Interim Condensed Consolidated Financial Statements of

ThreeD Capital

September 30, 2018
(Unaudited - prepared in Canadian dollars)

Contents

Interim Condensed Consolidated Financial Statements:

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

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

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

THREED CAPITAL INC.

Consolidated Statement of Financial Position
As at September 30, 2018 and June 30, 2018
(Unaudited - prepared in Canadian dollars)

	Notes	September 30, 2018	June 30, 2018
Assets			
Cash	5	**$ 154,026**	$ 146,130
Due from brokers	5	**567**	554
Prepaids and receivables	5	**260,907**	259,560
Investments, at fair value	3	**16,292,752**	17,117,728
Digital assets, at fair value less cost to sell	4	**1,890,394**	2,397,220
Property, plant and equipment		**13,635**	14,666
		$ 18,612,281	$ 19,935,858
Liabilities and Equity			
Accounts payable and accrued liabilities	5	**$ 130,185**	$ 106,899
Due to brokers	5	**1,053,443**	791,619
		1,183,628	898,518
Equity			
Share capital	7(a)	**107,505,107**	106,680,839
Contributed surplus	7(e)	**26,683,550**	26,574,558
Warrants	7(c, f)	**2,602,763**	2,112,781
Foreign currency translation reserve		**876,096**	875,797
Deficit		**(120,238,863)**	(117,206,635)
		17,428,653	19,037,340
		$ 18,612,281	$ 19,935,858

Commitments	13
Contingent liability	14

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Loss and Comprehensive Loss
Three Months Ended September 30,
(Unaudited - prepared in Canadian dollars)

	Notes	2018	2017
Net investment and digital currency loss			
Net realized losses on disposal of investments		**$ (388,011)**	$ (145,315)
Net change in unrealized losses on investments		**(1,552,240)**	(93,322)
Net change in unrealized losses on digital assets		**(506,826)**	-
		(2,447,077)	(238,637)
Interest and other income		**52,513**	21,000
		(2,394,564)	(217,637)
Expenses			
Operating, general and administrative	6, 7(d), 9	**601,736**	350,376
Finance expenses	10	**35,928**	3,237
		637,664	353,613
Loss before income taxes		**(3,032,228)**	(571,250)
Income tax expense		**-**	-
Net loss for the period		**(3,032,228)**	(571,250)
Other comprehensive income			
Exchange differences on translation of foreign operations		**299**	667
Total comprehensive loss for the period		**$ (3,031,929)**	$ (570,583)
Loss per common share based on net loss for the period	7(g)		
Basic and diluted		**$ (0.02)**	$ (0.01)
Weighted average number of common shares outstanding	7(g)		
Basic and diluted		**123,496,757**	50,116,001

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.
Consolidated Statement of Changes in Equity
Three Months Ended September 30, 2018 and 2017
(Unaudited - prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at June 30, 2017		47,232,404	$ 98,842,373	$ 751,891	$ 24,771,754	$ 839,375	$ (118,121,206)	$ 7,084,187
Net loss for the period		-	-	-	-	-	(571,250)	(571,250)
Exchange differences on translation of foreign operations		-	-	-	-	667	-	667
Total comprehensive loss for the period		-	-	-	-	667	(571,250)	(570,583)
Stock-based compensation expense		-	-	-	74,498	-	-	74,498
Issued pursuant to private placements, net		3,000,000	194,258	103,684	-	-	-	297,942
Issued pursuant to marketing services		72,727	8,000	-	-	-	-	8,000
Balance as at September 30, 2017		50,305,131	$ 99,044,631	$ 855,575	$ 24,846,252	$ 840,042	$ (118,692,456)	$ 6,894,044
Balance as at June 30, 2018		118,036,322	$ 106,680,839	$ 2,112,781	$ 26,574,558	$ 875,797	$ (117,206,635)	$ 19,037,340
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(3,032,228)**	**(3,032,228)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**299**	**-**	**299**
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**299**	**(3,032,228)**	**(3,031,929)**
Stock-based compensation expense	7(d)	**-**	**-**	**-**	**108,992**	**-**	**-**	**108,992**
Issued pursuant to private placements, net	7(b)	**13,220,000**	**824,268**	**489,982**	**-**	**-**	**-**	**1,314,250**
Balance as at September 30, 2018		**131,256,322**	**$ 107,505,107**	**$ 2,602,763**	**$ 26,683,550**	**$ 876,096**	**$ (120,238,863)**	**$ 17,428,653**

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Cash Flows
Three Months Ended September 30, 2018 and 2017
(Unaudited - prepared in Canadian dollars)

	Notes	2018	2017
Cash flows used in operating activities			
Net loss for the period		**$ (3,032,228)**	$ (571,250)
Items not affecting cash			
Net realized losses on disposal of investments		**388,011**	145,315
Net change in unrealized losses on investments		**1,552,240**	93,322
Net change in unrealized losses on digital assets		**506,826**	-
Issue of share capital pursuant to marketing services		**-**	8,000
Stock-based compensation expense	7(d)	**108,992**	74,498
Depreciation		**1,031**	1,250
		(475,128)	(248,865)
Changes in non-cash working capital balances			
Proceeds on disposal of investments		**2,475,653**	829,122
Purchases of investments		**(3,590,928)**	(1,027,191)
Increase in prepaids and receivables		**(1,347)**	(53,858)
Decrease (increase) in due from brokers		**(13)**	1,104
Decrease in accounts payable and accrued liabilities		**23,286**	(54,225)
Increase (decrease) in due to brokers		**261,824**	251,443
		(1,306,653)	(302,470)
Cash flows from financing activities			
Proceeds pursuant to private placement financings, net	7(b)	**1,314,250**	297,942
		1,314,250	297,942
Net increase (decrease) in cash during the period		**7,597**	(4,528)
Exchange rate changes on foreign currency cash balances		**299**	667
Cash, beginning of period		**146,130**	21,973
Cash, end of period		**$ 154,026**	$ 18,112
Supplemental cash flow information			
Income taxes paid		**$ -**	$ -
Finance expense paid		**35,928**	3,237
Non-cash financing activities			
Issue of share capital pursuant to marketing services		**-**	8,000

See accompanying notes to the consolidated financial statements.

1. Nature of business and going concern uncertainty:

ThreeD Capital Inc. ("ThreeD" or the "Company") is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the Junior Resources, Artificial Intelligence and Blockchain sectors. 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.

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issuance by the Company's board of directors on November 28, 2018.

2. Basis of preparation:

(a) Statement of compliance:

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

These interim consolidated statements for the three months ended September 30, 2018 and 2017 should be read together with the annual consolidated financial statements as at and for the year ended June 30, 2018. The same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2018.

Effective July 1, 2018, the Company has adopted amendments to IFRS 2, *Share-based payments*, IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*. These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's interim consolidated statements for the three months ended September 30, 2018.

(b) Basis of presentation:

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

2. Basis of preparation (continued):

(c) Basis of consolidation:

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

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

(d) Critical accounting judgments, estimates and assumptions:

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

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual financial statements as at and for the year ended June 30, 2018.

3. Investments at fair value and financial instruments hierarchy:

(a) Determination of investments' fair values:

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

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

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

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

   a. Securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the consolidated statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These are included in Level 1.

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

   c. For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the consolidated statement of financial position date of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2.

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

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

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

	Fair Value	Cost
September 30, 2018	**$ 16,292,752**	**$ 9,360,163**
June 30, 2018	$ 17,117,728	$ 8,632,899

(c) Financial instruments hierarchy:

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

(Unaudited - prepared in Canadian dollars)

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

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

The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at September 30, 2018 and June 30, 2018:

Investments, at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
September 30, 2018	**$ 2,813,870**	**$ 719,294**	**$ 12,759,588**	**$ 16,292,752**
June 30, 2018	$ 3,444,484	$ 1,462,491	$ 12,210,753	$ 17,117,728

Level 2 includes common stock of public issuers, whose resale is currently restricted. These securities typically have a 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price. Once the restriction has elapsed, these securities will become Level 1 securities. This represents the only type of transfer between Levels during the current period.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the three months ended September 30, 2018 and year ended June 30, 2018. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	Purchases	Realized gains on dispositions	Transfer to Level 1 or 2	Net unrealized gains (losses)	Ending balance
September 30, 2018	**$ 12,210,753**	**$ 642,053**	**$ -**	**$ -**	**$ (93,218)**	**$ 12,759,588**
June 30, 2018	$ 6,242,645	$ 1,555,549	$ 54,569	$ (284,000)	$ 4,641,990	$ 12,210,753

(Unaudited - prepared in Canadian dollars)

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

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

Description	**Fair value at September 30, 2018**	**Valuation technique**	**Unobservable input**	**% of Investments**	**Sensitivity to changes in significant unobservable inputs (%)**
Unlisted private equities	**$ 12,117,535**	Grey market activity	Recent transaction price and discount for lack of marketability	**74.4**	Additional grey market activity
Unlisted private equities	**642,053**	Grey market activity	New investment during the period	**3.9**	Additional grey market activity
	$ 12,759,588			**78.3**	

Description	Fair value at June 30, 2018	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	$ 10,939,204	Grey market activity	Recent transaction price and discount for lack of marketability	63.9	Additional grey market activity
Unlisted private equities	1,271,549	Grey market activity	New investment during the period	7.4	Additional grey market activity
	$ 12,210,753			71.3	

For these investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $3,189,897 (June 30, 2018 - $2,734,801) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment.

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

4. Digital assets at fair value less cost to sell:

(a) Determination of digital assets' fair values:

Digital assets consist of the following:

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

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

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

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 2. 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.

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.

(Unaudited - prepared in Canadian dollars)

4. Digital assets at fair value less cost to sell (continued):

(b) The fair value and cost of digital assets are as follows as at September 30, 2018:

	Fair Value	Cost
Digital coins	$ 281,703	$ 507,490
Digital Tokens	146,368	832,070
SAFTs	1,462,323	1,470,706
	$ 1,890,394	$ 2,810,266

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

	Fair Value	Cost
Digital coins	$ 401,280	$ 507,490
Digital tokens	224,116	643,385
SAFTs	1,771,824	1,659,391
	$ 2,397,220	$ 2,810,266

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Digital assets have a limited history and the fair value historically has been very volatile. The Company may not be able to liquidate its inventory of digital currency at its desired price if required. The Company invests in SAFTs which 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.

(c) The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at September 30, 2018:

Digital assets , at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
Digital coins	$ -	$ 281,703	$ -	$ 281,703
Digital tokens	-	146,368	-	146,368
SAFTs	-	-	1,462,323	1,462,323
	$ -	$ 428,071	$ 1,462,323	$ 1,890,394

(Unaudited - prepared in Canadian dollars)

4. Digital assets at fair value less cost to sell (continued):

The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at June 30, 2018:

Digital assets , at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
Digital coins	$ -	$ 401,280	$ -	$ 401,280
Digital tokens	-	224,116	-	224,116
SAFTs	-	-	1,771,824	1,771,824
	$ -	$ 625,396	$ 1,771,824	$ 2,397,220

Transfers between Levels are deemed to have occurred at the date of event. The transfer out of Level 3 consists of digital assets (primarily SAFTs) that become actively traded on a digital exchange during the period or tokens received from SAFTs.

The following table presents the changes in fair value measurements of digital assets classified as Level 3 for the nine months ended March 31, 2018. The net change in unrealized losses are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	**Purchases**	**Transfer to level 1 or 2**	**Net unrealized gains (losses)**	**Ending balance**
September 30, 2018	**$ 1,771,824**	**$ -**	**$ (296,280)**	**$ (13,221)**	**$ 1,462,323**
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. All purchases in Level 3 were from SAFTs and once tokens are received the amounts are transferred to Level 1 or 2. Significant unobservable inputs used in the fair value measurement of Level 3 digital assets may include foreign exchange rate changes and the change in other digital currency rate equivalents.

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

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

	September 30, 2018	June 30, 2018
Cash	**$ 154,026**	$ 146,130
Due from brokers	**567**	554
Receivables	**69,321**	45,765
Accounts payable and accrued liabilities	**(130,185)**	(106,899)
Due to brokers	**(1,053,443)**	(791,619)
	$ (959,714)	$ (706,069)

The carrying values of cash, due from brokers, receivables, accounts payable and accrued liabilities, and due to brokers approximate their fair values due to the short term to maturity for these instruments.

(Unaudited - prepared in Canadian dollars)

6. Related party transactions:

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

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

Type of expense		2018		2017
Consulting fees	**$**	**281,250**	$	116,250
Other short-term benefits		**8,589**		1,573
Stock-based compensation expense		**54,267**		50,438
	$	**344,106**	$	168,261

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO") and Vice-President of Business Development and General Council ("VP"). During the three ended September 30, 2018, a cash bonus of $150,000 (three months ended September 30, 2017 – nil) was paid to the CEO.

(b) During the three months ended September 30, 2018, the Company completed a non-brokered private placement as described in Note 7(b). The CEO and other directors subscribed for 2,350,000 units for gross proceeds of $235,000 pursuant to the Company's private placement in September 2018.

(c) On September 14, 2018, 3,600,000 stock options was granted to directors and officers of the Company, exercisable at a price of $0.10 per share, expiring on September 14, 2023.

(d) As at September 30, 2018, included in prepaids and receivables is $62,715 (June 30, 2018 - $45,715) due from related parties, three private companies with a common director or key management personnel. The receivables are for rental and administrative services.

(e) As at September 30, 2018, included in prepaids and receivables is $91,530 (June 30, 2018 - $183,060) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

(Unaudited - prepared in Canadian dollars)

7. Equity:

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

(b) During the three months ended September 30, 2018, the Company completed a non-brokered private placement as follows (see also Note 6(b)):

Date	Total gross proceeds	Issuance costs (i)	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
August 23, 2018	$ 1,322,000	$ 7,750	13,220,000	13,220,000	$ 0.15	August 23, 2021

(i) These expenses have not been tax affected.

The purchase warrants issued during the three months ended September 30, 2018 were valued using the Black-Scholes option pricing model with the following assumptions (Note 7(f)):

Black-Scholes option valuation model assumptions used:	August 23, 2018
Expected volatility	112.66%
Expected dividend yield	0.0%
Risk-free interest rate	2.14%
Expected option life in years	3
Fair value per warrant issued net of share issuance costs	$ 0.04

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 $489,982.

(Unaudited - prepared in Canadian dollars)

7. Equity (continued):

(c) 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.

(d) Stock options:

During the three months ended September 30, 2018, the Company granted 3,750,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a price of $0.10 per share expiring September 14, 2023. See Note 6(c)).

(Unaudited - prepared in Canadian dollars)

7. Equity (continued):

The fair value of the options granted during the three months ended September 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	**2.18%**
Expected option life in years	**3.6 years**
Expected forfeiture rate	**7.2%**
Fair value per stock option granted on March 1, 2018	**$ 0.06**

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

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.

(Unaudited - prepared in Canadian dollars)

7. Equity (continued):

For the three months ended September 30, 2018, included in operating, general and administrative expenses is stock-based compensation of $108,992 (three months ended September 30, 2017 - $74,498) relating to the stock options granted to directors, officers, employees and consultants of the Company.

A summary of the status of the Company's stock options as at September 30, 2018 and June 30, 2018 and changes during the periods then ended is presented below:

Stock options	**September 30, 2018** # of options	**September 30, 2018** Weighted average exercise price	June 30, 2018 # of options	June 30, 2018 Weighted average exercise price
Outstanding, at beginning of period	**17,682,168**	**$ 0.18**	4,202,000	$ 0.23
Granted	**3,750,000**	**0.10**	15,440,000	0.18
Exercised	**-**	**-**	(274,998)	0.14
Cancelled/forfeited	**(41,666)**	**0.40**	(1,558,334)	0.21
Expired	**(152,500)**	**1.00**	(126,500)	1.70
Outstanding, at end of period	**21,238,002**	**$ 0.16**	17,682,168	$ 0.18
Exercisable, at end of period	**15,372,167**	**$ 0.16**	14,368,325	$ 0.17

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2018:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
458,334	**208,334**	**$ 0.10**	October 12, 2020
100,000	**50,000**	**0.20**	November 16, 2020
250,000	**125,000**	**0.22**	November 21, 2020
100,000	**50,000**	**0.21**	December 5, 2020
250,000	**83,333**	**0.21**	January 3, 2021
500,000	**166,666**	**0.43**	January 9, 2021
200,000	**33,333**	**0.20**	May 10, 2021
2,939,668	**2,939,668**	**0.15**	January 16, 2022
250,000	**208,333**	**0.15**	April 5, 2022
50,000	**25,000**	**0.10**	October 12, 2022
115,000	**57,500**	**0.20**	November 16, 2022
1,700,000	**850,000**	**0.21**	November 30, 2022
10,575,000	**10,575,000**	**0.16**	March 1, 2023
3,750,000	**-**	**0.10**	September 14, 2023
21,238,002	**15,372,167**		

(Unaudited - prepared in Canadian dollars)

7. Equity (continued):

(e) Contributed surplus comprised the following as at September 30, 2018 and June 30, 2018:

	September 30, 2018	June 30, 2018
Stock-based compensation, net of exercises	**$ 12,240,966**	$ 12,131,974
Expired warrants and broker warrants	**14,416,320**	14,416,320
Cancellation of common shares under normal course issuer bid	**20,639**	20,639
Value of cancelled escrowed shares	**5,625**	5,625
	$ 26,683,550	$ 26,574,558

(f) A summary of the status of the Company's warrants as at September 30, 2018 and June 30, 2018 and the changes during the periods then ended are as follows:

	September 30, 2018		June 30, 2018	
Warrants	**# of warrants**	**Weighted average exercise price**	# of warrants	Weighted average exercise price
Outstanding, at beginning of period	**43,060,230**	**$ 0.18**	27,853,000	$ 0.15
Issued	**13,220,000**	**0.15**	42,798,230	0.18
Exercised	**-**	**-**	(27,591,000)	0.14
Outstanding, at end of period	**56,280,230**	**$ 0.17**	43,060,230	$ 0.18

The following table summarizes information about warrants exercisable and outstanding as at September 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
13,220,000	0.15	August 23, 2021	489,982
56,280,230			$ 2,602,763

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

Numerator:	**2018**	2017
Net loss for the period	**$ (3,032,228)**	$ (571,250)

(Unaudited - prepared in Canadian dollars)

7. Equity (continued):

Denominator:	**2018**	2017
Weighted average number of common shares outstanding – basic	**123,496,757**	50,116,001
Weighted average effect of diluted stock options and warrants (i)	**-**	-
Weighted average number of common shares outstanding – diluted	**123,496,757**	50,116,001

Loss per common share based on net loss for the period:	**2018**	2017
Basic and diluted	**$ (0.02)**	$ (0.01)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 77,518,232 shares related to stock options and warrants that were anti-dilutive for the three months ended September 30, 2018 (three months ended September 30, 2017 – 35,055,000 shares).

(h) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at September 30, 2018 and June 30, 2018:

	September 30, 2018	June 30, 2018
Common shares outstanding	**131,256,322**	118,036,322
Warrants to purchase common shares	**56,280,230**	43,060,230
Stock options to purchase common shares	**21,238,002**	17,682,168
Fully diluted common shares outstanding	**208,774,554**	178,778,720

8. Segmented information:

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

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

All of the Company property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the three ended September 30, 2018.

(Unaudited - prepared in Canadian dollars)

9. Expenses by nature:

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

		2018		2017
Salaries and consulting fees	**$**	**374,396**	$	197,933
Stock-based compensation expense		**108,992**		74,498
Other office and general		**48,625**		20,932
Transaction costs		**33,577**		8,769
Professional fees		**25,836**		20,589
Operating lease payments		**21,967**		21,499
Other employment benefits		**12,443**		4,618
Shareholder relations, transfer agent and filing fees		**3,366**		3,901
Travel and promotion		**2,576**		5,508
Foreign exchange gain		**(30,042)**		(7,871)
	$	**601,736**	$	350,376

10. Finance expenses:

Finance expenses for the three months ended September 30, 2018 primarily consisted of interest expense charged by brokers from margin borrowings.

11. Management of capital:

There were no changes in the Company's approach to capital management during the three months ended September 30, 2018. The Company's capital includes all components of equity which amounts to $17,428,653 as at September 30, 2018 (June 30, 2018 - $19,037,340). To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at September 30, 2018.

12. Risk management:

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

12. Risk management (continued):

(a) Market risk:

There were no changes in the way the Company manages market risk during the three months ended September 30, 2018. As at September 30, 2018 and June 30, 2018, 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. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class/sector of issuers.

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.

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three months ended September 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 September 30, 2018:

Percentage of change in closing trade price	**Decrease in after-tax net loss from % increase in closing trade price**	**Increase in after-tax net loss from % decrease in closing trade price**
2%	**$ 315,478**	**$ (315,478)**
4%	**630,955**	**(630,955)**
6%	**946,433**	**(946,433)**
8%	**1,261,910**	**(1,261,910)**
10%	**1,577,388**	**(1,577,388)**

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

Percentage of change in closing trade price	Decrease in after-tax net income from % increase in closing trade price	Increase in after-tax net income from % decrease in closing trade price
2%	$ 123,220	$ (123,220)
4%	246,440	(246,440)
6%	369,660	(369,660)
8%	492,880	(492,880)
10%	616,100	(616,100)

12. Risk management (continued):

(b) Currency risk:

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

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

	September 30, 2018	June 30, 2018
Denominated in U.S. dollars:		
Cash	**$ 2,247**	$ 2,984
Due from brokers	**15**	15
Accounts payable and accrued liabilities	**(17,366)**	(17,665)
Due to brokers	**(1,260,390)**	(2,297,459)
Net assets denominated in U.S. dollars	**$ (1,275,494)**	$ (2,312,125)

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three months ended September 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 September 30, 2018:

Percentage change in U.S. dollar exchange rate	**Increase in after-tax net loss from an increase in % in the U.S. dollar exchange rate**	**Decrease in after-tax net loss from a decrease in % in the U.S. dollar exchange rate**
2%	**$ (18,750)**	**$ 18,750**
4%	**(37,500)**	**37,500**
6%	**(56,249)**	**56,249**
8%	**(75,000)**	**75,000**
10%	**(93,749)**	**93,749**

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

(Unaudited - prepared in Canadian dollars)

13. Commitments:

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.

During the three months ended September 30, 2018, the Company signed a lease for new premises which starts on December 1, 2018 until November 30, 2023, for annual payments of approximately $190,974 (plus applicable taxes), increasing approximately 3.4% per year. The Company has arranged to lease out its current premises.

As at September 30, 2018, future minimum annual lease payments under operating leases for premises and equipment are approximately as follows:

2019	$	**242,200**
2020		**285,000**
2021		**255,200**
2022		**209,600**
2023		**216,800**
2024		**36,300**
	$	**1,245,100**

As at September 30, 2018, the Company had commitments to purchase investments totaling $1,020,875 (2018 - $438,164).

14. Contingent liability:

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

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

In January 2015, the Company received notice from the DGH that it denied the request for non-levy of the cost of the unfinished PSC and demanded payment of the outstanding balance of US$14,054,284 (ThreeD's share – US$1,423,510).

14. Contingent liability (continued):

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 September 30, 2018.

15. Future accounting changes:

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at June 30, 2018, are described in Note 18 to the annual consolidated financial statements as at and for the year ended June 30, 2018. The Company is currently assessing what impact the application of those standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt the standards, if applicable, when the standards become effective. There have been no other changes to existing IFRS accounting standards and interpretations since June 30, 2018 that are expected to have a material effect on the Company's interim consolidated statements.

16. Subsequent events:

(a) Subsequent to September 30, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,085,000 through the issuance and sale of 10,850,000 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 30, 2021.

(b) Subsequent to September 30, 2018, the Company granted 200,000 options to an employee of the Company at an exercise price of $0.10 per share expiring on October 1, 2023.

(c) Subsequent to September 30, 2018, the Company renewed an agreement with Agora Internet Relations Corp. ("Agora") pursuant to which Agora will provide marketing, advertising and related services to the Company for a fee of $40,000 plus HST to be paid by the issuance of common shares of the Company. The fee is payable in five installments of $8,000 plus HST each with the first installment paid on November 1, 2018, and the subsequent installments to become payable at the end of each three-month period thereafter. The price of the common shares to be issued as payment for each installment will be set at the closing price of the common shares on the date which such installment becomes payable. On November 9, 2018, the Company issued 302,624 common shares for an aggregate price of $36,160 to Agora. The share issuance was payment for three final installment payments pursuant to an agreement dated July 3, 2017 with Agora and the payment of the first installment for the current agreement with Agora.