ThreeD Capital

Management's Discussion and Analysis

For the year ended: June 30, 2019

Date of report: October 28, 2019

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of ThreeD Capital Inc. ("ThreeD" or the "Company") should be read in conjunction with ThreeD's annual audited consolidated financial statements and notes thereto as at and for the years ended June 30, 2019 and 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:

- The Company had reassessed the accounting policy in valuing its investments in warrants. Previously, the fair value of these investments was determined based on market information. During the year ended June 30, 2019, it was determined that the fair value of warrants in the Company's investment portfolio should have been valued using an option pricing model such as the Black-Scholes valuation model. The Company believes that the revised policy provides more relevant financial information to users of the consolidated financial statements and all comparative figures have been restated to reflect the revised accounting policy.

- 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. All figures and comparative figures reflect the stock consolidation, retroactively.

- On August 23, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,322,000 through the issuance and sale of 4,406,662 units at a price of $0.30 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 $0.45 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 3,616,664 units at a price of $0.30 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 $0.45 per share on or before October 30, 2021.

- 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 1,666,666 units at a price of $0.30 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 $0.45 per share on or before March 1, 2022.

- On May 31, 2019, the Company completed a non-brokered private placement financing raising gross proceeds of $824,600 through the issuance and sale of 12,686,152 units at a price of $0.065per 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 $0.10 per share on or before May 31, 2022.

- On July 2, 2019, the Company completed a non-brokered private placement financing raising gross proceeds of $662,482 through the issuance and sale of 10,192,026 units at a price of $0.065 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 $0.10 per share on or before July 2, 2022.

- On August 20, 2019, the Company completed a non-brokered private placement financing raising gross proceeds of $255,000 through the issuance and sale of 5,100,000 units at a price of $0.05 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 $0.10 per share on or before August 20, 2022.

- On September 13, 2019, the Company completed a non-brokered private placement financing raising gross proceeds of $260,000 through the issuance and sale of 5,200,000 units at a price of $0.05 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 $0.10 per share on or before September 13, 2022.

- During the year ended June 30, 2019, the Company raised gross proceeds of $133,333 through the exercise of 444,444 options at a weighted average exercise price of $0.30 per share.

- In November 2018, the Company issued an aggregate of 100,874 common shares at a deemed average price of approximately $0.36 per share in consideration of marketing, advertising and related services.

- As at June 30, 2019, the Company held investments at fair value and digital assets, at fair value less cost to sell totalling $21,419,621 as compared to $20,681,653 as at June 30, 2018, a 4% increase primarily net purchases of investments and digital assets.

- As at June 30, 2019, net asset value per share ("NAV per share") was $0.35 as compared to $0.51 as at June 30, 2018 (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

Investments:

The fair value and cost of investments are as at June 30, 2019 as follows:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	**$ 127,501**	**$ 5,400,000**	**26.1**
Goldspot Discoveries Inc. (TSXV: SPOT)	(i)	12,470,823 common shares	**672,332**	**4,017,141**	**19.4**
Novera Capital Inc. (private)	(ii)	500,000 common shares 500,000 warrants expire July 19, 2020	**328,250**	**875,211**	**4.2**
Imagination Park Technologies Inc. (CSE: IP)	(i, ii)	6,613,000 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	**763,799**	**375,020**	**1.8**
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	**100,000**	**272,000**	**1.3**
One Bullion Limited (private)	(ii)	4,000,000 common shares	**53,000**	**200,000**	**1.0**
Pluto Network Operations Canada Inc. (private)	(ii)	21,299 common shares	**45,154**	**-**	**-**
Gratomic Inc. (TSXV: GRAT)	(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	**-**	**70,000**	**0.3**
Other publicly traded investments			**1,128,858**	**1,904,957**	**9.2**
Other private investments			**4,490,916**	**7,559,492**	**36.7**
			$ 7,709,810	**$ 20,673,821**	**100.0**

The fair value and cost of investments are as at June 30, 2018 as follows (restated for the fair value of warrants):

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	29.6
Goldspot Discoveries Inc. (private)	(ii, iii)	277,500 common shares	210,027	2,775,000	15.2
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	772,840	4.2
Casino Gold Corp. (private)	(iii)	13,500,000 common shares	164,088	357,750	2.0
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	0.2
Radio Fuels Corp. (private)	(iii)	13,500,000 common shares	17,981	17,981	0.1
Other publicly traded investments			4,902,671	5,052,125	27.6
Other private investments			2,912,041	3,591,583	19.6
			$ 8,632,899	$ 18,284,433	100.0

(a) The Company includes the following investments in its investment disclosure:

(i) Investments in which it is subject to insider or early warning (s101) reporting requirements; or
(ii) Investments in which one or more of the Company's management and/or director(s) is a director of the investee; or
(iii) Private investments in which we own greater than 10% of the investee.

As at June 30, 2019, the fair value of investments exceeded original cost by $12,964,011 as compared to $9,651,534 as at June 30, 2018. The increase for the year ended June 30, 2019 was primarily due to the net investment gains $824,438 and additional funds raised on equity financing to purchase new investments.

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

As at June 30, 2018, total investments included securities of private companies with a fair value totalling $14,306,703 (69% of total fair value of the Company's investments; cost of $5,144,821). As at June 30, 2018, total investments included securities of private companies with a fair value totalling $12,459,467 (68% of total fair value of the Company's investments; cost of $2,123,173). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

Digital assets:

Digital assets consist of the following:

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

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

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

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

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

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

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the purchase, sale or exchange of digital assets and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue transactions in digital assets. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings. initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more valuation indicators.

The cost and FVLCTS of digital assets as at June 30, 2019 are as follows:

	Cost	FVLCTS
Digital coins	**$ 220,749**	**$ 641,719**
Digital tokens	**1,137,828**	**104,081**
SAFTs	**1,191,609**	**-**
	$ 2,550,186	**$ 745,800**

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

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

The cost and FVLCTS of the top 10 digital assets as at June 30, 2019 are as follows:

Digital currency	Type	Quantity	Cost	Fair Value less cost to sell	% of FVLCTS
Flexacoin	Coins	97,375,455	**$ 129,665**	**$ 629,303**	**84.4**
Crypterium	Tokens	145,289	**188,385**	**42,400**	**5.7**
Sense	Tokens	11,628,411	**26,661**	**34,256**	**4.6**
Legolas	Tokens	217,562	**125,590**	**22,142**	**3.0**
NEO	Coins	186	**36,927**	**4,057**	**0.5**
Basic Attention Token	Tokens	9,991	**8,701**	**3,827**	**0.5**
Consensus	Tokens	2,444,888	**73,347**	**3,206**	**0.4**
Verge	Coins	129,205	**19,609**	**1,311**	**0.2**
Civic	Coins	12,000	**16,316**	**1,103**	**0.2**
Hybrid-Block	Tokens	750,000	**188,685**	**877**	**0.1**
Other digital assets			**1,736,300**	**3,318**	**0.4**
			$ 2,550,186	**$ 745,800**	**100.0**

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

Digital currency	Type	Quantity	Cost	Fair Value less cost to sell	% of FVLCTS
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. The DGH’s position is that the Company and its partners failed to meet certain terms of the PSC governing their commitments on exploration block AA-ONN-2003/2. The Company and its partners have disputed certain terms of the PSC, including its expiry on the basis of force majeure. As at June 30, 2010, the Company wrote-off all of its oil and gas properties and related expenditures in India.

In January 2015, the Company received notice from the DGH that it denied the request for non-levy of the cost of the unfinished PSC and demanded payment of the outstanding balance of US$14,054,284 (ThreeD’s share – US$1,423,510). The Company considers the claim to be completely without merit and will defend itself vigorously. No provision has been made for the claim in the consolidated statement of financial position as at June 30, 2019.

Results of Operations

Selected financial information for the Company for its three most recently completed financial years as at and for the years ending June 30 is provided below:

	2019	2018 (Restated)[1]	2017 (Restated)[1]
Net investment gains (losses), interest and other income	**$ (380,583)**	$ 5,442,406	$ 4,617,739
Comprehensive income (loss) for the year	**(3,804,431)**	1,391,424	3,427,745
Earnings (loss) per common share based on net income (loss) for the year – basic	**(0.08)**	0.05	0.32
Earnings (loss) per common share based on net income (loss) for the year – diluted	**(0.08)**	0.04	0.25
Investments, at fair value	**$ 20,673,821**	$ 18,284,433	$ 7,868,858
Digital assets, at fair value less cost to sell	**745,800**	2,397,220	-
Total assets	**22,113,561**	21,102,563	7,985,571
Total liabilities	**522,026**	898,518	175,110
Equity	**21,591,535**	20,204,045	7,810,461

[1]The Company had reassessed the accounting policy in valuing its investments in warrants. Previously, the fair value of these investments was determined based on market information. For options and warrants which were not traded on a recognized securities exchange, no market value was readily available. When there were sufficient and reliable observable market inputs, a valuation technique was used; if no such market inputs were available or reliable, the options and warrants were valued at intrinsic value, which was equal to the higher of the closing trade price at the end of the reporting period of the underlying security less the exercise price of the options or warrants, and zero.

During the year ended June 30, 2019, it was determined that the fair value of warrants in the Company's investment portfolio should have been valued using an option pricing model such as the Black-Scholes valuation model.

The Company believes that the revised policy provides more relevant financial information to users of the consolidated financial statements.

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

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

	Quarter ended			
	June 30, 2019	**March 31, 2019 (restated)**	**December 31, 2018 (restated)**	**September 30, 2018 (restated)**
Net investment gains (losses)	**$ 749,551**	**$ (83,435)**	**$ 1,140,987**	**$ (2,526,177)**
Net income (loss) for the period	**(87,643)**	**(1,154,618)**	**549,049**	**(3,111,328)**
Total comprehensive income (loss) for the period	**(87,273)**	**(1,154,243)**	**548,114**	**(3,111,029)**
Earnings (loss) per share based on net income (loss) for the period – basic	**(0.00)**	**(0.02)**	**0.01**	**(0.08)**
Earnings (loss) per share based on net income (loss) for the period – diluted	**(0.00)**	**(0.02)**	**0.01**	**(0.08)**
	June 30, 2018 (restated)	March 31, 2018 (restated)	December 31, 2017 (restated)	September 30, 2017 (restated)
Net investment gains (losses)	$ 2,472,111	$ 345,415	$ 2,980,733	$ (515,937)
Net income (loss) for the period	719,234	(589,473)	2,073,791	(848,550)
Total comprehensive income (loss) for the period	755,544	(589,940)	2,073,703	(847,883)
Earnings (loss) per share based on net income (loss) for the period – basic	0.02	(0.02)	0.09	(0.05)
Earnings (loss) per share based on net income (loss) for the period – diluted	0.02	(0.02)	0.06	(0.05)

See previous note on the restatement of the fair value of warrants.

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

Three months ended June 30, 2019 and 2018:

For the three months ended June 30, 2019, the Company generated net realized losses on disposal of investments of $935,163 as compared to $1,485,784 for the three months ended June 30, 2018. The net realized losses in the current quarter was a result of the dispositions of several of the Company's non-core investments.

For the three months ended June 30, 2019, the Company recorded a net change in unrealized gains on investments of $1,125,296 as compared to $2,594,114 for the three months ended June 30, 2018. The net change in unrealized gains on investments in the current year related to the net write-up to fair value of $2,930,688 on the Company's investments offset by the reversal of previously recognized net unrealized gains on disposal of investments of $1,805,392. In the prior period, the net change in unrealized gains on investments in the current year related to the net write-up to fair value of $7,866,613 on the Company's investments offset by the reversal of previously recognized net unrealized gains on disposal of investments of $5,272,499.

As previously discussed, in January 2018, the Company started investing in digital assets. For the three months ended June 30, 2019, the Company recorded a realized gain on digital assets of $14,142 as compared to $1,677,175 in the prior year quarter. For the three months ended June 30, 2019, the net change in unrealized gains on digital assets was $318,092, 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 June 30, 2019, the Company recorded administrative and rental income and other income of $177,476 as compared to $50,016 for the three months ended June 30, 2018, primarily consisting of administrative and rental fees from some of the Company's investees. In the current quarter period, the Company also recorded dividend income of $120,521 from one of its investees.

For the three months ended June 30, 2019, operating, general and administrative expenses decreased by $785,246 to $1,013,410 from $1,798,656 for the three months ended June 30, 2018. The decrease was primarily due to a decrease in stock-based compensation expense of $1,067,943 offset by an increase in salaries and consulting fees and other office and general expenses, as discussed below.

The following is the breakdown of the Company's operating, general and administrative expenses for the indicated three month periods ended June 30. Details of the changes follow the table:

	2019	2018
Salaries and consulting fees (a)	**$ 458,563**	$ 275,581
Stock-based compensation expense (b)	**151,157**	1,219,100
Other office and general (c)	**110,317**	42,682
Professional fees	**88,719**	77,596
Bad debts (d)	**73,450**	-
Operating lease payments (e)	**70,887**	20,035
Other employment benefits	**18,152**	8,553
Transaction costs (f)	**24,588**	65,141
Shareholder relations, transfer agent and filing fees	**6,965**	3,748
Travel and promotion (g)	**6,309**	32,755
Foreign exchange loss (h)	**4,303**	53,465
	$ 1,013,410	$ 1,798,656

(a) Salaries and consulting fees increased by $182,982 for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018, primarily due to a bonus payment of $100,000 paid to the Company's CEO and additional employees during the current period as compared to the prior year period.

(b) Stock-based compensation expense decreased by $1,067,943 as compared to the three months ended June 30, 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. During the last year's period, the Company fully vested 3,525,000 options which were granted to directors, officers, and employees, exercisable at $0.48 per share expiring on April 24, 2021.

(c) Other office and general increased by $67,635 as compared to the three months ended June 30, 2018, primarily due to a change in allocation of non-claimable input tax credits of $36,388 recorded in the current period as compared to $24,839 in the prior year period. The Company also had a general increase in costs relating to its new premises.

(d) In the current period year, the Company recorded bad debts of $73,450 as an allowance for receivables relating to rental income from an investee, which has been outstanding for over 12 months. The Company believes the receivable is currently uncollectible.

(e) Operating lease payments increased by $50,852 for the three months ended June 30, 2019 as compared to the three months ended June 30, 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.

(f) Transactions costs decreased by $40,553 for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018, due to a decrease in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments and digital assets through brokers and exchanges, which are expensed immediately in accordance with the Company's accounting policy.

(g) Travel and promotion decreased by $26,446 for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018, primarily due to a decrease in investment and digital currency investing activities and traveling relating to the Company's investment and digital currency investing activities.

(h) Foreign exchange loss decreased by $49,162 for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018. The Company had a foreign exchange loss during the current quarter due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

Net loss for the three months ended June 30, 2019 was $87,643 ($0.00 per share) as compared to net income of $719,234 ($0.02 per share) for the three months ended June 30, 2018, from the net investment gains as previously discussed.

For the three months ended June 30, 2019, the Company recorded a gain from the exchange differences on translation of foreign operations of $370 resulting in total comprehensive loss for the period of $87,273. For the three months ended June 30, 2018, the Company recorded a gain from the exchange differences on translation of foreign operations of $36,310 resulting in total comprehensive income for the period of $755,544.

Year ended June 30, 2019 and 2018:

For the year ended June 30, 2019, the Company generated net realized losses on disposal of investments of $2,488,039, as compared to $2,196,082 for the year ended June 30, 2018. The net realized losses in the current and prior year was a result of the disposition of a majority of the Company's legacy investments and non-core investments.

For the year ended June 30, 2019, the Company recorded a net change in unrealized gains on investments of $3,312,477 as compared to $6,437,485 for the year ended June 30, 2018. The net change in unrealized gains on investments in the current year related to the net write-up to fair value of $6,749,617 on the Company's investments offset by the reversal of previously recognized net unrealized gains on disposal of investments of $3,437,140. The net change in unrealized gains on investments in the prior year related to the net write-up to fair value of $10,830,843 on the Company's investments offset by the reversal of previously recognized net unrealized gains on disposal of investments of $4,393,358.

As previously discussed, in January 2018, the Company started investing in digital assets. For year ended June 30, 2019, the Company recorded a realized loss on digital assets of $152,171 as compared to a realized gain of $1,453,964 in the prior year period. For the year ended June 30, 2019, the net change in unrealized losses on digital assets was $1,391,341 as compared to $413,045 for the year ended June 30, 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 year ended June 30, 2019, the Company recorded administrative and rental income of $217,939 as compared to $151,068 for the year ended June 30, 2018, primarily consisting of administrative and rental fees from some of the Company's investees. In the current year, the Company also recorded dividend income of $120,521 from one of its investees as compared to $9,000 of interest income from an investee last year.

For the year ended June 30, 2019, operating, general and administrative expenses decreased by $717,873 to $3,358,165 from $4,076,038 for the year ended June 30, 2018, primarily from the decrease in stock-based compensation expense and salaries and consulting fees as discussed below.

The following is the breakdown of the Company's operating, general and administrative expenses for the year ended June 30. Details of the changes follow the table:

	2019	2018
Salaries and consulting fees (a)	**$ 1,730,179**	$ 1,571,676
Stock-based compensation expense (b)	**646,001**	1,828,956
Other office and general (c)	**338,552**	114,677
Operating lease payments (d)	**201,644**	84,999
Transaction costs (e)	**151,706**	168,335
Professional fees	**116,415**	133,579
Bad debts (f)	**73,450**	-
Other employment benefits	**49,337**	37,701
Shareholder relations, transfer agent and filing fees	**43,310**	44,565
Travel and promotion (g)	**19,491**	55,493
Foreign exchange expense (h)	**(11,920)**	36,057
	$ 3,358,165	$ 4,076,038

(a) Salaries and consulting fees increased by $158,503 for the year ended June 30, 2019 as compared to the year ended June 30, 2018, primarily due to an increase in consulting fees and bonuses totalling $600,000 paid to the CEO. In the prior, salaries and consulting fees included $550,000 bonuses paid to management and non-claimable input tax credits of $149,269 on consulting fees.

(b) Stock-based compensation expense decreased by $1,067,943 for the year ended June 30, 2019 as compared to the year ended June 30, 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. During the year ended June 30, 2019, the Company granted 4,408,327 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.30 per share expiring between September 23, 2023 and April 11, 2024. During the prior year, the Company granted 5,146,666 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.54 per share expiring between October 12, 2020 and March 1, 2023. In the prior year, the Company fully vested 3,525,000 options which were granted to directors, officers, and employees, exercisable at $0.48 per share expiring on April 24, 2021.

(c) Other office and general expenses increased by $297,325 for the year ended June 30, 2019 as compared to the year ended June 30, 2018, primarily due to a change in allocation of non-claimable input tax credits of $162,444 recorded in the current period as compared to $28,905 in the prior year. The Company also had a general increase in office expenses relating to the new office space.

(d) Operating lease payments increased by $116,645 for the year ended June 30, 2019 as compared to the year ended June 30, 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) Transactions costs decreased by $16,629 for the year ended June 30, 2019 as compared to the year ended June 30, 2018, due to a decrease 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.

(f) In the current year, the Company recorded bad debts of $73,450 as an allowance for receivables relating to rental income from an investee, which has been outstanding for over 12 months. The Company believes the receivable is currently uncollectible.

(g) Travel and promotion decreased by $36,002 for the year ended June 30, 2019 as compared to the year ended June 30, 2018, primarily due to a decrease in investment and digital currency investing activities and traveling relating to the Company's investment and digital currency investing activities.

(h) During the year ended June 30, 2019, the Company had a foreign exchange gain of $11,920 as compared to a foreign exchange loss of $36,057 for the year ended June 30, 2018, an increase of $47,977. 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 year, which decreased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

For the year ended June 30, 2019, the Company had finance expenses of $65,792 as compared to $11,366 for the year ended June 30, 2018. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net loss for the year ended June 30, 2019 was $3,804,540 ($0.08 per share) as compared to net income of $1,355,002 ($0.05 per share).

For the year ended June 30, 2019, the Company recorded a gain from the exchange differences on translation of foreign operations of $109 resulting in total comprehensive loss for the year of $3,804,431. For the year ended June 30, 2018, the Company recorded a gain from the exchange differences on translation of foreign operations of $36,422 resulting in total comprehensive income for the year of $1,391,424. The Company expects the exchange differences on translation of foreign operations to be minimal going forward since its foreign subsidiaries are no longer active and are in the process of being wind-up.

Cash Flows
Year ended June 30, 2019 and 2018:

During the year ended June 30, 2019, the Company used cash of $4,477,295 in operating activities as compared to $9,066,773 in the year ended June 30, 2018. The Company classifies its investment and digital assets activities (proceeds on disposal of investments, purchases of investments, and due from/to brokers) as operating activities which is the Company's primary business. During the year ended June 30, 2019, the Company had proceeds from disposition of investments of $10,449,154 as compared to $13,172,873 during the year ended June 30, 2018. During the year ended June 30, 2019, the Company purchased $12,014,104 of investments as compared to $19,347,045 of investments purchased during the year ended June 30, 2018. As previously discussed, in January 2018, the Company started investing in digital assets. During the year ended June 30, 2019, the Company had proceeds from disposition of digital assets of $612,473 as compared to $4,617,116 during the year ended June 30, 2018. During the year ended June 30, 2019, the Company purchased $504,565 of digital assets as compared to $5,973,417 purchased during the year ended June 30, 2018. The Company also decrease margin used of $464,638 (due to brokers) for the year ended June 30, 2019.

During the year ended June 30, 2019, the Company generated net cash of $4,569,760 (2018 – $9,156,164) in financing activities from non-brokered private placement financings, and the exercise of stock options. During the current year, the Company raised net proceeds of $3,715,699 (2018 - $5,269,498) from private placement financings and received proceeds of $133,333 from the exercise of stock options (2018 -$3,886,666 from the exercise of warrants and stock options). In June 2019, the Company also received $660,728 (shares to be issued) for a private placement that closed on July 2, 2019.

During the year ended June 30, 2019, the Company used cash in investing activities of $101,622 as compared to $1,656 during the year ended June 30, 2018. In the current year, The Company used cash for the purchases of property, plant and equipment.

For the year ended June 30, 2019, the Company had a net decrease in cash of $9,157 as compared to a net increase of $87,735 for the year ended June 30, 2018. For the year ended June 30, 2019, the Company also had a gain from the exchange rate changes on its foreign operations' cash balances of $109, leaving a cash balance of $137,082 as at June 30, 2019 as compared to an exchange gain of $36,422, leaving a cash balance of $146,130 as at June 30, 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's revenue are earned in Canada and all of the Company's property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the years ended June 30, 2019 and 2018.

Liquidity and capital resources:

Consolidated statement of financial position highlights		**June 30, 2019**		June 30, 2018 (Restated)
Cash	**$**	**137,082**	$	146,130
Investments, at fair value		**20,673,821**		18,284,433
Digital assets, at fair value less cost to sell		**745,800**		2,397,220
Total assets		**22,113,561**		21,102,563
Due to brokers		**326,981**		791,619
Total liabilities		**522,026**		898,518
Share capital, shares to be issued, warrants and broker warrants, contributed surplus		**140,560,099**		135,368,178
Foreign currency translation reserve		**875,906**		875,797
Deficit		**(119,844,470)**		(116,039,930)

As at June 30, 2019, total liabilities decreased by $376,492 to $522,026 as compared to $898,518 as at June 30, 2018, primarily from a reduction of margin used (due to brokers). In the current year, included in total liabilities is $326,981 due to brokers (margin used) and $60,000 advances from officer. The advances from officer was subsequently repaid in July 2019. As at June 30, 2018, total liabilities also include $17,556 (2018 - $17,665) accrued for the winding down of its subsidiaries in Barbados.

The Company's cash and investments as at June 30, 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 on 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.

In September 30, 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 sublease its old premises.

As at June 30, 2019, future minimum annual lease payments under operating leases for premises and equipment are approximately as follows:

2020	$	**268,900**
2021		**204,700**
2022		**212,500**
2023		**218,800**
2024		**70,300**
	$	**975,200**

As at June 30, 2019, the Company had commitments to purchase investments totaling $858,400 (June 30, 2018 - $438,200).

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, directors and other related parties were as follows during the years ended June 30:

Type of expense		2019		2018
Salaries and consulting fees	**$**	**1,242,455**	$	1,045,000
Directors fees		**75,000**		-
Other short-term benefits		**16,529**		16,903
Stock-based compensation expense (c, d)		**482,870**		**491,992**
	$	**1,825,976**	$	2,507,881

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO"), Vice-President of Business Development, General Council ("VP"). Other related parties include directors of the Company and a close family member of the CEO. During the year ended June 30, 2019, a cash bonus of $600,000 (2018 - $450,000) was paid to the CEO. During the year ended June 30, 2018, a cash bonus of $100,000 was paid to the CFO.

(b) As at June 30, 2019, included in accounts payable and accrued liabilities is $2,556 (2018 - $5,766) due to the CEO relating to reimbursement of operating expenses.

(c) On September 14, 2018, 1,199,999 stock options was granted to directors and officers of the Company, exercisable at a price of $0.30 per share, expiring on September 14, 2023. On December 14, 2018, 1,949,998 stock options was granted to directors and officers of the Company, exercisable at a price of $0.30 per share, expiring on December 14, 2023. On April 11, 2019, 749,999 stock options was granted to the CEO and a close family member of the CEO, exercisable at a price of $0.30 per share, expiring on April 11, 2024.

(d) On November 30, 2017, 500,000 stock options was granted to the CEO, exercisable at a price of \$0.63 per share, expiring on November 30, 2022. On March 1, 2018, 3,249,999 stock options were granted to directors and officers of the Company, exercisable at a price of \$0.48 per share, expiring on March 1, 2023.

(e) During the year ended June 30, 2019, the CEO exercised 444,444 stock options at an average price of \$0.30 per share for total proceeds of \$133,333. During the year ended June 30, 2018, directors exercised 91,666 stock options at an average price of \$0.43 per share for total proceeds of\$39,166. During the year ended June 30, 2018, directors, officers, and close family members of the CEO and CFO exercised 2,592,331 warrants at an average price of \$0.38 per share for total proceeds of \$975,399.

(f) During the year ended June 30, 2019, the Company completed four non-brokered private placements. On August 23, 2018, the CEO, other directors and close family members of the CEO subscribed for 1,866,665 units for gross proceeds of \$560,000. On October 30, 2018, the CEO, a director, and other close family members of the CEO subscribed for 2,499,999 units for gross proceeds of \$750,000. On March 1, 2019, a close family member of the CEO subscribed for 500,000 units for gross proceeds of \$150,000. On May 31, 2019, the CEO and his close family members subscribed for 9,723,077 units for gross proceeds of \$632,000.

(g) During the year ended June 30, 2018, the Company completed five non-brokered private placements as described in Note 10(c). On July 5, 2017, a close family member of the CEO subscribed for 533,333 units for gross proceeds of \$160,000. On October 24, 2017, the CEO subscribed for 416,666 units for gross proceeds of \$125,000. On November 14, 2017, a close family member of the CEO subscribed for 250,000 units for gross proceeds of \$150,000. On April 13, 2019, two directors and close family members of the CEO subscribed for 2,016,665 units for gross proceeds of \$605,000. On May 16, 2018, the CEO, a director, and close family members of the CEO subscribed for 1,563,331 units for gross proceeds of \$609,700.

(h) As at June 30, 2019, included in prepaids and receivables is \$40,680 (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.

(i) As at June 30, 2019, included in prepaids and receivables is \$282,500 (2018 - \$183,060) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

(j) As at June 30, 2019, the Company had advances from officer (the CEO) of \$60,000 which was due on demand, unsecured and interest free. The loan was fully repaid in July 2019.

Off-Balance sheet arrangements:

As at June 30, 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 financials condition of ThreeD.

Management of capital:

The Company considers its capital to include equity which amounts to $21,591,535 on June 30, 2019 (2018 - $20,204,045 (restated); July 1, 2017 - $7,810,461 (restated). The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its broker;

(b) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments and digital assets;

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

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

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

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

(b) raising capital through equity or debt financings.

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

There were no changes in the Company's approach to capital management during the year ended June 30, 2019. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current working capital is sufficient to discharge its liabilities as at June 30, 2019.

Risk management:

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

(a) Market risk:

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments/digital assets and unfavourable market conditions could result in dispositions of investments/digital assets at less than favourable prices.

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

As at June 30, 2018 and 2017, the Company held some U.S. denominated investments and all of its digital assets are denominated in U.S. dollars therefore market risk also includes currency risk,

There were no changes in the way the Company manages market risk during the year ended June 30, 2019. The Company manages its market risk by having a portfolio that is not singularly exposed to any one issuer or class/sector of issuers.

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 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 June 30, 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%	**$ 371,630**	**$ (371,630)**
4%	**743,261**	**(743,261)**
6%	**1,114,891**	**(1,114,891)**
8%	**1,486,522**	**(1,486,522)**
10%	**1,858,152**	**(1,858,152)**

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

Percentage of change in closing trade price	Increase in after-tax net income from % increase in closing trade price	Decrease in after-tax net income from % decrease in closing trade price
2%	$ 358,827	$ (358,827)
4%	717,653	(717,653)
6%	1,076,480	(1,076,480)
8%	1,435,307	(1,435,307)
10%	1,794,133	(1,794,133)

(b) Credit risk:

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties owing it money or securities will not perform their underlying obligations and for funds held with banks for cash. The Company may, from time to time, invest in debt obligations.

As at June 30, 2019, the Company held one convertible debentures with a fair value of $806,822 (2018 – nil). All funds in cash are held in financial institutions that have a credit rating above AA and the Company believes it is not exposed to any significant loss.

There were no changes to the way the Company manages credit risk during the year ended June 30, 2019. The Company is also exposed in the normal course of business to credit risk from the sale of its investments and advances to investee and joint arrangements.

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

	2019	2018
Cash	**$ 137,082**	$ 146,130
Due from brokers	**252**	554
Convertible debentures	**806,822**	-
Receivables (i)	**53,575**	45,765
	$ 997,731	$ 192,449

(i) As at June 30, 2019, the receivables were from investees for monthly administrative and office rental fees) and although it has receive monthly payments previously, the Company is exposed to credit risk relating to those receivables. As at June 30, 2019 included in receivables is $8,657 (2018 – nil) relating to Harmonized Sales Tax input sales tax refunds. The Company believes it is not exposed to credit risk since the amount is fully collectible from the Canadian government.

(c) Liquidity risk:

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

There were no changes to the way that the Company manages liquidity risk during the year ended June 30, 2019. The Company manages liquidity risk by reviewing the amount of margin available on a daily basis and managing its cash flow. The Company holds some investments/digital assets that can be converted into cash when required.

As at June 30, 2019, the Company was using net margin of $326,981 (2018 – $791,619) and has advances from an officer of $60,000.

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at June 30, 2019 (see also commitments):

	Payments due by period				
Liabilities and obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Accounts payable and accrued liabilities	**$ 135,045**	**$ 135,045**	**$ -**	**$ -**	**$ -**
Due to brokers	**326,981**	**326,981**	**-**	**-**	**-**
Advances from officer	**60,000**	**60,000**			
	$ 522,026	**$ 522,026**	**$ -**	**$ -**	**$ -**

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

	Payments due by period				
Liabilities and obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable and accrued liabilities	$ 106,899	$ 106,899	$ -	$ -	$ -
Due to brokers	791,619	791,619	-	-	-
	$ 898,518	$ 898,518	$ -	$ -	$ -

The following table shows the Company's source of liquidity by assets as at June 30, 2019:

	Liquidity by period				
Assets	**Total**	**Less than 1 year**	**1 – 3 years**	**After 4 years**	**Non-liquid assets**
Cash	**$ 137,082**	**$ 137,082**	**$ -**	**$ -**	**$ -**
Due from brokers	**252**	**252**	**-**	**-**	**-**
Prepaids and receivables	**455,741**	**53,575**	**-**	**-**	**402,166**
Investments, at fair value (i)	**20,673,821**	**6,367,118**	**14,306,703**	**-**	**-**
Digital assets, at fair value less cost to sell (i)	**745,800**	**745,800**	**-**	**-**	**-**
Property, plant and equipment	**100,865**	**-**	**-**	**-**	**100,865**
	$ 22,113,561	**$ 7,303,827**	**$ 14,306,703**	**$ -**	**$ 503,031**

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

The following table shows the Company's source of liquidity by assets as at June 30, 2018:

Assets	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
	Liquidity by period				
Cash	$ 146,130	$ 146,130	$ -	$ -	$ -
Due from brokers	554	554	-	-	-
Prepaids and receivables	259,560	45,765	-	-	213,795
Investments, at fair value [(i)] (restated)	18,284,433	4,906,975	13,377,458	-	-
Digital assets, at fair value less cost to sell [(i)]	2,397,220	625,396	1,771,824	-	-
Property, plant and equipment	14,666	-	-	-	14,666
	$ 21,102,563	$ 5,724,820	$ 15,149,282	$ -	$ 228,461

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

(d) Currency risk:

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

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

	2019	2018
Denominated in U.S. dollars:		
Cash	**$ 1,857**	$ 2,984
Due from brokers	**16**	15
Accounts payable and accrued liabilities	**(17,556)**	(17,665)
Due to brokers	**(243,817)**	(2,297,459)
Net assets denominated in U.S. dollars	**$ (259,500)**	$ (2,312,125)

The following table shows the estimated sensitivity of the Company's after-tax net loss 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, 2019:

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%	**$ (3,815)**	**$ 3,815**
4%	**(7,629)**	**7,629**
6%	**(11,444)**	**11,444**
8%	**(15,259)**	**15,259**
10%	**(19,073)**	**19,073**

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

(e) Digital assets regulatory risk:

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

Risks:

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

(a) Cash flows:

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

(b) Private issuers and illiquid securities:

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

(c) Simple Agreement for Future Tokens (SAFTs):

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

(d) Investment risks:

The Company acquires securities of public and private companies from time to time, which are primarily junior or small-cap companies. The market values of these securities can experience significant fluctuations in the short and long term due to factors beyond the Company's control. Market value can be reflective of the actual or anticipated operating results of the companies and/or the general market conditions that affect a specific sector as a whole, such as fluctuations in commodity prices and global political and economical conditions. The Company's investments are carried at fair value, and unrealized gains/losses on the securities and realized losses on the securities sold could have a material adverse impact on the Company's operating results. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. The recent decline in stock prices of the types of companies in which the Company invests have been very significant and such prices might take an extended time, to recover if they do at all.

(e) Digital assets:

The Company acquires digital assets which include digital coins, tokens, and SAFTs. The risks associated with digital assets are similar to investments risks, in addition, digital assets have a limited history and the fair value less cost to sell 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.

In addition to the security access to wallets, there is a risk of fraudulent users and the reliability of the underlying blockchain of digital coins and tokens. There is no certainty of knowing the transaction between two individuals who are represented by a private and public key are in fact who they represent and are not a fraudulent individual. Because of how blockchain is set up, through total anonymity, it is difficult to confirm that the risk does not exist that the "person" on the other end may not be who you expect it to be. And there is an inherent risk that the proof of concept being supported by blockchain itself fails. A blockchain relies on a consensus model to operate. If for some reason the majority of participants were no longer invested in the success of the network, it would no longer be considered reliable. As a result, the integrity of transactions would be lost.

(f) Non-controlling interests:

The Company's investments include equity securities of companies that the Company does not control. These securities may be acquired by the Company in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which ThreeD does not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and the Company's financial condition, results of operations and cash flow could suffer as a result.

(g) Dependence on management:

The Company is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success will depend upon the continued service of these individuals who are not obligated to remain employed with ThreeD. A loss of key personnel - members of management in particular - could impair our ability to execute our strategy and implement our operational objectives, all of which would have a material adverse effect on the company.

(h) Exchange rate fluctuations:

A significant portion of the Company's portfolio is invested in U.S. dollar denominated investments, as well, from time to time, investments and digital assets are denominated in other foreign currencies. Changes in the value of the foreign currencies in which the Company investments are denominated could have a negative impact on the ultimate return on the Company's investments and digital assets and overall financial performance.

Significant Accounting Policies:

Refer to Note 3 of the Notes to the consolidated financial statement as at and for the year ended June 30, 2019 for details of the Company's basis of preparation of the consolidated financial statements.

Some significant accounting polices used in the presentation of the consolidated financial statements are as follows.

(a) Financial investments:

On July 24, 2014, the IASB issued the completed IFRS 9, *Financial Instruments*, (IFRS 9 (2014)) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on July 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on July 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

(i) Classification:

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Investments, at fair value	FVTPL	FVTPL
Accounts receivables	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost
Due from (to) brokers	Amortized Cost	Amortized Cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

(ii) Recognition, de-recognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the consolidated statement of income and comprehensive income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, *Financial Instruments* ("IFRS 9") (2013).

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of income and comprehensive income within net change in unrealized gains or losses on investments in the period in which they arise.

(iii) Reclassification of investments:

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) Determination of fair value:

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

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

1. Publicly-traded investments:

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

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

c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, an option pricing model is used; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value. These investments are included in Level 2.

d. For convertible debentures and loans that are not traded on a recognized securities exchange and no market value is readily available. Convertible debentures and loans are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at the end of each financial reporting period, the combined instrument is adjusted to fair value based on alternative methods.

2. Private company investments:

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

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

The fair value of a privately-held investment may be adjusted if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;

c. the investee company is placed into receivership or bankruptcy;

d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;

e. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);

f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;

g. release by the investee company of positive/negative exploration results; and

h. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

(b) Digital assets at fair value less cost to sell ("FVLCTS"):

Digital coins and digital tokens held by the Company are carried at fair value less cost to sell for the purposes of consolidated financial statements. The Company determines the fair value of such digital coins and digital tokens using the closing price on the valuation date price provided by the crypto exchange that the Company considers the principal market.

To determine which exchange is the principal market for the purpose of calculating the fair value less cost to sell of a particular digital asset, the Company considers only those exchanges that are available to be used by the Company, have an online trading platform and published transaction price and volume data. The determination of principal market is specific to a particular digital asset. Based on these requirements, the Company prepares a list of eligible crypto exchanges and consider the following criteria to select the principal market: (i) whether it contains the crypto trading pairs that Company transacts with; (ii) the volume of digital coins and digital tokens traded on such exchange in the prior twelve month.

The Company evaluates the principal markets annually and conducts a quarterly analysis to determine if any changes in principal market required.

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

(c) Revenue recognition:

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of income and comprehensive income.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statement of income and comprehensive income as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established.

Interest income and other income are recorded on an accrual basis.

(d) Segment reporting:

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. In prior years, all of the Company's operations related to direct and indirect investments in the oil and gas sector and the Company's significant segments consisted of six distinct geographic areas: Canada, United States, Argentina, Colombia, Israel and Brazil. During the year ended June 30, 2019 and 2018, the Company's operations primarily relate to investing. The Company's management is responsible for the Company's entire investment portfolio and considers the business to have a single operating segment.

(e) Foreign currency translation:

(i) Functional currency:

These consolidated financial statements are presented in Canadian dollars, which is the parent's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of Brownstone Ventures (Barbados) Inc. is U.S. dollars, the functional currency of 2121197 Ontario Ltd. is Canadian dollars.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(iii) Translation of foreign operations:

The results and financial position of ThreeD's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. Share capital is translated using the exchange rate at the date of the transaction;

3. Revenue and expenses for each consolidated statement of income and comprehensive income are translated at average exchange rates; and

4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income in the consolidated statement of income and comprehensive income.

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

(f) Non-monetary transactions:

Transactions in which shares or other non-cash consideration are exchanged for assets or services are valued at the fair value of the assets or services involved.

(g) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statement of income and comprehensive income. Deferred tax assets and deferred tax liabilities are not offset unless a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(h) Stock-based compensation plan:

The Company has a stock option plan that is described in Note 10(c) of the Company's consolidated financial statements as at and for the year ended June 30, 2017. Employees (including officers), directors, and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Any consideration received by ThreeD on the exercise of stock options is credited to share capital. The cost of options is recognized, together with a corresponding increase in contributed surplus, over the period in which the corresponding performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award ("vesting date"). The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records compensation expense and credits contributed surplus for all stock options granted, which represents the movement in cumulative expense recognized as at the beginning and end of that period.

Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense.

Where the terms of a stock option award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the option or is otherwise beneficial to the optionee as measured at the date of modification.

Where an option is cancelled it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(i) Earnings (loss) per share:

Basic earnings (loss) per common share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares securing employee share purchase loans and shares in escrow. Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Changes in Accounting Policies:

Effective July 1, 2018, the Company has adopted the following IFRS and amendments. These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's consolidated financial statements for the year ended June 30, 2019.

(a) IFRS 2, *Share-based payments* ("IFRS 2") - In June 2016, the IASB issued final amendments to IFRS 2, which clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classifications of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

(b) IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 - *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(c) IFRS 15 - *Revenue From Contracts With Customers* ("IFRS 15") proposes to replace IAS 18 - *Revenue*, IAS 11 - *Construction Contracts*, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

Future changes in accounting policies:

At the date of authorization of these consolidated financial statements, the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt these standards, if applicable, when the standards become effective:

(a) IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases. The presentation on the statement of loss and other comprehensive loss required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company has completed the process of assessing the impact that the amended standards will have on its consolidated financial statements which are as follows.

Effective July 1, 2019, the Company will present right-of-use assets in 'Property, plant and equipment' and lease liabilities in 'Lease liability' in the consolidated statement of financial position. Property, plant and equipment include furniture and fixtures, computer equipment, and right-of-use assets.

The following table reconciles the aggregate future minimum lease payments.

Future minimum annual lease as at June 30, 2019	$	975,200
Lease payments adjusted for additional rent for operating costs		(339,940)
Lease payments adjusted for deposits made		(79,805)
Gross lease liabilities as at July 1, 2019		715,065
Discount at effective interest rates of 6.2% to 10.0%		(89,020)
Net lease liabilities as at July 1, 2019	$	626,045

As at July 1, 2019, the Company will record the right of use assets of $626,045 and lease liabilities of an equal amount.

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, 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 investees held by ThreeD.

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

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility. Given the relatively size of our private investment portfolio, such changes can have a material impact on our financial condition or operating results. For the year ended June 30, 2019 and 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	Proceeds on dispositions	Realized gains (losses) on dispositions	Transfer to Level 1 or 2	Net unrealized gains	Ending balance
2019	**$ 12,459,467**	**$ 2,679,581**	**$ -**	**$ -**	**$ (4,607,988)**	**$ 3,775,643**	**$ 14,306,703**
2018 (restated)	6,242,645	1,555,549	-	54,569	(284,000)	4,890,704	12,459,467

Valuation of SAFTs:

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

Changes in the fair value of the SAFTs have been infrequent since this is the first quarter the Company has invested in SAFTs. For the year ended June 30, 2019 and 2018, the Company had the following changes in its SAFTs categorized as level 3 in the hierarchy:

	Opening balance at July 1,	Purchases	Transfer to level 1 or 2	Net unrealized losses	Ending balance
2019	**$ 1,771,824**	**$ -**	**$ (573,248)**	**$ (1,198,576)**	**$ -**
2018	$ -	$ 1,858,328	$ (198,937)	$ 112,433	$ 1,771,824

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

Deferred tax assets:

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DTL are recognized for all taxable temporary differences and DTA are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. The Company does not record DTA to the extent that it considers it is not more likely than not that deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

Management determined, based upon expectations for future taxable income that it believes that it is not more likely than not it will realize the tax benefits of the DTA during the next several years.

Stock-based Compensation Expense/Warrants:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense and the fair value of the warrants and broker warrants issued under the Company's private placements. The model requires six key inputs: exercise price, market price at date of issue, risk free interest rate, expected dividend yield, expected life and expected volatility. The first two inputs are facts rather than estimates, while the risk free interest rate, expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number or higher dividend yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

During the year ended June 30, 2019, the Company granted 4,408,327 stock options to directors, officers, employees and consultants of the Company, exercisable at an average price of $0.30 per share expiring between September 14, 2023 and April 11, 2024.

The fair value of the options granted during the year ended June 30, 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	**1.59-2.33%**
Expected option life in years	**3.0-4.3 years**
Expected forfeiture rate	**6.3-7.2%**
Fair value per stock option granted on September 14, 2018	**$ 0.19**
Fair value per stock option granted on October 1, 2018	**$ 0.18**
Fair value per stock option granted on December 14, 2018	**$ 0.14**
Fair value per stock option granted on April 11, 2019	**$ 0.16**

During the year ended June 30, 2018, the Company granted 5,146,658 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.54 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	$ 0.21
Fair value per stock option granted on October 26, 2017	$ 0.56
Fair value per stock option granted on November 16, 2017	$ 0.45
Fair value per stock option granted on November 21, 2017	$ 0.45

Fair value per stock option granted on November 30, 2017	$ 0.48
Fair value per stock option granted on December 5, 2017	$ 0.43
Fair value per stock option granted on January 3, 2018	$ 0.43
Fair value per stock option granted on January 9, 2018	$ 0.88
Fair value per stock option granted on January 18, 2018	$ 0.82
Fair value per stock option granted on March 1, 2018	$ 0.36
Fair value per stock option granted on April 24, 2018	$ 0.37
Fair value per stock option granted on May 10, 2018	$ 0.24

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

The following table summarizes information about warrants outstanding as at June 30, 2019:

Number of warrants	Exercise price	Expiry date	Warrant value ($)
228,665	$ 0.45	December 1, 2019	$ 17,571
166,666	0.45	December 8, 2019	12,283
592,000	0.60	February 21, 2020	78,900
500,000	0.60	April 6, 2020	78,713
600,000	0.45	May 19, 2020	62,087
2,849,996	0.45	October 24, 2020	368,154
2,674,995	0.75	November 14, 2020	616,598
4,266,661	0.45	April 13, 2021	509,678
2,474,405	0.60	May 16, 2021	368,797
4,406,662	0.45	August 23, 2021	489,982
3,616,664	0.45	October 30, 2021	394,156
1,666,666	0.45	March 1, 2022	173,195
12,686,152	0.10	May 31, 2022	326,719
36,729,532			$ 3,496,833

During the year ended June 30, 2019, the Company completed four non-brokered private placements as follows:

Date	Total gross proceeds	Issuance costs (i)	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
August 23, 2018	$ 1,322,000	$ 7,750	4,406,662	4,406,662	$ 0.45	August 23, 2021
October 30, 2018	1,085,000	3,861	3,616,664	3,616,664	0.45	October 30, 2021
March 1, 2019	500,000	1,437	1,666,666	1,666,666	0.45	March 1, 2022
May 31, 2019	824,600	2,852	12,686,152	12,686,152	0.10	May 31, 2022
Total	$ 3,731,600	$ 15,900	22,376,144	22,376,144		

(i) These expenses have not been tax affected.

The purchase warrants issued during the year ended June 30, 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	May 31, 2019
Expected volatility	112.66%	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	2.14%	2.30%	1.78%	1.39%
Expected option life in years	3	3	3	3
Fair value per warrant issued, net of share issuance costs	$ 0.11	$ 0.11	$ 0.10	$ 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 $1,384,052.

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

Date	Total gross proceeds	Issuance costs (i)	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
July 5, 2017	$ 300,000	$ 2,058	999,999	999,999	$ 0.15	July 5, 2020
October 24, 2017	1,155,000	8,977	3,850,000	3,850,000	0.15	October 5, 2020
November 14, 2017	1,605,000	12,936	2,674,995	2,674,995	0.25	November 14, 2020
April 13, 2018	1,280,000	8,796	4,266,661	4,266,661	0.15	April 13, 2021
May 16, 2018	965,020	2,756	2,474,405	2,474,405	0.20	May 16, 2021
Totals	$ 5,305,020	$ 35,523	14,266,060	14,266,060		

(i) These expenses have not been tax affected.

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

Black-Scholes option valuation model assumptions used:	July 5, 2017	October 24, 2017	November 14, 2017	April 13, 2018	May 16, 2018
Expected volatility	112.66%	112.66%	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	1.21%	1.54%	1.51%	1.99%	2.16%
Expected option life in years	3	3	3	3	3
Fair value per warrant issued, net of share issuance costs	$ 0.11	$ 0.13	$ 0.23	$ 0.12	$ 0.15

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 Investees:

The Company uses the Black-Scholes option pricing model to calculate the fair value of unlisted warrants of investees if there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants are valued at intrinsic value. The model requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts rather than estimates, while the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant or a higher volatility number used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at June 30, 2019 and 2018, the fair value of unlisted warrants were $1,243,142 and $2,070,993, respectively.

Outstanding Share Data:

Subsequent to June 30, 2019, 83,333 options exercisable at $0.45 per share expired unexercised and 83,333 options exercisable at $0.30 per share expired unexercised.

Subsequent to June 30, 2019, the Company granted 250,000 options to a director, exercisable at $0.10 per share expiring on September 18, 2024.

As at October 28, 2019, 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	**82,758,899**
Issuable under the exercise of options	**9,626,543**
Issuable under the exercise of warrants	**57,221,558**
Total diluted common shares	**149,607,000**

Refer to Note 10 of the Notes to the consolidated financial statements as at and for the year ended June 30, 2019 for details of the Company's share capital as at June 30, 2019.

Restatement:

The Company had reassessed the accounting policy in valuing its investments in warrants. Previously, the fair value of these investments was determined based on market information. For options and warrants which were not traded on a recognized securities exchange, no market value was readily available. When there were sufficient and reliable observable market inputs, a valuation technique was used; if no such market inputs were available or reliable, the options and warrants were valued at intrinsic value, which was equal to the higher of the closing trade price at the end of the reporting period of the underlying security less the exercise price of the options or warrants, and zero.

During the year ended June 30, 2019, it was determined that the fair value of warrants in the Company's investment portfolio should have been valued using an option pricing model such as the Black-Scholes valuation model.

The Company believes that the revised policy provides more relevant financial information to users of the consolidated financial statements.

The effects of restatements on the consolidated statements of financial position as at June 30, 2018 and July 1, 2017, and the consolidated statement of income and comprehensive income for the year ended June 30, 2018 are summarized as follows. The adjustments between amounts previously reported and amounts restated had no material effect on the consolidated statement of cash flows and consolidated statement of changes in equity for the year ended June 30, 2018.

Consolidated statement of financial position

	June 30, 2018		
	Previously reported	**Adjustments**	**Restated**
Assets			
Cash	$ 146,130	$ -	$ 146,130
Due from brokers	554	-	554
Prepaids and receivables	259,560	-	259,560
Investments, at fair value	17,117,728	1,166,705	18,284,433
Digital assets, at fair value less cost to sell	2,397,220	-	2,397,220
Property, plant and equipment	14,666	-	14,666
	$ 19,935,858	$ 1,166,705	$ 21,102,563
Liabilities and Equity			
Accounts payable and accrued liabilities	$ 106,899	$ -	$ 106,899
Due to brokers	791,619	-	791,619
	898,518	-	898,518
Equity			
Share capital	106,680,839	-	106,680,839
Contributed surplus	26,574,558	-	26,574,558
Warrants	2,112,781	-	2,112,781
Foreign currency translation reserve	875,797	-	875,797
Deficit	(117,206,635)	1,166,705	(116,039,930)
	19,037,340	1,166,705	20,204,045
	$ 19,935,858	$ 1,166,705	$ 21,102,563

Consolidated statement of financial position

	July 1, 2017		
	Previously reported	**Adjustments**	**Restated**
Assets			
Cash	$ 21,973	$ -	$ 21,973
Due from brokers	1,104	-	1,104
Prepaids and receivables	75,587	-	75,587
Investments, at fair value	7,142,584	726,274	7,868,858
Property, plant and equipment	18,049	-	18,049
	$ 7,259,297	$ 726,274	$ 7,985,571
Liabilities and Equity			
Accounts payable and accrued liabilities	$ 175,110	$ -	$ 175,110
	175,110	-	175,110
Equity			
Share capital	98,842,373	-	98,842,373
Contributed surplus	24,771,754	-	24,771,754
Warrants	751,891	-	751,891
Foreign currency translation reserve	839,375	-	839,375
Deficit	(118,121,206)	726,274	(117,394,932)
	7,084,187	726,274	7,810,461
	$ 7,259,297	$ 726,274	$ 7,985,571

Consolidated statement of income and comprehensive income

	Year ended June 30, 2018		
	Previously reported	Adjustments	Restated
Net investment and digital currency gains			
Net realized losses on disposal of investments	$ (2,196,082)	$ -	$ (2,196,082)
Net change in unrealized gains on investments	5,997,054	440,431	6,437,485
Net realized gains disposal of digital assets	1,453,964	-	1,453,964
Net change in unrealized losses on digital assets	(413,045)	-	(413,045)
	4,841,891	440,431	5,282,322
Administrative and rental income	151,068		151,068
Other income	9,016	-	9,016
	5,001,975	440,431	5,442,406
Expenses			
Operating, general and administrative	4,076,038	-	4,076,038
Finance expenses	11,366	-	11,366
	4,087,404	-	4,087,404
Income before income taxes	914,571	440,431	1,355,002
Income tax expense	-	-	-
Net income for the year	914,571	440,431	1,355,002
Other comprehensive income			
Exchange differences on translation of foreign operations	36,422	-	36,422
Total comprehensive income for the year	$ 950,993	440,431	$ 1,391,424
Earnings per common share based on net income for the year			
Basic	$ 0.03	0.02	$ 0.05
Diluted	$ 0.03	0.01	$ 0.04
Weighted average number of common shares outstanding			
Basic	26,765,357	26,765,357	26,765,357
Diluted	32,075,655	32,075,655	32,075,655

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.