Interim Condensed Consolidated Financial Statements of

December 31, 2017
(Unaudited - prepared in Canadian dollars)

Contents

Interim Condensed Consolidated Financial Statements:

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

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

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

THREED CAPITAL INC.

Consolidated Statement of Financial Position
As at December 31, 2017 and June 30, 2017
(Unaudited - prepared in Canadian dollars)

	Notes	December 31, 2017	June 30, 2017
Assets			
Cash	4	**$ 268,283**	$ 21,973
Due from brokers	4	**96,047**	1,104
Prepaids and receivables	4	**58,603**	75,587
Investments, at fair value	3	**11,734,902**	7,142,584
Property, plant and equipment		**15,549**	18,049
		$ 12,173,384	$ 7,259,297
Liabilities and Equity			
Accounts payable and accrued liabilities	4	**$ 52,576**	$ 175,110
		52,576	175,110
Equity			
Share capital	6(a)	**101,577,897**	98,842,373
Contributed surplus	6(f)	**24,967,549**	24,771,754
Warrants	6(g)	**1,786,936**	751,891
Foreign currency translation reserve		**839,954**	839,375
Deficit		**(117,051,528)**	(118,121,206)
		12,120,808	7,084,187
		$ 12,173,384	$ 7,259,297

Going concern uncertainty	1
Contingent liability	12

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Net Income (Loss) and Comprehensive income (loss)
Three And Six Months Ended December 31,
(Unaudited - prepared in Canadian dollars)

	Notes	Three Months Ended 2017	Three Months Ended 2016	Six Months Ended 2017	Six Months Ended 2016
Net investment gains (losses)					
Net realized losses on disposal of investments		**$ (1,037,088)**	$ (4,695,619)	**$ (1,182,403)**	$ (4,774,356)
Net change in unrealized gains on investments		**3,584,958**	4,296,532	**3,491,636**	4,157,113
		$ 2,547,870	$ (399,087)	**2,309,233**	(617,243)
Interest and other income		**35,000**	10,339	**56,000**	10,339
		2,582,870	(388,748)	**2,365,233**	(606,904)
Expenses					
Operating, general and administrative	5, 6(e), 8	**938,284**	250,024	**1,288,660**	480,576
Finance expenses	9	**3,658**	4,409	**6,895**	13,599
		941,942	254,433	**1,295,555**	494,175
Income (loss) before income taxes		**1,640,928**	(643,181)	**1,069,678**	(1,101,079)
Income tax expense		**-**	-	**-**	-
Net income (loss) for the period		**$ 1,640,928**	$ (643,181)	**1,069,678**	(1,101,079)
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations		**(88)**	(416)	**579**	(560)
Total comprehensive income (loss) for the period		**$ 1,640,840**	$ (643,597)	**$ 1,070,257**	$ (1,101,639)
Earnings (loss) per common share based on net loss for the on net income (loss) for the period	6(h)				
Basic		**$ 0.02**	$ (0.02)	**$ 0.02**	$ (0.05)
Diluted		**$ 0.02**	$ (0.02)	**$ 0.01**	$ (0.05)
Weighted average number of common shares outstanding	6(h)				
Basic		**67,169,280**	27,800,056	**58,642,641**	23,259,295
Diluted		**99,982,492**	27,800,056	**88,923,864**	23,259,295

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Changes in Equity
Six Months Ended December 31, 2017 and 2016
(Unaudited - prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at June 30, 2016		12,979,404	$ 96,597,845	$ -	$ 24,554,508	$ 839,332	$ (120,822,634)	$ 1,169,051
Net loss for the period		-	-	-	-	-	(1,101,079)	(1,101,079)
Exchange differences on translation of foreign operations		-	-	-	-	(560)	-	(560)
Total comprehensive loss for the period		-	-	-	-	(560)	(1,101,079)	(1,101,639)
Issued pursuant to private placements, net		21,000,000	1,096,933	368,041	-	-	-	1,464,974
Balance as at December 31, 2016		33,979,404	$ 97,694,778	$ 368,041	$ 24,554,508	$ 838,772	$ (121,923,713)	$ 1,532,386
Balance as at June 30, 2017		47,232,404	$ 98,842,373	$ 751,891	$ 24,771,754	$ 839,375	$ (118,121,206)	$ 7,084,187
Net income for the period		**-**	**-**	**-**	**-**	**-**	**1,069,678**	**1,069,678**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**579**	**-**	**579**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**579**	**1,069,678**	**1,070,257**
Stock-based compensation expense	6(e)	**-**	**-**	**-**	**195,795**	**-**	**-**	**195,795**
Issued pursuant to the exercise of warrants	6(g)	**6,650,000**	**810,190**	**(92,690)**	**-**	**-**	**-**	**717,500**
Issued pursuant to private placements, net	6(b)	**22,575,000**	**1,908,294**	**1,127,735**	**-**	**-**	**-**	**3,036,029**
Issued pursuant to marketing services	6(d)	**139,690**	**17,040**	**-**	**-**	**-**	**-**	**17,040**
Balance as at December 31, 2017		**76,597,094**	**$ 101,577,897**	**$ 1,786,936**	**$ 24,967,549**	**$ 839,954**	**$ (117,051,528)**	**$ 12,120,808**

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.
Consolidated Statement of Cash Flows
Six Months Ended December 31, 2017 and 2016
(Unaudited - prepared in Canadian dollars)

	Notes	2017	2016
Cash flows used in operating activities			
Net income (loss) for the period		**$ 1,069,678**	$ (1,101,079)
Items not affecting cash			
Net realized losses on disposal of investments		**1,182,403**	4,774,356
Net change in unrealized gains on investments		**(3,491,636)**	(4,157,113)
Gain on sale of exploration and evaluation assets		**-**	(9,997)
Issue of share capital pursuant to marketing services	6(d)	**17,040**	-
Stock-based compensation expense		**195,795**	-
Depreciation		**2,500**	1,935
		(1,024,220)	(491,898)
Changes in non-cash working capital balances			
Proceeds on disposal of investments		**4,682,569**	1,465,413
Purchases of investments		**(6,965,654)**	(1,419,703)
Decrease (increase) in prepaids and receivables		**16,984**	(133,830)
Decrease in due from brokers		**(94,943)**	(75,384)
Decrease in accounts payable and accrued liabilities		**(122,534)**	(177,117)
Decrease in due to brokers		**-**	(561,653)
		(3,507,798)	(1,394,172)
Cash flows from financing activities			
Proceeds pursuant to private placement financings, net	6(b)	**3,036,029**	1,464,974
Proceeds pursuant to the exercise of warrants		**717,500**	-
		3,753,529	1,464,974
Cash flows from investing activities			
Proceeds on sale of exploration and evaluation assets		**-**	10,000
Purchase of property, plant and equipment		**-**	(4,676)
		-	5,324
Net increase in cash during the period		**245,731**	76,126
Exchange rate changes on foreign currency cash balances		**579**	(560)
Cash, beginning of period		**21,973**	22,018
Cash, end of period		**$ 268,283**	$ 97,584
Supplemental cash flow information			
Income taxes paid		**$ -**	$ -
Finance expense paid		**6,895**	13,599
Non-cash financing activities			
Issue of share capital pursuant to marketing services	6(d)	**17,040**	-

See accompanying notes to the consolidated financial statements.

1. Nature of business and going concern uncertainty:

ThreeD Capital Inc. ("ThreeD" or the "Company") is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the junior resources, Artificial Intelligence and Blockchain sectors. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange under the symbol "IDK". The Company is domiciled in the Province of Ontario and its head office is located at 69 Yonge St., Suite 1010, Toronto, Ontario, Canada.

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issuance by the Company's board of directors on February 27, 2018.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company has incurred a net income for the six months ended December 31, 2017 of $1,070,257 (six months ended December 31, 2016 – net loss of $1,101,079) and has an accumulated deficit of $117,051,528 (June 30, 2017 - $118,121,206). The net income for the current period was primarily from the net investment gains of $2,309,233. 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 December 31, 2018 and therefore the Company will be required to secure additional funding and/or sell some investments, some of which are 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.

2. Basis of preparation:

(a) Statement of compliance:

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

2. Basis of preparation (continued):

These interim consolidated statements for the three and six months ended December 31, 2017 and 2016 should be read together with the annual consolidated financial statements as at and for the year ended June 30, 2017. The same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2017, except as follows:

(i) 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. The implementation of amendments to IAS 7 had no impact to the Company's interim consolidated statements for the three and six months ended December 31, 2017.

(ii) 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 implementation of amendments to IAS 12 had no impact to the Company's interim consolidated statements for the three and six months ended December 31, 2017.

(b) Basis of presentation:

These interim consolidated statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

(c) Basis of consolidation:

These interim consolidated statements include the financial statements of ThreeD and its inactive wholly-owned subsidiaries: Brownstone Ventures (Barbados) Inc., Brownstone Comercializadora de Petroleo Ltda., and 2121197 Ontario Ltd.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

(d) Critical accounting judgments, estimates and assumptions:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim consolidated statements and the reported amounts of revenue and expenses during the reporting period.

2. Basis of preparation (continued):

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual financial statements as at and for the year ended June 30, 2017.

3. Investments at fair value and financial instruments hierarchy:

(a) Determination of investments' fair values:

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 for which fair value is measured or disclosed in the financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

1. Publicly-traded investments (i.e., securities of issuers that are public companies):

   a. Securities including shares, options and warrants which 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 are included in Level 1.

   b. Securities which 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 are included in Level 2.

   c. For options and warrants which 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

(Unaudited - prepared in Canadian dollars)

3. Investments at fair value and financial instruments hierarchy (continued):

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 are included in Level 2.

2. Private company investments (securities of issuers that are not public companies):

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 valuation indicators. These are included in Level 3. Options and warrants of private companies are carried at their intrinsic value.

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

	Fair Value	Cost
December 31, 2017	**$ 11,734,902**	**$ 5,755,491**
June 30, 2017	7,142,584	4,654,809

(c) Financial instruments hierarchy:

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

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at December 31, 2017 and June 30, 2017:

Investments, at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
December 31, 2017	**$ 682,500**	**$ 3,147,602**	**$ 7,904,799**	**$ 11,734,901**
June 30, 2017	582,554	317,385	6,242,645	7,142,584

Level 2 includes common stock of public issuers, whose resale is currently restricted. These securities typically have a 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price.

(Unaudited - prepared in Canadian dollars)

3. Investments at fair value and financial instruments hierarchy (continued):

Once the restriction has elapsed, these securities will become Level 1 securities. This represents the only type of transfer between Levels during the current period.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the six months ended December 31, 2017 and year ended June 30, 2017. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized losses are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	Purchases	Proceeds on dispositions	Realized losses on dispositions	Net unrealized gains	Ending balance
December 31, 2017	**$ 6,242,645**	**$ 525,679**	**$ -**	**$ -**	**$ 1,136,475**	**$ 7,904,799**
June 30, 2017	265,000	495,672	(39,450)	(260,550)	5,781,973	6,242,645

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

Description	**Fair value at December 31, 2017**	**Valuation technique**	**Unobservable input**	**% of Investments**	**Sensitivity to changes in significant unobservable inputs (%)**
Unlisted private equities	**$ 7,496,620**	Grey market activity	Recent transaction price	**63.9**	Additional grey market activity
Unlisted private equities	**407,879**	Grey market activity	New investment during the period	**3.5**	Additional grey market activity
	$ 7,904,799			**67.4**	

Description	Fair value at June 30, 2017	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	$ 5,600,000	Grey market activity	New transaction price	78.4	Additional grey market activity
Unlisted private equities	642,645	Grey market activity	New investment during the period	9.0	Additional grey market activity
	$ 6,242,645			87.4	

For these investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $1,976,200 (June 30, 2017 - $1,560,661) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments,

(Unaudited - prepared in Canadian dollars)

3. Investments at fair value and financial instruments hierarchy (continued):

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

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

4. Financial assets and (liabilities) other than investments at fair value:

Financial assets and liabilities other than investments at fair value are as follows as at December 31, 2017 and June 30, 2017:

	December 31, 2017	June 30, 2017
Cash	**$ 268,283**	$ 21,973
Due from brokers	**96,047**	1,104
Receivables	**5,650**	25,551
Accounts payable and accrued liabilities	**(52,576)**	(175,110)
	$ 317,404	$ (126,482)

The carrying values of cash, due from brokers, receivables, and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity for these instruments. Except for cash (Level 1), all are categorized in Level 2.

5. Related party transactions:

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

(a) Compensation to key management personnel and directors during the three and six months ended December 31 were as follows:

	Three months ended December 31,		**Six months ended December 31,**	
Type of expense	**2017**	2016	**2017**	2016
Salaries and consulting fees	**$ 466,250**	$ 107,250	**$ 582,500**	$ 214,500
Other short-term benefits	**9,531**	3,873	**11,104**	5,100
Stock-based compensation expense	**66,922**	-	**117,360**	-
	$ 542,703	$ 111,123	**$ 710,964**	$ 219,600

(Unaudited - prepared in Canadian dollars)

5. Related party transactions (continued):

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"). During the three and six months ended December 31, 2017, a cash bonus of $250,000 was paid to the CEO and $100,000 was paid to the CFO.

(b) During the six months ended December 31, 2017, the Company completed three non-brokered private placements as described in Note 6(b). The CEO subscribed for 1,250,000 units for gross proceeds of $125,000 pursuant to the Company's private placement in October 2017.

(c) During the six months ended December 31, 2016, the Company completed two non-brokered private placements as described in Note 6(c). 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. 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 and 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.

(d) On November 30, 2017, 1,500,000 stock options was granted to the CEO, exercisable at a price of $0.21 per share, expiring on November 30, 2022.

6. Equity:

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

(b) During the six months ended December 31, 2017, the Company completed three non-brokered private placements as follows (see also Note 5(b)):

Date	Total gross proceeds	Issuance costs (i)	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
July 5, 2017	$ 300,000	$ 2,058	3,000,000	3,000,000	$ 0.15	July 5, 2020
October 24, 2017	1,155,000	8,977	11,550,000	11,550,000	0.15	October 5, 2020
November 14, 2017	1,605,000	12,936	8,025,000	8,025000	0.25	November 14, 2020

(i) These expenses have not been tax affected.

(Unaudited - prepared in Canadian dollars)

6. Equity (continued):

The purchase warrants issued during the six months ended December 31, 2017 were valued using the Black-Scholes option pricing model with the following assumptions (Note 6(f)):

Black-Scholes option valuation model assumptions used:	**July 5, 2017**	**October 24, 2017**	**November 14, 2017**
Expected volatility	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	1.21%	1.54%	1.51%
Expected option life in years	3	3	3
Fair value per warrant issued net of share issuance costs	$ 0.035	$ 0.035	$ 0.078

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 $1,127,735.

(c) During the year ended June 30, 2017, the Company completed five non-brokered private placements as follows (see also Note 5(c)):

Date	**Total proceeds**	**Issuance costs (ii)**	**Number common shares**	**Number of warrants**	**Exercise price warrants**	**Expiry date of warrants**
August 17, 2017	$ 600,000	$ 8,894	12,000,000	12,000,000	$ 0.10	August 17, 2019
December 1, 2016 (i)	750,000	-	7,500,000	7,500,000	0.15	December 1, 2019
December 8, 2016 (i)	150,000	26,132	1,500,000	1,500,000	0.15	December 8, 2019
February 21, 2017	617,890	6,527	4,753,000	4,753,000	0.20	February 21, 2020
April 6, 2017	225,000	2,647	1,500,000	1,500,000	0.20	April 6, 2020
May 19, 2017	380,000	2,270	3,800,000	3,800,000	0.15	May 19, 2020

(i) This private placement was completed in two tranches raising total proceeds of $900,000.

(Unaudited - prepared in Canadian dollars)

6. Equity (continued):

(ii) These expenses have not been tax affected.

The purchase warrants issued during the year ended June 30, 2017 were valued using the Black-Scholes option pricing model with the following assumptions (Note 10(e)):

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 $788,981.

(d) In July 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 to 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. The second installment was paid by the issuance of 66,963 common shares at a price of $0.135 per share for an aggregate price of $9,040 including sales tax.

(e) Stock options:

During the six months ended December 31, 2017, the Company granted 3,415,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.19 per share expiring between October 12, 2020 and November 30, 2022.

(Unaudited - prepared in Canadian dollars)

6. Equity (continued):

The fair value of the options granted during the six months ended December 31, 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	**1.50% - 1.61%**
Expected option life in years	**3 - 4.1 years**
Expected forfeiture rate	**3.5% - 3.7%**
Fair value per stock option granted on October 12, 2017	**$ 0.07**
Fair value per stock option granted on October 26, 2017	**$ 0.19**
Fair value per stock option granted on November 16, 2017	**$ 0.15**
Fair value per stock option granted on November 21, 2017	**$ 0.15**
Fair value per stock option granted on November 30, 2017	**$ 0.16**
Fair value per stock option granted on December 5, 2017	**$ 0.14**

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.

For the six months ended December 31, 2017, included in operating, general and administrative expenses is stock-based compensation of $195,795 (six months ended December 31, 2016 - $nil) relating to the stock options granted to directors, officers, employees and consultants of the Company.

(Unaudited - prepared in Canadian dollars)

6. Equity (continued):

A summary of the status of the Company's stock options as at December 31, 2017 and June 30, 2017 and changes during the periods then ended is presented below:

	December 31, 2017		June 30, 2017	
Stock options	**# of options**	**Weighted average exercise price**	# of options	Weighted average exercise price
Outstanding, at beginning of period	**4,202,000**	**$ 0.23**	399,000	$ 2.12
Granted	**3,415,000**	**0.19**	3,923,000	0.15
Expired	**(476,500)**	**0.56**	(120,000)	4.00
Outstanding, at end of period	**7,140,500**	**$ 0.18**	4,202,000	$ 0.23
Exercisable, at end of period	**1,988,999**	**$ 0.22**	807,829	$ 0.55

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2017:

Number of options outstanding	**Number of options exercisable**	**Exercise price**	**Expiry date**
152,500	**152,500**	**$ 1.00**	September 9, 2018
750,000	**-**	**0.10**	October 12, 2020
100,000	**-**	**0.20**	November 16, 2020
250,000	**-**	**0.22**	November 21, 2020
100,000	**-**	**0.21**	December 5, 2020
3,173,000	**1,586,500**	**0.15**	January 16, 2022
500,000	**166,666**	**0.15**	April 5, 2022
250,000	**83,333**	**0.15**	April 20, 2022
50,000	**-**	**0.10**	October 12, 2022
115,000	**-**	**0.20**	November 16, 2022
1,700,000	**-**	**0.21**	November 30, 2022
7,140,500	**1,461,661**		

(f) Contributed surplus comprised the following as at December 31, 2017 and June 30, 2017:

	December 31, 2017	June 30, 2017
Stock-based compensation	**$ 10,524,965**	$ 10,329,170
Expired warrants and broker warrants	**14,416,320**	14,416,320
Cancellation of common shares under normal course issuer bid	**20,639**	20,639
Value of cancelled escrowed shares	**5,625**	5,625
	$ 24,967,549	$ 24,771,754

(Unaudited - prepared in Canadian dollars)

6. Equity (continued):

(g) A summary of the status of the Company's warrants as at December 31, 2017 and June 30, 2017 and the changes during the periods then ended are as follows:

Warrants	December 31, 2017 # of warrants	December 31, 2017 Weighted average exercise price	June 30, 2017 # of warrants	June 30, 2017 Weighted average exercise price
Outstanding, at beginning of period	**27,853,000**	**$ 0.15**	-	$ -
Issued	**22,575,000**	**0.19**	31,053,000	0.14
Exercised	**(6,650,000)**	**0.11**	(3,200,000)	0.10
Outstanding, at end of period	**43,778,000**	**$ 0.17**	27,853,000	$ 0.15

The following table summarizes information about warrants exercisable and outstanding as at December 31, 2017:

Number of warrants	Exercise price	Expiry date	Warrant value ($)
3,200,000	$ 0.10	August 17, 2019	$ 37,090
6,550,000	0.15	December 1, 2019	167,771
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
3,700,000	0.15	May 19, 2020	127,623
3,000,000	0.15	July 5, 2020	103,684
11,550,000	0.15	October 24, 2020	399,962
8,025,000	0.15	November 14, 2020	624,089
43,778,000			$ 1,786,936

(h) Basic and diluted earnings (loss) per common share based on net income (loss) for the three and six months ended December 31:

Numerator:	Three months ended December 31, **2017**	Three months ended December 31, 2016	Six months ended December 31, **2017**	Six months ended December 31, 2016
Net income (loss) for the period	**$ 1,640,928**	$ (643,181)	**$ 1,069,678**	$ (1,101,079)

Denominator:	Three months ended December 31, **2017**	Three months ended December 31, 2016	Six months ended December 31, **2017**	Six months ended December 31, 2016
Weighted average number of common shares outstanding - basic	**67,169,280**	27,800,056	**58,642,641**	23,259,295
Weighted average effect of diluted stock options and warrants (i)	**32,813,212**	-	**30,281,223**	-
Weighted average number of common shares outstanding – diluted	**99,982,492**	27,800,056	**88,923,864**	23,259,295

(Unaudited - prepared in Canadian dollars)

6. Equity (continued):

Earnings (loss) per common share based on net loss for the period:	Three months ended December 31,		Six months ended December 31,	
	2017	2016	**2017**	2016
Basic	**$ 0.02**	$ (0.02)	**$ 0.02**	$ (0.05)
Diluted	**$ 0.02**	$ (0.02)	**$ 0.01**	$ (0.05)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 16,695,500 shares related to stock options and warrants that were anti-dilutive for the three months ended December 31, 2017 (three and six months ended December 31, 2016 – 21,279,000 shares).

(i) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at December 31, 2017 and June 30, 2017:

	December 31, 2017	June 30, 2017
Common shares outstanding	**76,597,094**	47,232,404
Warrants to purchase common shares	**43,778,000**	27,853,000
Stock options to purchase common shares	**7,140,500**	4,202,000
Fully diluted common shares outstanding	**127,515,594**	79,287,404

7. 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 property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the three and six months ended December 31, 2017.

(Unaudited - prepared in Canadian dollars)

8. Expenses by nature:

Included in operating, general, and administrative expenses for the three months ended December 31 are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	**2017**	2016
Salaries and consulting fees	**$ 643,312**	$ 164,065	**$ 841,245**	$ 339,565
Stock-based compensation expense	**121,297**	-	**195,795**	-
Transaction costs	**53,026**	21,478	**61,795**	25,592
Other office and general	**33,368**	15,971	**54,299**	30,800
Professional fees	**30,598**	4,752	**51,187**	6,145
Operating lease payments	**21,499**	21,269	**42,998**	42,539
Shareholder relations, transfer agent and filing fees	**16,800**	8,381	**20,701**	12,487
Travel and promotion	**12,215**	1,880	**17,723**	3,142
Other employment benefits	**12,671**	5,364	**17,289**	9,639
Foreign exchange loss (gain)	**(6,502)**	6,864	**(14,373)**	10,667
	$ 938,284	$ 250,024	**$ 1,288,660**	$ 480,576

9. Finance expenses:

Finance expenses for the three and six months ended December 31, 2017 and 2016 primarily consisted of interest expense from margin borrowings.

10. Management of capital:

There were no changes in the Company's approach to capital management during the three months ended December 31, 2017. The Company's capital includes all components of equity which amounts to $12,120,808 as at December 31, 2017 (June 30, 2017 - $7,084,187). To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at December 31, 2017.

11. Risk management:

The investment operations of ThreeD's business involve the purchase and sale of securities and, accordingly, a portion of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including market, credit, and liquidity risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

(a) Market risk:

There were no changes in the way the Company manages market risk during the three and six months ended December 31, 2017. As at December 31, 2017 and June 30, 2017, the Company held some U.S. denominated investments and therefore market risk also includes currency risk. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class/sector of issuers.

11. Risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three and six months ended December 31, 2017 from a change in the closing trade price of the Company's investments with all other variables held constant as at December 31, 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%	**$ 203,601**	**$ (203,601)**
4%	**407,201**	**(407,201)**
6%	**610,802**	**(610,802)**
8%	**814,402**	**(814,402)**
10%	**1,018,003**	**(1,018,003)**

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three and six months ended December 31, 2016 from a change in the closing bid price of the Company's investments with all other variables held constant as at December 31, 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%	$ 22,452	$ (22,452)
4%	44,904	(44,904)
6%	67,356	(67,356)
8%	89,807	(89,807)
10%	112,259	(112,259)

(b) 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 (excluding investments) were denominated in foreign currencies:

	December 31, 2017	June 30, 2017
Denominated in U.S. dollars:		
Cash	**$ 607**	$ 504
Due from (to) brokers	**(316)**	15
Accounts payable and accrued liabilities	**(16,829)**	(28,212)
Net liabilities denominated in U.S. dollars	**$ (16,538)**	$ (27,693)

11. Risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three and six months ended December 31, 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 December 31, 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%	**$ (243)**	**$ 243**
4%	**(486)**	**486**
6%	**(729)**	**729**
8%	**(972)**	**972**
10%	**(1,216)**	**1,216**

The following table shows the estimated sensitivity of the Company's after-tax net loss 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	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%	$ (407)	$ 407
4%	(814)	814
6%	(1,221)	1,221
8%	(1,628)	1,628
10%	(2,035)	2,035

12. Contingent liability:

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

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

12. Contingent liability (continued):

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 December 31, 2017.

13. Future accounting changes:

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at June 30, 2017, are described in Note 17 to the annual consolidated financial statements as at and for the year ended June 30, 2017. The Company is currently assessing what impact the application of those standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt the standards, if applicable, when the standards become effective. There have been no other changes to existing IFRS accounting standards and interpretations since June 30, 2017 that are expected to have a material effect on the Company's interim consolidated statements.

14. Subsequent events:

(a) Subsequent to December 31, 2017, 274,998 options were exercised at weighted average exercise price of $0.14 per share for total proceeds of $39,166. Of the options exercised, Directors of the Company exercised 233,332 options for gross proceeds of $39,166.

(b) Subsequent to December 31, 2017, 16,691,000 warrants were exercised at weighted average exercise price of $0.15 per share for total proceeds of $2,492,500. Of the warrants exercised, directors and officers of the Company exercised 2,777,000 warrants for gross proceeds of $285,400.