ThreeD Capital

Management’s Discussion and Analysis

For the year ended: **June 30, 2018**

Date of report: **October 26, 2018**

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, 2018 and 2017.

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 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. ThreeD's investment strategy is to invest in multiple private and public companies across a variety of sectors globally. ThreeD seeks to invest in early stage, promising companies and initial coin offerings where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's ecosystem. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange 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.

Summary:

- 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 before July 5, 2020.

- On October 24, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of $1,155,000 through the issuance and sale of 11,550,000 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 October 24, 2020.

- On November 14, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of $1,605,000 through the issuance and sale of 8,025,000 units at a price of $0.20 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 $0.25 per share on or before November 14, 2020.

- On April 13, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,280,000 through the issuance and sale of 12,800,000 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 April 13, 2021.

- On May 16, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $965,020 through the issuance and sale of 7,423,230 units at a price of $0.13 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 $0.25 per share on or before May 16, 2021.

- On August 23 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,322,000 through the issuance and sale of 13,220,000 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 August 23, 2021.

- During the year ended June 30, 2018, the Company raised gross proceeds of $3,847,500 through the exercise of 27,591,000 warrants at a weighted average exercise price of $0.14 per share.

- During the year ended June 30, 2018, the Company raised gross proceeds of $39,166 through the exercise of 274,998 options at a weighted average exercise price of $0.14 per share.

- As at June 30, 2018, the Company held investments at fair value totalling $17,117,728 as compared to $7,142,584 as at June 30, 2017, a 140% increase primarily attributable to net investment gains of $4,841,891 and funds raised in private placement financing which were subsequently used in investing activities.

- In January 2018, the Company commenced its investments in digital assets. As at June 30, 2018, the Company held digital assets at fair value less cost to sell totalling $2,397,220.

- As at June 30, 2018, net asset value per share ("NAV per share") was $0.16 as compared to $0.15 as at June 30, 2017 (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

Investments:

The fair value and cost of investments are as at June 30, 2018 as follows:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
Gratomic Inc. (TSXV: GRAT)	(ii)	4,432,000 common shares 1,000,000 warrants expire Mar 29, 2020 2,000,000 warrants expire Nov 24, 2020	$ 490,964	$ 571,840	3.3
Casino Gold Corp. (private)	(iii)	13,500,000 common shares	164,088	357,750	2.1
Goldspot Discoveries Inc. (private)	(ii, iii)	277,500 common shares	210,027	2,775,000	16.2
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	1	5,400,000	31.6
Pluto Network Operations Canada Inc. (private)	(ii)	21,299 common shares	45,154	45,154	0.3
Radio Fuels Corp. (private)	(iii)	13,500,000 common shares	17,981	17,981	0.1
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	100,000	272,000	1.6
Other publicly traded investments			4,692,643	4,335,135	25.3
Other private investments			2,912,041	3,342,868	19.5
			$ 8,632,899	$ 17,117,728	100.0

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

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

(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, 2018, the fair value of investments exceeded original cost by $8,484,829 as compared to $2,487,775 as at June 30, 2017. The increase for the year ended June 30, 2018 was primarily due to the net investment gains $4,841,891 and additional funds raised on equity financing to purchase new investments.

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.

As at June 30, 2018, total investments included securities of private companies with a fair value totalling $12,210,753 (71% of total fair value of the Company's investments; cost of $3,449,292). 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). 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.

Digital assets:

Digital assets consist of the following:

a. electronic currency, coins, or alternative cryptocurrency coins (altcoins) - a type of currency only available in digital form;

b. digital tokens – a representation of a particular asset or utility which are created and distributed to the public through an Initial Coin Offering (ICO). ICO is a means of crowdfunding, though the release of a new token to fund project development similar to an initial public offering for stocks; and

c. Simple Agreement for Future Tokens ("SAFT") – an agreement with a promise to distribute tokens to investors in the future (a token presale and not an ICO).

Purchases and sales of digital assets are recognized on the day in which the Company and the counterparty consummates the transaction. The Company also accepts and receives digital currency as consideration for services and in private placement financings. The digital assets are recorded on the statement of financial position, as digital assets, at their fair value less cost to sell and re-measured at each reporting date.

Realized gains and losses on disposal of digital assets and unrealized gains and losses in the value of digital assets are reflected in the consolidated statement of loss and comprehensive loss. Upon disposal of a digital currency, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. Digital assets which are traded on an exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such digital currency, the Company considers the nature and length of the restriction. SAFTs are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of a SAFT may (depending upon the circumstances) be adjusted using one or more valuation indicators.

All transaction costs associated with the acquisition and disposition of digital currency are expensed to the consolidated statement of loss and comprehensive loss as incurred. The Company records the revaluation of gains and losses in profit and loss because this is considered to be the most fair and accurate presentation of the Company's operations to the users of the financial statements.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the purchase, sale or exchange of digital assets and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue transactions in digital assets. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings. 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.

The fair value and cost of digital assets as at June 30, 2018 (none for June 30, 2017) are as follows:

	Cost	Fair Value
Digital coins	**$ 501,490**	**$ 401,280**
Digital tokens	**643,385**	**224,116**
SAFTs	**1,659,391**	**1,771,824**
	$ 2,810,266	**$ 2,397,220**

The fair value and cost of the top 10 digital assets as at June 30, 2018 are as follows:

Digital currency	Type	Quantity	Cost	Fair Value	% of Fair Value
Playland	SAFT	10,330,578	**$ 780,000**	**$ 780,000**	**32.5**
EOS	Coins	31,648	**339,751**	**338,810**	**14.1**
Hybrid-Block	Tokens	750,000	**188,685**	**296,280**	**12.4**
Evident-Proof	SAFT	375,000	**199,650**	**197,520**	**8.2**
Zipchain	SAFT	1,250,000	**162,413**	**164,600**	**6.9**
sGame Sagal	SAFT	1,785,714	**162,413**	**164,600**	**6.9**
Tari AccessCoin	SAFT	3,393,700	**86,784**	**89,376**	**3.7**
Crypterium	Tokens	145,289	**188,385**	**88,374**	**3.7**
Opporty	SAFT	882,750	**79,448**	**79,448**	**3.3**
Legolas	Tokens	192,016	**125,590**	**53,316**	**2.2**
Other digital currencies			**497,147**	**144,896**	**6.1**
			$ 2,810,266	**$ 2,397,220**	**100.0**

There are inherent and higher risks to digital assets including the risk associated with traditional securities, which include significant price volatility, the loss of the digital assets, fraud and high transaction fees. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Digital assets have a limited history and the fair value historically has been very volatile. The Company may not be able to liquidate its inventory of digital currency at its desired price if required.

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, 2018.

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:

	2018	2017	2016
Net investment gains (losses), interest and other income	**$ 4,841,891**	$ 3,891,465	$ (6,224,120)
Comprehensive income (loss) for the year	**914,571**	2,701,471	(7,310,737)
Earnings (loss) per common share based on net income (loss) for the year – basic	**0.01**	0.08	(0.58)
Earnings (loss) per common share based on net income (loss) for the year – diluted	**0.01**	0.07	(0.58)
Investments, at fair value	**$ 17,117,728**	$ 7,142,584	$ 1,957,007
Digital assets, at fair value less cost to sell	**2,397,220**	-	-
Total assets	**19,935,858**	7,259,297	2,065,147
Total liabilities	**898,518**	175,110	896,096
Equity	**19,037,340**	7,084,187	1,169,051

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, 2018	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**
Net investment gains (losses)	**$ 2,967,512**	**$ (434,854)**	**$ 2,547,870**	**$ (238,637)**
Net income (loss) for the period	**1,214,635**	**(1,369,742)**	**1,640,928**	**(571,250)**
Total comprehensive income (loss) for the period	**1,250,945**	**(1,370,209)**	**1,640,840**	**(570,583)**
Earnings (loss) per share based on net income (loss) for the period – basic	**0.01**	**(0.01)**	**0.02**	**(0.01)**
Earnings (loss) per share based on net income (loss) for the period – diluted	**0.01**	**(0.02)**	**0.02**	**(0.02)**

	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)

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

Three months ended June 30, 2018 and 2017:

For the three months ended June 30, 2018, the Company generated net realized losses on disposal of investments of $1,485,784 as compared to $263,332 for the three months ended June 30, 2017. The net realized losses in the current quarter was a result of the dispositions of several of the Company's non-core investments.

For the three months ended June 30, 2018, the Company recorded a net change in unrealized gains on investments of $3,089,515 as compared to $5,078,558 for the three months ended June 30, 2017. The net change in unrealized gains on investments in the current year related to the net write-up to fair value of $8,362,014 on the Company's investments offset by the reversal of previously recognized net unrealized gains on disposal of investments of $5,272,499. In the prior period, he 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.

For the three months ended June 30, 2018, the Company recorded interest and other income of $50,016 as compared to $7,000 for the three months ended June 30, 2017. In the current year period, the $50,000 was attributable to administrative fees from some of the Company's investees as compared to $7,000 in the prior year period.

For the three months ended June 30, 2018, operating, general and administrative expenses increased by $1,442,997 to $1,798,656 from $355,659 for the three months ended June 30, 2017. The increase was primarily due to an increase in stock-based compensation expense of $1,107,348 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:

	2018	2017
Stock-based compensation expense (a)	**$ 1,219,100**	$ 111,752
Salaries and consulting fees (b)	**275,581**	164,250
Professional fees (c)	**77,596**	34,238
Transaction costs (d)	**65,141**	2,625
Foreign exchange loss (e)	**53,465**	(208)
Other office and general	**42,682**	6,774
Travel and promotion (f)	**32,755**	10,223
Operating lease payments	**20,035**	17,966
Other employment benefits	**8,553**	4,994
Shareholder relations, transfer agent and filing fees	**3,748**	3,045
	$ 1,798,656	$ 355,659

(a) Stock-based compensation expense increased by $1,107,348 as compared to the three months ended June 30, 2017. 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 fully vested 10,575,000 options which were granted to directors, officers, and employees, exercisable at $0.16 per share expiring on April 24, 2021.

(b) Salaries and consulting fees increased by $111,331 for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, primarily due to additional consultants during the current period and increases in salaries and fees as compared to the prior year period.

(c) Professional fees increased by $43,358 for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. In the current year period, the Company increase its accruals for audit fees relating to the Company's public financial filings due to increase in activities during the year and the new digital assets investments.

(d) Transactions costs increased by $62,516 for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments and digital assets through brokers and exchanges, which are expensed immediately in accordance with the Company's accounting policy.

(e) Foreign exchange loss increased by $53,673 for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. The Company had a foreign exchange loss during the current quarter due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

(f) Travel and promotion increased by $22,,532 for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, primarily due to an increase in investment and digital currency investing activities and traveling relating to the Company's investment and digital currency investing activities.

Net income for the three months ended June 30, 2018 was $1,214,635 ($0.01 per share) as compared to $4,466,529 ($0.12 per share) for the three months ended June 30, 2017, from the net investment gains as previously discussed.

For the three months ended June 30, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of $36,310 resulting in total comprehensive income for the period of $1,250,945. 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.

Year ended June 30, 2018 and 2017:

For the year ended June 30, 2018, the Company generated net realized losses on disposal of investments of $2,196,082, as compared to $5,079,773 for the year ended June 30, 2017. 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 and non-core investments.

For the year ended June 30, 2018, the Company recorded a net change in unrealized gains on investments of $5,997,054 as compared to $8,971,238 for the year ended June 30, 2017. The net change in unrealized gains on investments in the current year related to the net write-up to fair value of $10,390,412 on the Company's investments offset by the reversal of previously recognized net unrealized gains on disposal of investments of $4,393,358. The net change in unrealized gains on investments in the prior 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.

As previously discussed, in January 2018, the Company started investing in digital assets. For the year ended June 30, 2018, the Company generated net realized gains on disposal of digital assets (primarily on the disposition of tokens in Pundi X) of $1,453,964 and recorded a net change in unrealized losses on digital assets of $413,045. The unrealized losses on digital assets is the write-down to fair value less cost to sell of the digital assets.

For the year ended June 30, 2018, the Company recorded interest and other income of $160,084 as compared to $17,600 for the year ended June 30, 2017. In the current year, other income consisted of $151,000 in administrative fees charged to investees and $9,084 from interest income which is primarily composed of interest earned on a convertible debenture and deposits in broker accounts. In the prior 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.

For the year ended June 30, 2018, operating, general and administrative expenses increased by $2,882,190 to $4,076,038 from $1,193,848 for the year ended June 30, 2017, primarily from the increase in stock-based compensation expense and salaries and consulting fees as discussed below.

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:

	2018	2017
Stock-based compensation expense (a)	**$ 1,828,956**	$ 217,246
Salaries and consulting fees (b)	**1,571,676**	662,783
Transaction costs (c)	**168,335**	32,902
Professional fees (d)	**133,579**	58,106
Other office and general	**114,677**	56,667
Operating lease payments	**84,999**	82,004
Travel and promotion (e)	**55,493**	14,814
Shareholder relations, transfer agent and filing fees	**44,565**	36,174
Other employment benefits	**37,701**	21,270
Foreign exchange gain	**36,057**	11,882
	$ 4,076,038	$ 1,193,848

(a) Stock-based compensation expense increased by $1,611,710 for the year ended June 30, 2018 as compared to the year ended June 30, 2017. 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 year ended June 30, 2018, the Company granted 15,440,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.18 per share expiring between October 12, 2020 and March 1, 2023. During the prior 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.

(b) Salaries and consulting fees increased by $908,893 for the year ended June 30, 2018 as compared to the year ended June 30, 2017, primarily due to $550,000 bonuses paid to management and non-claimable input tax credits of $149,269 on consulting fees. The Company also has an additional employee and other consultants during the current year.

(c) Transactions costs increased by $135,433 for the year ended June 30, 2018 as compared to the year ended June 30, 2017, due to an increase 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.

(d) Professional fees increased by $75,473 for the year ended June 30, 2018 as compared to the year ended June 30, 2017, primarily due to additional payments for legal and professional services to wind-up the Company's inactive foreign subsidiary in Brazil. The increase was also due to additional accruals for the prior year-end audit and an increase in legal fees for regulatory filings in the U.S.

(e) Travel and promotion increased by $40,679 for the year ended June 30, 2018 as compared to the year ended June 30, 2017, primarily due to an increase in investment and digital currency investing activities and traveling relating to the Company's investment and digital currency investing activities.

For the year ended June 30, 2018, the Company had finance expenses of $11,366 as compared to $13,789 for the year ended June 30, 2017. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net income for the year ended June 30, 2018 was $941,571 ($0.01 per share) as compared to $2,701,428 ($0.08 per share). The net income in the current and prior year was primarily from the net investment gains as previously discussed.

For the year ended June 30, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of $36,422 resulting in total comprehensive income for the year of $950,993. 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. 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, 2018 and 2017:

During the year ended June 30, 2018, the Company used cash of $9,066,773 in operating activities as compared to $3,001,831 in the year ended June 30, 2017. The Company classifies its investment and digital assets 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 continues to be significantly more active in the current year as compared to last year. During the year ended June 30, 2018, the Company had proceeds from disposition of investments of $13,172,873 as compared to $1,805,478 during the year ended June 30, 2017. During the year ended June 30, 2018, the Company purchased $19,347,045 of investments as compared to $3,099,590 of investments purchased during the year ended June 30, 2017. During the year ended June 30, 2018, the Company commenced its purchases of crypto-currencies with the purchases of $5,973,417 digital assets and proceeds on disposal of digital assets of $4,617,116.

During the year ended June 30, 2018, the Company generated net cash of $9,156,164 (2017 – $2,996,419) in financing activities from non-brokered private placement financings, and the exercise of warrants and stock options. During the current year, the Company raised net proceeds of $5,269,497 (2017 - $2,676,419) from private placement financings and received proceeds of $3,847,501 (2017 - $320,000) from the exercise of warrants.

During the year ended June 30, 2018, the Company used cash in investing activities of $1,656 as compared generating cash of $5,324 during the year ended June 30, 2017. In the current year, The Company used cash for the purchase of capital equipment. In the prior year, the Company had proceeds of $10,000 from the sale of exploration and evaluation assets and purchased $4,676 of capital equipment.

For the year ended June 30, 2018, the Company had a net increase in cash of $87,735 as compared to a net decrease of $88 for the year ended June 30, 2017. For the year ended June 30, 2018, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of

$36,422, leaving a cash balance of $146,130 as at June 30, 2018 as compared to an exchange gain of $43, leaving a cash balance of $21,973 as at June 30, 2017.

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 revenue are earned in Canada and 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 years ended June 30, 2018 and 2017.

Liquidity and capital resources:

Consolidated statement of financial position highlights		**June 30, 2018**		June 30, 2017
Cash	**$**	**146,130**	$	21,973
Investments, at fair value		**17,117,728**		7,142,584
Digital assets, at fair value less cost to sell		**2,397,220**		-
Total assets		**19,935,858**		7,259,297
Due to brokers		**791,619**		-
Total liabilities		**898,518**		175,110
Share capital, warrants and broker warrants, contributed surplus		**135,368,178**		124,366,018
Foreign currency translation reserve		**839,119**		839,375
Deficit		**(117,206,635)**		(118,121,206)

As at June 30, 2018, total liabilities increased by $723,408 to $898,518 as compared to $175,110 as at June 30, 2017. In the current year, included in total liabilities is $791,619 due to brokers (margin used). As at June 30, 2018, total liabilities also include $17,665 (2017 - $17,409) accrued for the winding down of its subsidiaries in Barbados.

The Company's cash and investments as at June 30, 2018 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/digital assets or rely on external sources of capital such as using margin from brokerage accounts or raising capital. 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 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. During the year ended June 30, 2018, the Company extended the lease on its premises to April 30, 2021 for annual payments of approximately $86,125.

Subsequent to June 30, 2018, the Company signed a 5 year lease for new premises starting on December 1, 2018 for an initial annual payment of approximately $191,000 plus applicable taxes, increasing by 3% annually.

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	2018	2017
Salaries and consulting fees	**$ 1,045,000**	$ 429,000
Other short-term benefits	**16,903**	7,554
Stock-based compensation expense (c, d)	**1,445,978**	161,287
	$ 2,507,881	$ 597,841

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO"), Vice-President of Business Development and General Council ("VP") and Directors. During the year ended June 30, 2018, a cash bonus of $450,000 was paid to the CEO and $100,000 was paid to the CFO.

(b) As at June 30, 2018, included in accounts payable and accrued liabilities is $5,766 (2017 - nil) due to the CEO relating to reimbursement of operating expenses.

(c) 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.

(d) On March 1, 2018, 9,750,000 stock options were granted to directors and officers of the Company, exercisable at a price of $0.16 per share, expiring on March 1, 2023.

(e) 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.

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

(g) During the year ended June 30, 2018, the Company completed five non-brokered private placements. The CEO subscribed for 1,250,000 units for gross proceeds of $125,000 pursuant to the Company's private placement in October 2017. Two directors of the Company subscribed for a total of 300,000 units for gross proceeds of $30,000 pursuant to the Company's private placement in April 2018. The CEO subscribed for 500,000 units for gross proceeds of $65,000 pursuant to the Company's private placement in May 2018.

(h) During the year ended June 30, 2017, the Company completed five non-brokered private placements as described in the Summary section. 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 (Note 10(b)). 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.

(i) As at June 30, 2018, included in prepaids and receivables is $39,550 due from Pluto Network Operations Canada Inc., a private company with common key management personnel. The receivable is for rental and administrative services.

(j) As at June 30, 2018, included in prepaids and receivables is $183,060 in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

Off-Balance sheet arrangements:

As at June 30, 2018, 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 $19,037,340 on June 30, 2018 (2017 - $7,084,187). 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 and digital assets;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

(d) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments; and

(b) raising capital through equity or debt financings.

The Company is not subject to any capital requirements imposed by any regulator other to maintain its margin requirements by the brokers.

There were no changes in the Company's approach to capital management during the year ended June 30, 2018. 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, 2018.

Risk management:

The investments operation of ThreeD's business involves the purchase and sale of securities/digital assets 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/digital assets and unfavourable market conditions could result in dispositions of investments/digital assets at less than favourable prices.

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

As at June 30, 2018 and 2017, the Company held some U.S. denominated investments and all of its digital assets are denominated in U.S. dollars 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, 2018. The Company manages its market risk by having a portfolio that is not singularly exposed to any one issuer or class/sector of issuers.

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2018 from a change in the closing trade price of the Company's investments and digital assets with all other variables held constant as at June 30, 2018:

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%	**$ 338,584**	**$ (338,584)**
4%	**677,169**	**(677,169)**
6%	**1,015,753**	**(1,015,753)**
8%	**1,354,337**	**(1,354,337)**
10%	**1,692,922**	**(1,692,922)**

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 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)

(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 for cash. The Company may, from time to time, invest in debt obligations.

As at June 30, 2018 and 2017, 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, 2018. The Company is also exposed in the normal course of business to credit risk from the sale of its investments and advances to investee and joint arrangements.

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

	2018	2017
Cash	**$ 146,130**	$ 21,973
Due from brokers	**554**	1,104
Receivables (i)	**45,765**	25,551
	$ 192,449	$ 48,628

(i) As at June 30, 2018, the receivables were from investees for monthly administrative and office rental fees) and although it has receive monthly payments previously, the Company is exposed to credit risk relating to those receivables. As at June 30, 2017 included in receivables is $17,641 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.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its financing activities and proceeds from the disposition of its investments/digital assets, in addition to interest earned on its investments.

There were no changes to the way that the Company manages liquidity risk during the year ended June 30, 2018. 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/digital assets that can be converted into cash when required.

As at June 30, 2018, the Company was using net margin of $791,619 (2017 – $nil).

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2018:

	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	**$ 106,899**	**$ 106,899**	**$ -**	**$ -**	**$ -**
Due to brokers	**791,619**	**791,619**	**-**	**-**	**-**
	$ 898,518	**$ 898,518**	**$ -**	**$ -**	**$ -**

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 source of liquidity by assets as at June 30, 2018:

	Liquidity by period				
Assets	**Total**	**Less than 1 year**	**1 – 3 years**	**After 4 years**	**Non-liquid assets**
Cash	**$ 146,130**	**$ 146,130**	**$ -**	**$ -**	**$ -**
Due from brokers	**554**	**554**	**-**	**-**	**-**
Prepaids and receivables	**259,560**	**45,765**	**-**	**-**	**213,795**
Investments, at fair value (i)	**17,117,728**	**4,906,975**	**12,210,753**	**-**	**-**
Digital assets, at fair value less cost to sell (i)	**2,397,220**	**625,396**	**1,771,824**	**-**	**-**
Property, plant and equipment	**14,666**	**-**	**-**	**-**	**14,666**
	$ 19,935,858	**$ 5,724,820**	**$ 13,982,577**	**$ -**	**$ 228,461**

(i) Private company and SAFT investments are included in the 1-3 years category since they are not expected to be liquidated within 1 year.

The following table shows the Company's source of liquidity by assets as at June 30, 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(i)	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

(i) Private company investments are included in the 1-3 years category since they are not expected to be liquidated within 1 year.

(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 (excluding investments and digital assets) were denominated in foreign currencies as at June 30:

	2018	2017
Denominated in U.S. dollars:		
Cash	**$ 2,984**	$ 504
Due from brokers	**15**	15
Accounts payable and accrued liabilities	**(17,665)**	(28,212)
Due to brokers	**(2,297,459)**	-
Net assets denominated in U.S. dollars	**$ (2,312,125)**	$ (27,693)

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2018 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, 2018:

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%	**$ (33,988)**	**$ 33,988**
4%	**(67,976)**	**67,976**
6%	**(101,965)**	**101,965**
8%	**(135,953)**	**135,953**
10%	**(169,941)**	**169,941**

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	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

(e) Digital assets regulatory risk:

Uncertainties exist with respect to the legality of SAFT investments in certain jurisdictions, as some SAFT investments might not be registered under the local securities law.

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 and digital assets, 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) Simple Agreement for Future Tokens (SAFTs):

The Company invests in SAFTs which is an agreement with a promise by the company to distribute tokens to investors in the future (ie: a token presale and not an ICO). There may be no resale of the SAFT and a considerable period of time may elapse between the payment of the SAFT and the receipt of the tokens, if at all. SAFTs are subject to high risks, see "Digital assets" below.

(d) 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 affect 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.

(e) Digital assets:

The Company acquires digital assets which include digital coins, tokens, and SAFTs. The risks associated with digital assets are similar to investments risks, in addition, digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets are not indicative of their future price performance. Certain digital assets are 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.

The Company has not hedged the conversion of any of its digital assets to traditional fiat currencies.

In addition, the majority of digital assets investments made by the Company are held within the cold wallets (hardware wallets). The cold wallets are used to maintain one or more digital wallets, whose private keys are maintained on computers or other devices that are not connected to the Internet or any other computer network. The cold wallets also keep the private keys that provide access to the digital wallets and facilitate the transfer of digital assets in accordance with the Company's instructions.

Certain tokens are held within the hot wallets (exchange wallets). Security breaches, computer malware and computer hacking attacks have been a prevalent concern of using the hot wallets. Any security breach caused by hacking could cause loss of digital assets.

(f) 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.

(g) 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.

(h) 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 and digital assets are 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 digital assets 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, 2018 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 and comprehensive income. 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 and comprehensive income 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) Digital assets at fair value less cost to sell:

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 digital assets based on the criteria below and reflects such valuations in the consolidated financial statements.

(i) Digital coins that are actively exchanged are measured using the closing price of the coin or token from www.coinmarketcap.com. These are included in Level 2.

(ii) Digital tokens that are actively exchanged are measured based on inputs described in (i) and are included in Level 1. Digital tokens 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.

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

(c) 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 and comprehensive income.

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 and comprehensive income 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.

(d) 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, 2018 and 2017, 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.

(e) 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. The functional currency of Brownstone Ventures (Barbados) Inc. is U.S. dollars, the functional currency of 2121197 Ontario Ltd. is Canadian dollars and the functional currency of Brownstone Comercializadora de Petroleo Ltda. is Brazilian reals.

(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 and comprehensive income 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 in the consolidated statement of income and comprehensive income.

The Company treats specific inter-company loan balances that are not intended to be repaid in the foreseeable future as part of its net investment in a foreign operation, which is recorded as an exchange difference on translation of foreign operations in other comprehensive income in the consolidated statement of income and comprehensive income. When a foreign entity is sold, such exchange differences are reclassified to income or loss in the consolidated statement of income and comprehensive income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) 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.

(g) 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 and comprehensive income. 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.

(h) 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.

(i) Earnings (loss) per share:

Basic earnings (loss) per common share is determined by dividing net income 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, 2017, the Company has adopted amendments to IAS 7, *Statement of Cash Flows* ("IAS 7") and IAS 12, *Income Taxes* ("IAS 12"). These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's consolidated financial statements for the year ended June 30, 2018.

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 has assessed the changes on adopting IFRS 15 and there will be no impact on the Company's consolidated financial statements.

(b) In fiscal year 2013, the Company early adopted IFRS 9. 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. The final version of IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has assessed the changes on adopting the final version of IFRS 9 and there will be no impact 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) 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 has assessed the changes on adopting IFRS 2 and there will be no impact on the Company's 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, valuation of SAFTs, 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 broker warrants, and unlisted warrants of public companies held by ThreeD.

<u>Valuation of privately-held investments:</u>

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, 2018 and 2017, 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**	**Transfer to Level 1**	**Net unrealized gains**	**Ending balance**
2018	**$ 6,242,645**	**$ 1,555,549**	**$ -**	**$ 54,569**	**$ (284,000)**	**$4,641,990**	**$ 12,210,753**
2017	265,000	495,672	(39,450)	(260,550)	-	5,781,973	6,242,645

The net unrealized gains for both years were primarily reflect recent transaction prices and new investment purchases.

Valuation of SAFTs:

The valuation of SAFTs requires management to assess the current financial status and prospects of receiving tokens in the future based upon potentially incomplete or information provided by the investee company, on management's general knowledge of the private company's activities, and on any political or economic events that may impact upon the private company specifically, and to attempt to quantify the impact of such events on the fair value of the SAFT.

Changes in the fair value of the SAFTs have been infrequent since this is the first quarter the Company has invested in SAFTs. For the year ended June 30, 2018, the Company had the following changes in its SAFTs categorized as level 3 in the hierarchy:

	Opening balance at July 1,	**Purchases**	**Transfer to level 1 or 2**	**Realized losses on dispositions**	**Net unrealized losses**	**Ending balance**
June 30, 2018	**$ -**	**$ 1,858,328**	**$ (198,937)**	**$ -**	**$ 112,433**	**$ 1,771,824**

A sensitivity analysis was not performed as values are based on recent transaction purchases.

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.

During the year ended June 30, 2018, the Company granted 15,440,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.18 per share expiring between October 12, 2020 and March 1, 2023.

The fair value of the options granted during the year ended June 30, 2018 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% - 2.06%**
Expected option life in years	**3 - 4.1 years**
Expected forfeiture rate	**3.6% - 5.2%**
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**
Fair value per stock option granted on January 3, 2018	**$ 0.14**
Fair value per stock option granted on January 9, 2018	**$ 0.29**
Fair value per stock option granted on January 18, 2018	**$ 0.27**
Fair value per stock option granted on March 1, 2018	**$ 0.12**
Fair value per stock option granted on April 24, 2018	**$ 0.12**
Fair value per stock option granted on May 10, 2018	**$ 0.08**

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.

The following table summarizes information about warrants outstanding as at June 30, 2018:

Number of warrants	Exercise price	Expiry date	Warrant value ($)
686,000	$ 0.15	December 1, 2019	$ 17,571
500,000	0.15	December 8, 2019	12,283
1,776,000	0.20	February 21, 2020	78,900
1,500,000	0.20	April 6, 2020	78,713
1,800,000	0.15	May 19, 2020	62,087
8,550,000	0.15	October 24, 2020	368,154
8,025,000	0.25	November 14, 2020	616,598
12,800,000	0.15	April 13, 2021	509,678
7,423,230	0.20	May 16, 2021	368,797
43,060,230			$ 2,112,781

During the year ended June 30, 2018, the Company completed five non-brokered private placements as follows:

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
April 13, 2018	1,280,000	8,796	12,800,000	12,800,000	0.15	April 13, 2021
May 16, 2018	965,020	2,756	7,423,230	7,423,230	0.20	May 16, 2021
Totals	$ 5,305,020	$ 35,523	42,798,230	42,798,230		

(i) These expenses have not been tax affected.

The purchase warrants issued during the year ended June 30, 2018 were valued using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes option valuation model assumptions used:	**July 5, 2017**	**October 24, 2017**	**November 14, 2017**	**April 13, 2018**	**May 16, 2018**
Expected volatility	112.66%	112.66%	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	1.21%	1.54%	1.51%	1.99%	2.16%
Expected option life in years	3	3	3	3	3
Fair value per warrant issued, net of share issuance costs	$ 0.037	$ 0.043	$ 0.077	$ 0.04	$ 0.05

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 $2,104,010.

During the year ended June 30, 2017, the Company completed five non-brokered private placements as follows:

Date	**Total proceeds**	**Issuance costs (ii)**	**Number common shares**	**Number of warrants**	**Exercise price warrants**	**Expiry date of warrants**
August 17, 2016	$ 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.

(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:

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.

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, 2018 and 2017, 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, 2018 the Company completed a non-brokered private placement financing raising gross proceeds of $1,322,000 through the issuance and sale of 13,220,000 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 August 23, 2021.

Subsequent to June 30, 2018, the Company granted 3,950,000 options to directors, officers, and employees of the Company at an exercise price of $0.10 per share expiring between September 14, 2023 and October 1, 2023.

As at October 24, 2018, 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	**131,256,322**
Issuable under the exercise of options	**21,438,002**
Issuable under the exercise of warrants	**56,280,230**
Total diluted common shares	**208,974,554**

Refer to Note 10 of the Notes to the consolidated financial statements as at and for the year ended June 30, 2018 for details of the Company's share capital as at June 30, 2018.

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.threedcapital.com and the Company's profile on SEDAR at www.sedar.com.