

Management's Discussion and Analysis

For the quarter ended: March 31, 2019

Date of report: May 24, 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 nine months ended March 31, 2019 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 nine months ended March 31, 2019.

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 <u>www.sedar.com</u>.

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 March 1, 2019, the Company completed a non-brokered private placement financing raising gross proceeds of \$500,000 through the issuance and sale of 5,000,000 units at a price of \$0.10 per unit. Each unit was comprised of one common share of the Company and one common share purchase warrant, each warrant entitling the holder to acquire one common share of the Company at \$0.15 per share on or before March 1, 2022.

- As at March 31, 2019, the Company held investments at fair value and digital assets, at fair value less cost to sell totalling \$18,313,828 as compared to \$19,514,948 as at June 30, 2018, a 6% decrease primarily attributable to net realized losses on investments and net change in unrealized losses on digital assets.
- As at March 31, 2019, 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).
- On May 14, 2019, the Company filed articles of amendment to consolidate its issued and outstanding common shares on the basis of one (1) new common share for every three (3) existing common shares. Shareholders' approval of the consolidation was obtained at the Company's annual and special meeting of shareholders held on March 28, 2019. The following share capital numbers do not account for the share consolidation.

#### Investments:

The fair value and cost of investments are as follows as at March 31, 2019:

Investee	stee 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	30.0
Goldspot Discoveries Inc. (TSXV: SPOT)	(ii, iii)	11,271,823 common shares		329,902	3,293,495	18.3
Novera Capital Inc. (private)	(ii)	500,000 common shares 500,000 warrants expire July 19, 2020		328,250	796,702	4.4
Imagination Park Technologies Inc. (CSE: IP)	(i, ii, iii)	6,874,000 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		843,031	343,700	1.9
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares		100,000	272,000	1.5
One Bullion Limited (private)	(ii)	4,000,000 common shares		200,000	200,000	1.1
Pluto Network Operations Canada Inc. (private) Gratomic Inc. (TSXV: GRAT)	(ii)	21,299 common shares 300,000 common shares		45,154	45,154	0.3
	(ii)	1,000,000 warrants expire Mar 29, 2020 2,000,000 warrants expire Nov 24, 2020				
		3,000,000 warrants expire Aug 10, 2021		24,000	21,000	0.1
Other publicly traded investments				2,213,078	4,418,318	24.6
Other private investments				3,246,475	3,211,532	17.8
			\$	7,329,891	\$ 18,001,901	100.0

nvestee 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

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

- (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 March 31, 2019, the fair value of investments exceeded original cost by \$10,672,010 as compared to \$8,484,829 as at June 30, 2018. The increase for the nine months ended March 31, 2019 was primarily due to the net change in unrealized gains on investments of \$2,187,181. The unrealized gains was a result of the write-up to fair value of one of the Company's private investments by \$2,916,000 offset by the write-down to market and the reversal of previously recognized unrealized gains on the sale of investments.

The fair value of the Company's investments as reflected in its consolidated financial statements and calculated in accordance with IFRS and its accounting policies may differ from the actual proceeds of disposition that would be realized by the Company. For example, the amounts at which the Company's publicly-traded investments could be disposed of currently may differ from fair values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

As at March 31, 2019, total investments included securities of private companies with a fair value totalling \$13,218,883 (73% of total fair value of the Company's investments; cost of \$4,249,782). 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.

In February 2019, one of the Company's private investee, GoldSpot Discoveries Corp completed a reverse-takeover transaction and commenced trading on the TSX Venture Exchange under the symbol "SPOT".

# 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 March 31, 2019:

	Fair	Value	Cost
Digital coins	\$	28,321	\$ 104,969
Digital Tokens		163,129	1,137,828
SAFTs		120,477	1,191,609
	\$	311,927	\$ 2,434,406

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	Туре	Quantity	Cost	Fair Value		% of Fair Value
Sense	Tokens	3,858,518	\$ 26,661	\$	84,401	27.0
Playland	SAFT	10,330,578	780,000		78,000	25.0
Crypterium	Tokens	145,289	188,385		29,453	9.4
Evident-Proof	Tokens	375,116	199,650		20,051	6.4
AION	Coins	76,553	13,933		17,629	5.7
ZipChain	SAFT	1,250,000	162,413		16,704	5.4
sGame Sagal	SAFT	1,785,714	162,412		16,704	5.4
Legolas	Tokens	217,562	125,590		11,179	3.6
Tari AccessCoin	SAFT	3,393,700	86,784		9,070	2.9
Opporty	Tokens	882,750	79,448		7,945	2.5
Other digital assets			609,130		20,791	6.7
			\$ 2,434,406	\$	311,927	100.0

The fair value and cost of the top 10 digital assets as at March 31, 2019 are as follows:

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

Digital currency	Туре	Quantity	Cost	F	air 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.

# **Results of Operations**

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

		Quarter	ended	
			September 30,	
	March 31, 2019	December 31, 2018	3 2018	June 30, 2018
Net investment gains (losses)	\$ 215,187	\$ 990,449	\$ (2,447,077)	\$ 2,967,512
Net income (loss) for the period	(855,996)	398,511	(3,032,228)	1,214,635
Total comprehensive income (loss) for				
the period	(855,621)	397,576	(3,031,929)	1,250,945
Earnings (loss) per share based on net	• • •		•••••	
income (loss) for the period – basic	(0.01)	0.00	(0.02)	0.01
Earnings (loss) per share based on net				
income (loss) for the period – diluted	(0.01)	0.00	(0.02)	0.01
_	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Net investment gains (losses)	\$ (434,854)	\$ 2,547,870	\$ (238,637)	\$ 4,815,226
Net income (loss) for the period	(1,369,742)	1,640,928	(571,250)	4,466,529
Total comprehensive income (loss) for				
the period	(1,370,209)	1,640,840	(570,583)	4,466,991
Earnings (loss) per share based on net				
income (loss) for the period – basic	(0.01)	0.02	(0.01)	0.10
Earnings (loss) per share based on net				
income (loss) for the period – diluted	(0.01)	0.02	(0.01)	0.10

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

# Three months ended March 31, 2019 and 2018:

For the three months ended March 31, 2019, the Company generated net realized gains on disposal of investments of \$86,401, as compared to \$472,105 for the three months ended March 31, 2018.

For the three months ended March 31, 2019, the Company recorded a net change in unrealized gains on investments of \$54,720 as compared to unrealized losses on investments of \$584,097 for the three months ended March 31, 2018. 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 \$300,521 offset by the reversal of previously recognized net unrealized gains on disposal of investments of \$245,801. In the prior year period, the net change in unrealized losses on investments related to the net write-down to market on the Company's investments.

As previously discussed, in January 2018, the Company started investing in digital assets. For the three months ended March 31, 2019, the Company recorded a realized loss on digital assets of \$61,694 as compared to \$223,211 in the prior year quarter. For the three months ended March 31, 2019, the net change in unrealized gains on digital assets was \$135,760, primarily from the write-up of the Company's token holdings. The unrealized gains on digital assets is the write-up to fair value less cost to sell of the digital assets.

For the three months ended March 31, 2019, the Company recorded interest and other income of \$55,984 as compared to \$54,068 for the three months ended March 31, 2018. Other income primarily consist of administrative and rental fees from some of the Company's investees.

For the three months ended March 31, 2019, operating, general and administrative expenses increased by \$126,058 to \$1,114,780 from \$988,722 for the three months ended March 31, 2018. The increase was primarily due to a increase in salaries and consulting fees, other office and general, and operating lease payments offset by a decrease in stock-based compensation expense as discussed below.

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

	2019	2018
Salaries and consulting fees (a)	\$ 659,687	\$ 454,850
Stock-based compensation expense (b)	208,868	414,061
Other office and general (c)	126,426	17,695
Operating lease payments (d)	70,909	21,966
Transaction costs	38,088	41,399
Shareholder relations, transfer agent and filing fees	23,774	20,116
Other employment benefits	11,083	11,859
Travel and promotion	3,574	5,015
Professional fees	1,480	4,796
Foreign exchange gain (e)	(29,109)	(3,035)
	\$ 1,114,780	\$ 988,722

- (a) Salaries and consulting fees increased by \$204,837 for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018, primarily due to \$350,000 bonus paid and an increase in the compensation to the CEO of the Company and the addition of an employee during the quarter. In the prior year quarter, a \$200,000 bonus was paid to the CEO of the Company. The bonuses are discretionary and are approved by the Company's board of directors.
- (b) Stock-based compensation expense decreased by \$205,193 for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. 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) Other office and general expenses increased by \$108,731 for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018, primarily due to a change in allocation of non-claimable input tax credits of \$71,959 recorded in the current period as compared to \$119 in the prior year period (which was recorded in consulting fees).
- (d) Operating lease payments increased by \$48,943 for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. 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 old premises which is recorded in other income.

(e) During the three months ended March 31, 2019, the Company had a foreign exchange gain of \$29,109 as compared to \$3,035 for the three months ended March 31, 2018, an increase of \$26,074. The Company experienced a foreign exchange gain due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which decreased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

For the three months ended March 31, 2019, the Company had finance expenses of \$12,387 as compared to \$234 for the three months ended March 31, 2018. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net loss for the three months ended March 31, 2019 was \$855,996 (\$0.01 per share) as compared to \$1,369,742 (\$0.01 per share) for the three months ended March 31, 2018.

For the three months ended March 31, 2019, the Company recorded a gain from the exchange differences on translation of foreign operations of \$375 resulting in total comprehensive loss for the period of \$855,621. The gain 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 decreased the Canadian dollar value of the Company's U.S. dollar denominated net liabilities held by foreign subsidiaries. For the three months ended March 31, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of \$467 resulting in total comprehensive loss for the period of \$1,370,209.

## Nine months ended March 31, 2019 and 2018:

For the nine months ended March 31, 2019, the Company generated net realized losses on disposal of investments of \$1,552,876, as compared to \$710,298 for the nine months ended March 31, 2018.

For the nine months ended March 31, 2019, the Company recorded a net change in unrealized gains on investments of \$2,187,181 as compared to \$2,907,539 for the nine months ended March 31, 2018. 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 \$3,818,929 offset by the reversal of previously recognized net unrealized gains on disposal of investments of \$1,631,748. 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 \$2,028,398 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 nine months ended March 31, 2019, the Company recorded a realized loss on digital assets of \$166,313 as compared to \$223,211 in the prior year period. For the nine months ended March 31, 2019, the net change in unrealized losses on digital assets was \$1,709,433 as compared to \$99,651 for the nine months ended March 31, 2018, 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 nine months ended March 31, 2019, the Company recorded interest and other income of \$161,015 as compared to \$110,068 for the nine months ended March 31, 2018. Other income primarily consist of administrative fees from some of the Company's investees.

For the nine months ended March 31, 2019, operating, general and administrative expenses increased by \$67,373 to \$2,344,755 from \$2,277,382 for the nine months ended March 31, 2018. The increase was primarily due to an increase in other office and general expenses and operating lease payments offset by a decrease in stock-based compensation expense as discussed below.

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

	2019	2018
Salaries and consulting fees	\$ 1,271,616	\$ 1,296,095
Stock-based compensation expense (a)	494,844	609,856
Other office and general (b)	228,235	71,995
Operating lease payments (c)	130,757	64,964
Transaction costs (d)	127,118	103,194
Shareholder relations, transfer agent and filing fees	36,345	40,817
Other employment benefits	31,185	29,148
Professional fees	27,696	55,983
Travel and promotion	13,182	22,738
Foreign exchange gain	(16,223)	(17,408)
	\$ 2,344,755	\$ 2,277,382

- (a) Stock-based compensation expense decreased by \$115,012 for the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018. 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 nine-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.
- (b) Other office and general expenses increased by \$156,240 for the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018, primarily due to a change in allocation of non-claimable input tax credits of \$126,056 recorded in the current period as compared to \$4,066 in the prior year period (which was recorded in consulting fees).
- (c) Operating lease payments increased by \$65,793 for the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018. 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 old premises for which the revenue is recorded in other income.
- (d) Transactions costs increased by \$23,924 for the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018, 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.

For the nine months ended March 31, 2019, the Company had finance expenses of \$64,532 as compared to \$7,129 for the nine months ended March 31, 2018. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net loss for the nine months ended March 31, 2019 was \$3,489,713 (\$0.03 per share) as compared to net loss of \$300,064 (\$0.00 per share) for the nine months ended March 31, 2018.

For the nine months ended March 31, 2019, the Company recorded a loss from the exchange differences on translation of foreign operations of \$261 resulting in total comprehensive loss for the period of \$3,489,974. 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 nine months ended March 31, 2018, the Company recorded a gain from the exchange differences on translation of foreign operations of \$112 resulting in total comprehensive loss for the period of \$299,952.

# Cash Flows Nine months ended March 31, 2019 and 2018:

During the nine months ended March 31, 2019, the Company used cash of \$2,886,184 in operating activities as compared to \$6,893,303 during the nine months ended March 31, 2018. 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. During the nine months ended March 31, 2019, the Company had proceeds from disposition of investments of \$9,735,743 as compared to \$8,415,217 during the nine months ended March 31, 2018. During the nine months ended March 31, 2019, the Company purchased \$9,985,611 of investments as compared to \$11,616,138 of investments purchased during the nine months ended March 31, 2018. During the nine months ended March 31, 2019, the Company had proceeds from disposition of digital assets of \$549,595 as compared to \$479,304 during the nine months ended March 31, 2018. During the nine months ended March 31, 2019, the Company had proceeds from disposition of digital assets of \$549,595 as compared to \$479,304 during the nine months ended March 31, 2018. During the nine months ended March 31, 2019, the Company purchased \$340,048 of digital assets as compared to \$1,948,839 purchased during the nine months ended March 31, 2018. The Company also decrease margin used of \$781,821 (due to brokers) for the nine months ended March 31, 2019.

During the nine months ended March 31, 2019, the Company generated net cash of \$2,893,951 in financing activities from a non-brokered private placement financings as compared to \$3,036,029 for the nine months ended March 31, 2018. During the nine months ended March 31, 2018, the Company also raised gross proceeds of \$3,847,501 through the exercise of warrants.

During the nine month ended March 31, 2019 and 2018, the Company had no investing activities.

For the nine months ended March 31, 2019, the Company had a net decrease in cash of \$93,854 as compared to a net increase in cash of \$29,393 for the nine months ended March 31, 2018. For the nine months ended March 31, 2019, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of \$261, leaving a cash balance of \$52,015 as at March 31, 2019 as compared to an exchange gain of \$112, leaving a cash balance of \$51,478 as at March 31, 2018.

### 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 March 31, 2019.

Liquidity and capital resources:	
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Consolidated statement of financial position			
highlights	Ma	rch 31, 2019	June 30, 2018
Cash	\$	52,015	\$ 146,130
Investments, at fair value		18,001,901	17,117,728
Digital assets, at fair value less cost to sell		311,927	2,397,220
Total assets		19,120,987	19,935,858
Due to brokers		9,798	791,619
Total liabilities		148,666	898,518
Share capital, warrants and broker warrants, contributed			
surplus		138,793,133	135,368,178
Foreign currency translation reserve		875,536	875,797
Deficit	(	120,696,348)	(117,206,635)

Total liabilities decreased by \$749,852 to \$148,666 as at March 31, 2019 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 \$781,821. As at March 31, 2019, total liabilities also include \$17,826 (June 30, 2018 - \$17,665) accrued for the winding down of its inactive subsidiaries in Barbados.

The Company's cash and investments as at March 31, 2019 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 old premises.

As at March 31, 2019, future minimum annual lease payments under operating leases for premises and equipment are approximately as follows:

2019	\$ 285,500
2020	293,800
2021	218,200
2022	217,800
2023	145,800
	1,161,100

As at March 31, 2019, the Company had commitments to purchase investments totaling \$821,168 (June 30, 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 nine months ended March 31 were as follows:

	Three months ended March 31,			Nine months ended March 31,				
Type of expense		2019		2018		2019		2018
Salaries and consulting fees	\$	525,250	\$	331,250	\$	937,750	\$	913,750
Other short-term benefits		1,573		4,226		13,725		15,330
Stock-based compensation expense		159,282		251,778		343,206		369,138
	\$	686,105	\$	587,254	\$	1,294,681	\$	1,298,218

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 nine months ended March 31, 2019, a cash bonuses of \$500,000 was paid to the CEO. During the nine months ended March 31, 2018, cash bonuses of \$450,000 was paid to the CEO and \$100,000 was paid to the CFO.

- (b) During the nine months ended March 31, 2019, the Company completed three non-brokered private placement. 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) During the nine months ended March 31, 2018, the Company completed three non-brokered private placements. The CEO subscribed for 1,250,000 units for gross proceeds of \$125,000 pursuant to the Company's private placement in October 2017.
- (d) On March 1, 2018, 9,750,000 stock options were granted to directors and officers of the Company, exercisable at a price of \$0.16 per share, expiring on March 1, 2023.
- (e) On 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 price of \$0.10 per share, expiring on December 14, 2023.
- (f) As at March 31, 2019, included in prepaids and receivables is \$86,445 (June 30, 2018 \$45,715) due from related parties, three private companies with a common director or key management personnel (2018 three private companies). The receivables are for rental and administrative services.
- (g) As at March 31, 2019, included in prepaids and receivables is \$426,750 (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 March 31, 2019, 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 March 31, 2019. The Company's capital includes all components of equity which amounts to \$18,972,321 as at March 31, 2019 (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 March 31, 2019.

#### 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 nine months ended March 31, 2019. As at March 31, 2019 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 nine months ended March 31, 2019 from a change in the closing trade price of the Company's investments and digital assets with all other variables held constant as at March 31, 2019:

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%	\$ 317,745	\$ (317,745)
4%	635,490	(635,490)
6%	953,235	(953,235)
8%	1,270,980	(1,270,980)
10%	1,588,725	(1,588,725)

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and nine months ended March 31, 2018 from a change in the closing trade price of the Company's investments with all other variables held constant as at March 31, 2018:

	Decrease in after-tax net loss from % increase in	Increase in after-tax net loss from % decrease in closing
Percentage of change in closing trade price	closing trade price	trade price
2%	\$ 237,477	\$ (237,477)
4%	474,953	(474,953)
6%	712,430	(712,430)
8%	949,907	(949,907)
10%	1,187,384	(1,187,384)

### (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. 
 March 31, 2019
 June 30, 2018

 Denominated in U.S. dollars:
 \$ 9,155 \$ 2,984

 Due from brokers
 271
 15

\$

(21,868)

(12,442)

(17, 665)

(2,297,459)

(2,312,125)

\$

Accounts payable and accrued liabilities

Net assets denominated in U.S. dollars

Due to brokers

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

The following table shows the estimated sensitivity of the Company's after-tax net loss for the
nine months ended March 31, 2019 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 March 31, 2019:

	Increase in after-tax net loss Decrease in after-tax net los				
Percentage change in U.S. dollar	from an increase in % in the from a decrease in % in the				
exchange rate	U.S. dollar exchange rate	U.S. dollar exchange rate			
2%	\$ (183)	\$ 183			
4%	(366)	366			
6%	(549)	549			
8%	(732)	732			
10%	(914)	914			

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:

	Decrease in aft income from an ir			after-tax net a decrease in %
Percentage change in U.S. dollar exchange	in the U.S. dolla	r exchange	in the U.S. de	ollar exchange
rate	rate		ra	ate
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 nine months ended March 31, 2019 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	ed gains positions	ransfer to evel 1 or 2	Net unrealized gains (losses)	Ending balance
March 31, 2019	\$ 12,210,753	\$1,968,088	\$ -	\$ 4,607,988)	\$ 3,648,030	\$ 13,218,883
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 nine months ended March 31, 2019, 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 nine months ended March 31, 2019 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 March 31, 2019, the warrants outstanding were as follows:

Number of warrants	Exercise price	Expiry date	Warrar	nt 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
5,000,000	0.15	March 1, 2022		173,195
72,130,230			\$	3,170,114

The purchase warrants issued during the nine months ended March 31, 2019 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	March 1, 2019
Expected volatility	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	2.14%	2.30%	1.78%
Expected option life in years	3	3	3
Fair value per warrant issued, net of share issuance costs	\$ 0.04	\$ 0.04	\$ 0.03

The expected volatility is based on the average historical volatility over the life of the warrants at the Company's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected warrant life in years represents the

period of time that the warrants are expected to be outstanding based on historical warrants issued. The total value (net of share issuance costs) assigned to the purchase warrants was \$1,057,333.

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 March 31, 2019 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.

# **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 March 31, 2019.

### 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:

Subsequent to March 31, 2019, the CEO exercised 1,333,333 options at an average price of \$0.10 per share for total proceeds of \$133,333.

Subsequent to March 31, 2019, the Company granted 2,250,000 options to an officer and an employee of the Company at an exercise price of \$0.10 per share expiring on April 11, 2024.

On May 14, 2019, the Company filed articles of amendment to consolidate its issued and outstanding common shares on the basis of one (1) new common share for every three (3) existing common shares. Shareholders' approval of the consolidation was obtained at the Company's annual and special meeting of shareholders held on March 28, 2019.

As at the date of this MD&A, the number of post-consolidated common shares of the Company outstanding and the number of post-consolidated common shares issuable pursuant to other outstanding securities of ThreeD are as follows:

Common shares	Number	
Outstanding	49,580,721	
Issuable under the exercise of warrants	24,043,380	
Issuable under the exercise of options	9,793,207	
Total diluted common shares	83,417,308	

Refer to Note 7 of the Notes to the consolidated financial statements as at and for the three and nine months ended March 31, 2019 for details of the Company's share capital as at March 31, 2019.

#### 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 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 <u>www.threedcapital.com</u> and the Company's profile on SEDAR at <u>www.sedar.com</u>.