ThreeD Capital

Management's Discussion and Analysis

For the quarter ended: **December 31, 2018**

Date of report: **February 26, 2019**

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of the Company should be read in conjunction with ThreeD's unaudited interim condensed consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the three and six months ended December 31, 2018 and 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 the interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2018, except as follows:

> 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 and six months ended December 31, 2018.

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 130 Spadina Ave., Suite 401, Toronto, Ontario, M5V 2L4, Canada.

Summary:

- On August 23, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,332,000 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.

- On October 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.

- On November 8, 2018, the Company issued 302,624 common shares of the Company at an average price of $0.12 per share for an aggregate price of $36,160 to Agora Internet Relations Corp. ("Agora") for marketing, advertising and related services to the Company. The issuance of shares was to satisfy amounts owing for the services.

- As at December 31, 2018, the Company held investments at fair value and digital assets, at fair value less cost to sell totalling $18,639,545 as compared to $19,514,948 as at June 30, 2018, a 8% decrease primarily attributable to net unrealized losses on investments and digital assets.

- As at December 31, 2018, net asset value per share ("NAV per share") was $0.13 as compared to $0.16 as at June 30, 2018, a 19% decrease (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

Investments:

The fair value and cost of investments are as follows as at December 31, 2018:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	$ 1	$ 5,400,000	29.3
Goldspot Discoveries Inc. (private)	(ii, iii)	277,500 common shares	210,027	2,775,000	15.1
Imagination Park Technologies Inc. (CSE: IP)	(i, ii, iii)	5,650,000 common shares 1,500,000 warrants expire May 16, 2021 900,000 warrants expire Aug 24, 2021 4,750,000 warrants expire Oct 5, 2021	769,916	485,723	2.6
Gratomic Inc. (TSXV: GRAT)	(ii)	3,000,000 common shares 1,000,000 warrants expire Mar 29, 2020 2,000,000 warrants expire Nov 24, 2020 3,000,000 warrants expire Aug 10, 2021	319,877	425,000	2.3
Novera Capital Inc. (private)	(ii)	500,000 common shares 500,000 warrants expire July 19, 2020	328,250	813,336	4.4
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	100,000	272,000	1.5
Pluto Network Operations Canada Inc. (private)	(ii)	21,299 common shares	45,154	45,154	0.3
Other publicly traded investments			4,398,942	2,199,701	11.9
Other private investments			1,637,687	6,011,230	32.6
			$ 7,809,854	$ 18,427,144	100.0

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

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	$ 1	$ 5,400,000	31.6
Goldspot Discoveries Inc. (private)	(ii, iii)	277,500 common shares	210,027	2,775,000	16.2
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
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	100,000	272,000	1.6
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
Other publicly traded investments			4,902,671	12,510,135	73.1
Other private investments			2,912,041	3,342,868	19.5
			$ 8,632,899	$ 17,117,728	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 December 31, 2018, the fair value of investments exceeded original cost by $10,617,290 as compared to $8,484,829 as at June 30, 2018. The increase for the six months ended December 31, 2018 was primarily due to the net change in unrealized gains on investments of $2,132,461.

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 December 31, 2018, total investments included securities of private companies with a fair value totalling $15,316,720 (83% of total fair value of the Company's investments; cost of $2,321,119). 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). 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:

In January 2018, the Company commenced its investment in digital assets which 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.

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 are as follows as at December 31, 2018:

	Fair Value	Cost
Digital coins	**$ 21,026**	**$ 167,864**
Digital Tokens	**49,542**	**911,517**
SAFTs	**141,833**	**1,391,259**
	$ 212,401	**$ 2,470,640**

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**

The fair value and cost of the top 10 digital assets as at December 31, 2018 are as follows:

Digital currency	Type	Quantity		Cost		Fair Value	% of Fair Value
Playland	SAFT	10,330,578	$	**780,000**	$	**78,000**	**36.7**
Evident-Proof	Tokens	31,648		**199,650**		**20,469**	**9.6**
Crypterium	Tokens	145,289		**188,385**		**18,572**	**8.8**
Zipchain	SAFT	1,250,000		**162,413**		**17,053**	**8.0**
sGame Sagal	SAFT	1,785,714		**162,413**		**17,053**	**8.0**
Cardano	Coins	212,000		**66,236**		**11,876**	**5.6**
Legolas	Tokens	192,016		**125,590**		**10,913**	**5.2**
Tari AccessCoin	SAFT	3,393,700		**86,784**		**9,259**	**4.4**
Opporty	Tokens	882,750		**79,448**		**7,945**	**3.7**
Consensus	Tokens	2,444,888		**339,751**		**5,390**	**2.5**
Other digital assts				**279,970**		**15,871**	**7.5**
			$	**2,470,640**	**$**	**212,401**	**100.0**

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 assts				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 (“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). 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.

Results of Operations

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

	Quarter ended			
	December 31, 2018	**September 30, 2018**	June 30, 2018	March 31, 2018
Net investment gains (losses)	**$ 990,449**	**$ (2,447,077)**	$ 2,967,512	$ (434,854)
Net income (loss) for the period	**398,511**	**(3,032,228)**	1,214,635	(1,369,742)
Total comprehensive income (loss) for the period	**397,576**	**(3,031,929)**	1,250,945	(1,370,209)
Earnings (loss) per share based on net income (loss) for the period – basic	**0.00**	**(0.02)**	0.01	(0.01)
Earnings (loss) per share based on net income (loss) for the period – diluted	**0.00**	**(0.02)**	0.01	(0.02)
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net investment gains (losses)	$ 2,547,870	$ (238,637)	$ 4,815,226	$ (306,518)
Net income (loss) for the period	1,640,928	(571,250)	4,466,529	(664,022)
Total comprehensive income (loss) for the period	1,640,840	(570,583)	4,466,991	(663,881)
Earnings (loss) per share based on net income (loss) for the period – basic	0.02	(0.01)	0.10	(0.02)

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

Three months ended December 31, 2018 and 2017:

For the three months ended December 31, 2018, the Company generated net realized losses on disposal of investments of $1,251,266, as compared to $1,037,088 for the three months ended December 31, 2017.

For the three months ended December 31, 2018, the Company recorded a net change in unrealized gains on investments of $3,684,701 as compared to $3,584,958 for the three months ended December 31, 2017. The net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $4,784,862 offset by the reversal of previously recognized net unrealized gains on disposal of investments of $1,100,161. In the prior year period, the net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $2,895,976 and by the reversal of previously recognized net unrealized losses on disposal of investments of $688,982.

As previously discussed, in January 2018, the Company started investing in digital assets. For the three months ended December 31, 2018, the Company recorded a realized loss on digital assets of $104,619 as compared to nil in the prior year quarter. For the three months ended December 31, 2018, the net change in unrealized losses on digital assets was $1,338,367, primarily from the write-down of the Company's SAFT holdings. The unrealized losses on digital assets is the write-down to fair value less cost to sell of the digital assets.

For the three months ended December 31, 2018, the Company recorded interest and other income of $52,518 as compared to $35,000 for the three months ended December 31, 2017. Other income primarily consist of administrative fees from some of the Company's investees.

For the three months ended December 31, 2018, operating, general and administrative expenses decreased by $310,045 to $628,239 from $938,284 for the three months ended December 31, 2017. The decrease was primarily due to a decrease in salaries and consulting fees offset by an increase in foreign exchange expense as discussed below.

The following is the breakdown of the Company's operating, general and administrative expenses for the indicated three month periods ended December 31. Details of the changes follow the table:

	2018	2017
Salaries and consulting fees (a)	**$ 237,533**	$ 643,312
Stock-based compensation expense (b)	**176,984**	121,297
Transaction costs (c)	**55,453**	53,026
Other office and general	**53,184**	33,368
Professional fees	**380**	30,598
Operating lease payments (d)	**37,881**	21,499
Shareholder relations, transfer agent and filing fees	**9,205**	16,800
Travel and promotion	**7,032**	12,215
Other employment benefits	**7,659**	12,671
Foreign exchange loss (gain) (e)	**42,928**	(6,502)
	$ 628,239	$ 938,284

(a) Salaries and consulting fees decreased by $405,850 for the three months ended December 31, 2018 as compared to the three months ended December 31, 2017, primarily due to $350,000 bonuses paid to management and non-claimable input tax credits of $64,448, in the three months ended December 31, 2017 which did not occur in the current year period.

(b) Stock-based compensation expense increased by $55,687 for the three months ended December 31, 2018 as compared to the three months ended December 31, 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.

(c) Transactions costs increased by $2,427 for the three months ended December 31, 2018 as compared to the three months ended December 31, 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) Operating lease payments increased by $16,382 for the three months ended December 31, 2018 as compared to the three months ended December 31, 2017. In September 2018, the Company signed a lease for new premises which started 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.

(e) During the three months ended December 31, 2018, the Company had a foreign exchange expense of $42,928 as compared to a foreign exchange gain of $6,502 for the three months ended December 31, 2017, an increase of $49,430. The Company experienced a foreign exchange loss 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.

For the three months ended December 31, 2018, the Company had finance expenses of $16,217 as compared to $3,658 for the three months ended December 31, 2017. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net income for the three months ended December 31, 2018 was $398,511 ($0.00 per share) as compared to $1,640,928 ($0.02 per share) for the three months ended December 31, 2017.

For the three months ended December 31, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of $935 resulting in total comprehensive income for the period of $397,576. The loss from the exchange differences on translation of foreign operations was primarily 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 net liabilities held by foreign subsidiaries. For the three months ended December 31, 2017, the Company recorded a loss from the exchange differences on translation of foreign operations of $88 resulting in total comprehensive income for the period of $1,640,840.

Six months ended December 31, 2018 and 2017:

For the six months ended December 31, 2018, the Company generated net realized losses on disposal of investments of $1,639,277, as compared to $1,182,403 for the six months ended December 31, 2017.

For the six months ended December 31, 2018, the Company recorded a net change in unrealized gains on investments of $2,132,461 as compared to $3,491,636 for the six months ended December 31,

2017. The net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $3,518,408 offset by the reversal of previously recognized net unrealized gains on disposal of investments of $1,385,947.The net write-ups were primarily on the private investments in accordance with the Company's accounting policies. In the prior year period, the net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $2,612,495 and by the reversal of previously recognized net unrealized losses on disposal of investments of $879,141.

As previously discussed, in January 2018, the Company started investing in digital assets. For the six months ended December 31, 2018, the Company recorded a realized loss on digital assets of $104,619 as compared to nil in the prior year period. For the six months ended December 31, 2018, the net change in unrealized losses on digital assets was $1,845,193, primarily from the write-down of the Company's SAFT holdings. The unrealized losses on digital assets is the write-down to fair value less cost to sell of the digital assets.

For the six months ended December 31, 2018, the Company recorded interest and other income of $105,031 as compared to $56,000 for the six months ended December 31, 2017. Other income primarily consist of administrative fees from some of the Company's investees.

For the six months ended December 31, 2018, operating, general and administrative expenses decreased by $58,685 to $1,229,975 from $1,288,660 for the six months ended December 31, 2017. The decrease was primarily due to a decrease in salaries and consulting fees offset by an increase stock-based compensation expense and operating lease payments as discussed below.

The following is the breakdown of the Company's operating, general and administrative expenses for the indicated six month periods ended December 31. Details of the changes follow the table:

	2018	2017
Salaries and consulting fees (a)	**$ 611,929**	$ 841,245
Stock-based compensation expense (b)	**285,976**	195,795
Transaction costs (c)	**89,030**	61,795
Other office and general (d)	**101,809**	54,299
Professional fees	**26,216**	51,187
Operating lease payments (e)	**59,848**	42,998
Shareholder relations, transfer agent and filing fees	**12,571**	20,701
Travel and promotion	**9,608**	17,723
Other employment benefits	**20,102**	17,289
Foreign exchange loss (gain) (f)	**12,886**	(14,373)
	$ 1,229,975	$ 1,288,660

(a) Salaries and consulting fees decreased by $229,316 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017, primarily due to $150,000 bonuses paid to management in the six months ended December 31, 2018 as compared to $350,000 in the six months ended December 31, 2017. The bonuses are discretionary and are approved by the Company's board of directors.

(b) Stock-based compensation expense increased by $90,181 for the six months ended December 31, 2018 as compared to the six months ended December 31, 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 six-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.

(c) Transactions costs increased by $27,235 for the six months ended December 31, 2018 as compared to the six months ended December 31, 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) Other office and general expenses increased by $47,509 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017, primarily due to a change in allocation of non-claimable input tax credits of $49,937 recorded in the current period as compared to $3,722 in the prior year period (which was recorded in consulting fees).

(e) Operating lease payments increased by $16,850 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017. In September 2018, the Company signed a lease for new premises which started 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.

(f) During the six months ended December 31, 2018, the Company had a foreign exchange expense of $12,886 as compared to a foreign exchange gain of $14,373 for the six months ended December 31, 2017, an increase of $27,259. The Company experienced a foreign exchange loss 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.

For the six months ended December 31, 2018, the Company had finance expenses of $52,145 as compared to $6,895 for the six months ended December 31, 2017. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net loss for the six months ended December 31, 2018 was $2,633,717 ($0.02 per share) as compared to net income of $1,069,678 ($0.02 per share) for the six months ended December 31, 2017.

For the six months ended December 31, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of $636 resulting in total comprehensive loss for the period of $2,634,353. The loss from the exchange differences on translation of foreign operations was primarily 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 net liabilities held by foreign subsidiaries. For the six months ended December 31, 2017, the Company recorded a gain from the exchange differences on translation of foreign operations of $579 resulting in total comprehensive income for the period of $1,070,257.

Cash Flows
Six months ended December 31, 2018 and 2017:

During the six months ended December 31, 2018, the Company used cash of $2,401,535 in operating activities as compared to $3,507,798 during the six months ended December 31, 2017. The Company classifies its investment activities (proceeds on disposal of investments and digital assets, purchases of investments and digital assets, and due from/to brokers) as operating activities which is the Company's primary business. The Company was significantly more active in the current year period as compared to the same period last year. During the six months ended December 31, 2018, the Company had proceeds from disposition of investments of $6,520,917 as compared to $4,682,569 during the six months ended December 31, 2017. During the six months ended December 31, 2018, the Company purchased $7,337,149 of investments as compared to $6,965,654 of investments purchased during the six months ended December 31, 2017. The Company also decrease margin used of $544,369 (due to brokers) for the six months ended December 31, 2018.

During the six months ended December 31, 2018, the Company generated net cash of $2,395,389 in financing activities from a non-brokered private placement financing as compared to $3,036,029 for the six months ended December 31, 2017. During the six months ended December 31, 2017, the Company also raised gross proceeds of $717,500 through the exercise of warrants.

During the six month ended December 31, 2018 and 2017, the Company had no investing activities.

For the six months ended December 31, 2018, the Company had a net decrease in cash of $85,071 as compared to a net increase in cash of $245,731 for the six months ended December 31, 2017. For the six months ended December 31, 2018, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of $636, leaving a cash balance of $60,423 as at December 31, 2018 as compared to an exchange gain of $579, leaving a cash balance of $268,283 as at December 31, 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 property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the three months ended December 31, 2018.

Liquidity and capital resources:

Consolidated statement of financial position highlights	**December 31, 2018**	June 30, 2018
Cash	**$ 60,423**	$ 146,130
Investments, at fair value	**18,427,144**	17,117,728
Digital assets, at fair value less cost to sell	**212,401**	2,397,220
Total assets	**19,514,919**	19,935,858
Due to brokers	**247,250**	791,619
Total liabilities	**394,407**	898,518
Share capital, warrants and broker warrants, contributed surplus	**138,085,703**	135,368,178
Foreign currency translation reserve	**875,161**	875,797
Deficit	**(119,840,352)**	(117,206,635)

Total liabilities decreased by $504,111 to $394,407 as at December 31, 2018 as compared to $898,518 as at June 30, 2018. The decrease was primarily due to the repayment of due to brokers (margin used) of $544,369. As at December 31, 2018, total liabilities also include $18,301 (June 30, 2018 - $17,665) accrued for the winding down of its inactive subsidiaries in Barbados.

The Company's cash and investments as at December 31, 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.

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 December 31, 2018, future minimum annual lease payments under operating leases for premises and equipment are approximately as follows:

2019	$	**284,400**
2020		**291,600**
2021		**239,000**
2022		**379,500**
2023		**200,600**
		1,395,100

As at December 31, 2018, the Company had commitments to purchase investments totaling $682,100 (2018 - $438,164).

Related party transactions:

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

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

	Three months ended December 31,		Six months ended December 31,	
Type of expense	**2018**	2017	**2018**	2017
Salaries and consulting fees	**$ 131,250**	$ 466,250	**$ 412,500**	$ 582,500
Other short-term benefits	**3,563**	9,531	**12,152**	11,104
Stock-based compensation expense	**129,657**	66,922	**183,924**	117,360
	$ 264,470	$ 542,703	**$ 608,576**	$ 710,964

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 six months ended December 31, 2018, a cash bonus of $150,000 paid to the CEO. During the six months ended December 31, 2017, a cash bonus of $250,000 was paid to the CEO and $100,000 was paid to the CFO.

(b) During the six months ended December 31, 2018, the Company completed two non-brokered private placement as described in Note 7(b). On August 23, 2018, the CEO and other directors subscribed for 2,350,000 units for gross proceeds of $235,000. On October 30, 2018, the CEO and a director subscribed for 1,200,000 units for gross proceeds of $120,000.

(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. On December 14, 2018, 5,600,000 stock options was granted to directors and officers of the Company, exercisable at a tprice of $0.10 per share, expiring on December 14, 2023.

(d) As at December 31, 2018, included in prepaids and receivables is $76,275 (June 30, 2018 - $45,715) due from related parties, two private companies with a common director or key management personnel (2018 – three private companies) . The receivables are for rental and administrative services.

(e) As at December 31, 2018, included in prepaids and receivables is $565,000 (June 30, 2018 - $183,060) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

Off-Balance sheet arrangements:

As at December 31, 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 financial condition of ThreeD.

Management of capital:

There were no changes in the Company's approach to capital management during the three months ended December 31, 2018. The Company's capital includes all components of equity which amounts to $19,120,512 as at December 31, 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 liabilities as at December 31, 2018.

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.

(a) Market risk:

There were no changes in the way the Company manages market risk during the three months ended December 31, 2018. As at December 31, 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 six months ended December 31, 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 December 31, 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%	**$ 323,396**	**$ (323,396)**
4%	**646,792**	**(646,792)**
6%	**970,188**	**(970,188)**
8%	**1,293,584**	**(1,293,584)**
10%	**1,616,981**	**(1,616,981)**

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and six months ended December 31, 2017 from a change in the closing trade price of the Company's investments with all other variables held constant as at December 31, 2017:

Percentage of change in closing trade price	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%	$ 203,601	$ (203,601)
4%	407,201	(407,201)
6%	610,802	(610,802)
8%	814,402	(814,402)
10%	1,018,003	(1,018,003)

(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:

	December 31, 2018	June 30, 2018
Denominated in U.S. dollars:		
Cash	**$ 1,632**	$ 2,984
Due from brokers	**15**	15
Accounts payable and accrued liabilities	**(18,301)**	(17,665)
Due to brokers	**(780,814)**	(2,297,459)
Net assets denominated in U.S. dollars	**$ (797,468)**	$ (2,312,125)

The following table shows the estimated sensitivity of the Company's after-tax net loss for the six months ended December 31, 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 December 31, 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%	**$ (11,723)**	**$ 11,723**
4%	**(23,446)**	**23,446**
6%	**(35,168)**	**35,168**
8%	**(46,891)**	**46,891**
10%	**(58,614)**	**58,614**

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

Risks:

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

(a) Cash flows:

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

(b) Private issuers and illiquid securities:

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

(c) 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.

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.

Valuation of privately-held investments:

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility. Given the relatively size of our private investment portfolio, such changes can have a material impact on our financial condition or operating results. For the six months ended December 31, 2018 and year ended June 30, 2018, 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	Realized gains on dispositions	Transfer to Level 1 or 2	Net unrealized gains (losses)	Ending balance
December 31, 2018	**$ 12,210,753**	**$ 956,372**	**$ -**	**$ (1,522,988)**	**$ 3,672,583**	**$ 15,316,720**
June 30, 2018	$ 6,242,645	$ 1,555,549	$ 54,569	$ (284,000)	$ 4,641,990	$ 12,210,753

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 six months ended December 31, 2018, the Company granted 10,975,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a price of $0.10 per share expiring between September 14, 2023 and December 14, 2023.

The fair value of the options granted during the six months ended December 31, 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	**2.02-2.33%**
Expected option life in years	**3.6 years**
Expected forfeiture rate	**7.0-7.2%**
Fair value per stock option granted on September 14, 2018	**$ 0.06**
Fair value per stock option granted on October 1, 2018	**$ 0.06**
Fair value per stock option granted on December 14, 2018	**$ 0.05**

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.

As at December 31, 2018, the warrants outstanding were as follows:

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
10,850,000	0.15	October 30, 2021	394,156
67,130,230			$ 2,996,919

The purchase warrants issued during the six months ended December 31, 2018 were valued using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes option valuation model assumptions used:	**August 23, 2018**	**October 30, 2018**
Expected volatility	112.66%	112.66%
Expected dividend yield	0.0%	0.0%
Risk-free interest rate	2.14%	2.30%
Expected option life in years	3	3
Fair value per warrant issued net of share issuance costs	$ 0.04	$ 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 $884,138.

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.

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 December 31, 2018 and June 30, 2018, there were not sufficient reliable observable market inputs and thus, the Company valued the warrants in its portfolio using their intrinsic value.

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.

Outstanding Share Data:

As at the date of this MD&A, 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	**142,408,946**
Issuable under the exercise of warrants	**67,130,230**
Issuable under the exercise of options	**28,463,002**
Total diluted common shares	**238,002,178**

Refer to Note 7 of the Notes to the consolidated financial statements as at and for the three and six months ended December 31, 2018 for details of the Company's share capital as at December 31, 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.