issued net of share issuance costs	$ 0.012	$ 0.026	$ 0.025	$ 0.044	$ 0.053	$ 0.035

The expected volatility is based on the average historical volatility over the life of the warrants at the Company'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 warrant life in years represents the period of time that the warrants are expected to be outstanding based on historical warrants issued. The total value (net of share issuance costs) assigned to the purchase warrants was $368,041.

Valuation of Unlisted Warrants of Public Companies:

The Company uses the Black-Scholes option pricing model to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants are valued at intrinsic value. The model requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts rather than estimates, while the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant or a higher volatility number used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at June 30, 2017 and 2016, there were not sufficient reliable observable market inputs and thus, the Company valued the warrants in its portfolio using their intrinsic value.

Outstanding Share Data:

Subsequent to June 30, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of $300,000 through the issuance and sale of 3,000,000 units at a price of $0.10 per unit.

Subsequent to June 30, 2017, the Company issued 72,727 common shares to Agora at a price of $0.11 per share for an aggregate price of $8,000, relating to the first installment payment to Agora for marketing, advertising and related services to the Company.

As at October 12, 2017, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of ThreeD are as follows:

Common shares	**Number**
Outstanding	**50,305,131**
Issuable under the exercise of options	**4,202,000**
Issuable under the exercise of warrants	**30,853,000**
Total diluted common shares	**85,360,131**

Refer to Note 10 of the Notes to the consolidated financial statements as at and for the year ended June 30, 2017 for details of the Company's share capital as at June 30, 2017.

Use of Non-GAAP Financial Measures:

This MD&A contains references to "net asset value per share" (basic and diluted) ("NAV") which is a non-GAAP financial measure. NAV is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. NAV (diluted) is calculated as total assets less total liabilities divided by the total number of common shares of the Company outstanding as at a specific date, calculated based upon the assumption that all outstanding securities of the Company that are convertible into or exercisable for common shares have been converted or exercised. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP financial measure presented in ThreeD's consolidated financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial measure. The Company believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

Additional Information:

Additional information relating to ThreeD may be found on the Company's website at www.threedcap.com and the Company's profile on SEDAR at www.sedar.com.