Interim Condensed Consolidated Financial Statements of

ThreeD Capital

September 30, 2019
(Unaudited - prepared in Canadian dollars)

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

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

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

THREED CAPITAL INC.
Consolidated Statement of Financial Position
As at September 30, 2019 and June 30, 2019
(Unaudited - prepared in Canadian dollars)

	Notes		September 30, 2019		June 30, 2019
Assets					
Cash	5	$	**72,258**	$	137,082
Due from brokers	5		**252**		252
Prepaids and receivables	5, 6(f,g)		**340,407**		455,741
Investments, at fair value	3		**13,819,397**		20,673,821
Digital assets, at fair value less cost to sell	4		**123,328**		745,800
Property, plant and equipment	2(a), 7		**679,508**		100,865
		$	**15,035,150**	$	22,113,561
Liabilities and Equity					
Accounts payable and accrued liabilities	5, 6(h)	$	**210,488**	$	135,045
Due to brokers	5		**1,295,048**		326,981
Lease liabilities	2(a)		**592,930**		-
Advances from officer	6(i)		**-**		60,000
			2,098,466		522,026
Equity					
Share capital	8		**109,931,814**		109,261,469
Shares to be issued			**-**		660,728
Contributed surplus	8(e)		**27,241,797**		27,141,069
Warrants	8(b, c, f)		**3,994,327**		3,496,833
Foreign currency translation reserve			**875,697**		875,906
Deficit			**(129,106,951)**		(119,844,470)
			12,936,684		21,591,535
		$	**15,035,150**	$	22,113,561

Commitments	15
Contingent liability	16

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

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

	Notes		2019		2018 (Restated - Note 17)
Net investment and digital currency loss					
Net realized losses on disposal of investments		**$**	**(754,613)**	$	(388,011)
Net change in unrealized losses on investments			**(7,845,016)**		(1,631,340)
Net realized gains on disposal of digital assets			**293,763**		-
Net change in unrealized losses on digital assets			**(310,787)**		(506,826)
			(8,616,653)		(2,526,177)
Administrative and rental income			**73,767**		52,500
Other income			**15**		13
			(8,542,871)		(2,473,664)
Expenses					
Operating, general and administrative	6, 8(d), 10		**686,160**		601,736
Finance expenses	11		**33,450**		35,928
			719,610		637,664
Loss before income taxes			**(9,262,481)**		(3,111,328)
Income tax expense			**-**		-
Net loss for the period			**(9,262,481)**		(3,111,328)
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations			**(209)**		299
Total comprehensive loss for the period		**$**	**(9,262,690)**	$	(3,111,029)
Loss per common share based on net loss for the period	8(g)				
Basic and diluted		**$**	**(0.12)**	$	(0.08)
Weighted average number of common shares outstanding	8(g)				
Basic and diluted			**75,471,029**		41,165,585

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.
Consolidated Statement of Changes in Equity
Three Months Ended September 30, 2019 and 2018
(Unaudited - prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Shares to be issued	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit (Restated - Note 17)	Total equity (Restated - Note 17)
Balance as at July 1, 2018 (Restated - Note 17)		39,345,403	$ 106,680,839	$ -	$ 2,112,781	$ 26,574,558	$ 875,797	$ (116,039,930)	$ 20,204,045
Net loss for the period		-	-	-	-	-	-	(3,111,328)	(3,111,328)
Exchange differences on translation of foreign operations		-	-	-	-	-	299	-	299
Total comprehensive loss for the period		-	-	-	-	-	299	(3,111,328)	(3,111,029)
Stock-based compensation expense		-	-	-	-	108,992	-	-	108,992
Issued pursuant to private placements, net		4,406,650	824,268	-	489,982	-	-	-	1,314,250
Balance as at September 30, 2018		43,752,053	$ 107,505,107	$ -	$ 2,602,763	$ 26,683,550	$ 876,096	$ (119,151,258)	$ 18,516,258
Balance as at June 30, 2019		62,266,873	$ 109,261,469	$ 660,728	$ 3,496,833	$ 27,141,069	$ 875,906	$ (119,844,470)	$ 21,591,535
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**-**	**(9,262,481)**	**(9,262,481)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**(209)**	**-**	**(209)**
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**(209)**	**(9,262,481)**	**(9,262,690)**
Stock-based compensation expense	8(d)	**-**	**-**	**-**	**-**	**100,728**	**-**	**-**	**100,728**
Issued pursuant to private placements, net	8(b)	**20,492,026**	**670,345**	**(660,728)**	**497,494**	**-**	**-**	**-**	**507,111**
Balance as at September 30, 2019		**82,758,899**	**$ 109,931,814**	**$ -**	**$ 3,994,327**	**$ 27,241,797**	**$ 875,697**	**$ (129,106,951)**	**$ 12,936,684**

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Cash Flows
Three Months Ended September 30, 2019 and 2018
(Unaudited - prepared in Canadian dollars)

	Notes	2019	2018 (Restated - Note 17)
Cash flows used in operating activities			
Net loss for the period		**$ (9,262,481)**	$ (3,111,328)
Items not affecting cash			
Net realized losses on disposal of investments		**754,613**	388,011
Net change in unrealized gains on investments		**7,845,016**	1,631,340
Net realized gains on disposal of digital assets		**(293,763)**	-
Net change in unrealized losses on digital assets		**310,787**	506,826
Stock-based compensation expense	8(d)	**100,728**	108,992
Depreciation		**47,402**	1,031
Finance expense		**9,672**	-
		(488,026)	(475,128)
Changes in non-cash working capital balances			
Proceeds on disposal of investments		**4,003,659**	2,475,653
Purchases of investments		**(5,748,864)**	(3,590,928)
Proceeds on disposal of digital assets		**1,300,167**	-
Purchases of digital assets		**(694,719)**	-
Increase in prepaids and receivables		**115,334**	(1,347)
Decrease in due from brokers		**-**	(13)
Increase (decrease) in accounts payable and accrued liabilities		**75,443**	23,286
Increase (decrease) in due to brokers		**968,067**	261,824
		(468,939)	(1,306,653)
Cash flows from financing activities			
Proceeds pursuant to private placement financings, net	8(b)	**507,111**	1,314,250
Proceeds from advances from officer		**(60,000)**	-
Principal payments of lease liabilities		**(42,787)**	-
		404,324	1,314,250
Net increase (decrease) in cash during the period		**(64,615)**	7,597
Exchange rate changes on foreign currency cash balances		**(209)**	299
Cash, beginning of period		**137,082**	146,130
Cash, end of period		**$ 72,258**	$ 154,026

Supplemental cash flow information 12

See accompanying notes to the consolidated financial statements.

1. Nature of business and going concern uncertainty:

ThreeD Capital Inc. ("ThreeD" or the "Company") is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the Junior Resources, Artificial Intelligence and Blockchain sectors. ThreeD seeks to invest in early stage, promising companies and initial coin offerings where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's ecosystem. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange under the symbol "IDK". The Company is domiciled in the Province of Ontario and its head office is located at 69 Yonge St., Suite 1010, Toronto, Ontario, Canada.

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issuance by the Company's board of directors on November 27, 2019.

2. Basis of preparation:

(a) Statement of compliance:

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

These interim consolidated statements for the three months ended September 30, 2019 and 2018 should be read together with the annual consolidated financial statements as at and for the year ended June 30, 2019. The same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2019.

Effective July 1, 2019, the Company has adopted amendments to IFRS 16, *Leases*. IFRS 16 was issued in January 2016 replacing the previous lease standard, International Accounting Standards ("IAS") 17, *Leases*, and related interpretations. The new standard requires lessees to recognize right-of-use assets and lease liabilities for most leases and recognize the associated expenses to depreciation and interest expense, respectively.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17, *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Company used the following exemptions:

- the election is being taken to not reassess whether a contract is or contains a lease at the date of initial application, and instead to only apply IFRS 16 to contracts that were in the scope of IAS 17;

(Unaudited - prepared in Canadian dollars)

2. Basis of preparation (continued):

- the election is being taken to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the election is being taken to rely on the IAS 37 assessment of whether leases are onerous instead of performing an impairment review;
- the election is being taken to exclude leases for which the term ends within 12 months from July 1, 2019. The Company recognizes the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term;

The Company presents right-of-use assets in 'Property, plant and equipment' and lease liabilities in 'Lease liabilities' in the consolidated statement of financial position. Property, plant and equipment include furniture and fixtures, leasehold improvements, 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
Principal payments of lease liabilities		(42,787)
Finance expense		9,672
Net lease liabilities as at September 30, 2019	$	592,930

During the three months ended September 30, 2019, the Company recorded $9,672 in finance expenses related to lease liabilities.

The following table shows the right of use assets balance on transition to IFRS 16 and amortization recorded during the period. (See Note 7)

Right of use assets as at July 1, 2019	$	626,045
Accumulated amortization		(41,369)
Right of use assets as at September 30, 2019	$	584,676

(b) Basis of presentation:

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

2. Basis of preparation (continued):

(c) Basis of consolidation:

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

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

(d) Critical accounting judgments, estimates and assumptions:

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

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual financial statements as at and for the year ended June 30, 2019.

3. Investments at fair value and financial instruments hierarchy:

(a) Determination of investments' fair values:

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

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

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

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

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

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

   c. For options and warrants which are not traded on a recognized securities exchange, no 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 (securities of issuers that are not public companies):

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

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

	Fair Value	Cost
September 30, 2019	**$ 13,819,397**	**$ 8,700,402**
June 30, 2019	$ 20,673,821	$ 7,709,810

(Unaudited - prepared in Canadian dollars)

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

(c) Financial instruments hierarchy:

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

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

The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at September 30, 2019 and June 30, 2019:

Investments, at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
September 30, 2019	**$ 2,444,630**	**$ 1,061,983**	**$ 10,312,784**	**$ 13,819,397**
June 30, 2019	$ 2,945,855	$ 3,421,263	$ 14,306,703	$ 20,673,821

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

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the three months ended September 30, 2019 and year ended June 30, 2019. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	Purchases	Transfer to Level 1 or 2	Net unrealized gains	Ending balance
September 30, 2019	**$ 14,306,703**	**$ 148,792**	**$ (4,180,800)**	**$ 38,089**	**$ 10,312,784**
June 30, 2019	$ 12,459,467	$ 2,679,581	$ (4,607,988)	$ 3,775,643	$ 14,306,703

(Unaudited - prepared in Canadian dollars)

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

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

Description	**Fair value at September 30, 2019**	**Valuation technique**	**Unobservable input**	**% of Investments**	**Volatility to changes in significant unobservable inputs (%)**
Unlisted private equities	**$ 8,044,441**	Grey market activity	Recent transaction price and discount for lack of marketability	**58.2**	Additional grey market activity
Unlisted private equities	**1,127,011**	Grey market activity	New investment during the period	**8.2**	Additional grey market activity
Unlisted convertible debentures	**835,419**	Grey market activity	New investment during the period	**6.0**	Additional grey market activity
Unlisted warrants	**305,913**	Black Scholes	Market prices, volatility, discount rate	**2.2**	97%-214% volatility
	$ 10,312,784			**74.6**	

Description	Fair value at June 30, 2019	Valuation technique	Unobservable input	% of Investments	Volatility to changes in significant unobservable inputs (%)
Unlisted private equities	$ 10,941,120	Grey market activity	Recent transaction price and discount for lack of marketability	52.9	Additional grey market activity
Unlisted private equities	2,184,461	Grey market activity	New investment during the period	10.6	Additional grey market activity
Unlisted convertible debentures	806,822	Grey market activity	New investment during the period	3.9	Additional grey market activity
Unlisted warrants	374,300	Black Scholes	Market prices, volatility, discount rate	1.8	85%-253% volatility
	$ 14,306,703			69.2	

For these investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $2,578,196 (June 30, 2019 - $3,114,867) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

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

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment.

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

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

(a) Determination of digital assets' fair values:

Digital assets consist of the following:

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

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

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

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. These are included in Level 2.

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

There are inherent and higher risks to digital assets including the risk associated with traditional securities, which include significant price volatility, the loss of the digital assets, fraud and high transaction fees.

(Unaudited - prepared in Canadian dollars)

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

(b) The fair value and cost of digital assets are as follows as at September 30, 2019:

	Cost	FVLCTS
Digital coins	$ 90,451	$ 6,560
Digital tokens	956,442	116,768
SAFTs	1,191,609	-
	$ 2,238,502	$ 123,328

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

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

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Digital assets have a limited history and the fair value historically has been very volatile. The Company may not be able to liquidate its inventory of digital currency at its desired price if required. The Company invests in SAFTs which is an agreement with a promise by the company to distribute tokens to investors in the future (ie: a token presale and not an ICO). There may be no resale of the SAFT and a considerable period of time may elapse between the payment of the SAFT and the receipt of the tokens, if at all. SAFTs are subject to high risks.

(c) The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at September 30, 2019:

Digital assets , at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
Digital coins	$ -	$ 6,560	$ -	$ 6,560
Digital tokens	-	116,768	-	116,768
SAFTs	-	-	-	-
	$ -	$ 123,328	$ -	$ 123,328

(Unaudited - prepared in Canadian dollars)

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

The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at June 30, 2019:

Digital assets, at fair value less cost to sell	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
Digital coins	$ -	$ 641,719	$ -	$ 641,719
Digital tokens	-	104,081	-	104,081
SAFTs	-	-	-	-
	$ -	$ 745,800	$ -	$ 745,800

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

The following table presents the changes in fair value measurements of digital assets classified as Level 3 for the three months ended September 30, 2019 and year ended June 30, 2019. The net change in unrealized losses are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	**Purchases**	**Transfer to level 1 or 2**	**Net unrealized losses**	**Ending balance**
September 30, 2019	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
June 30, 2019	$ 1,771,824	$ -	$ (573,248)	$ (1,198,576)	$ -

A sensitivity analysis was not performed as the digital assets classified in Level 3 have been written down to $0. All purchases in Level 3 were from SAFTs and once tokens are received the amounts are transferred to Level 1 or 2. Significant unobservable inputs used in the fair value measurement of Level 3 digital assets may include foreign exchange rate changes and the change in other digital currency rate equivalents.

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

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

	September 30, 2019	June 30, 2019
Cash	**$ 72,258**	$ 137,082
Due from brokers	**252**	252
Receivables	**100,394**	53,575
Accounts payable and accrued liabilities	**(210,488)**	(135,045)
Due to brokers	**(1,295,048)**	(326,981)
Lease liabilities	**(592,930)**	-
Advances from officer	**-**	(60,000)
	$ (1,925,562)	$ (331,117)

(Unaudited - prepared in Canadian dollars)

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

The carrying values of cash, due from brokers, receivables, accounts payable and accrued liabilities, due to brokers, and advances from officer approximate their fair values due to the short term to maturity for these instruments. Lease liabilities is carried at amortized cost.

6. Related party transactions:

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

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

Type of expense	**2019**	2018
Consulting fees and salaries	**$ 184,250**	$ 281,250
Other short-term benefits	**6,012**	8,589
Stock-based compensation expense	**95,425**	54,267
	$ 285,687	$ 344,106

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO"). During the three months ended September 30, 2018, a cash bonus of $150,000 was paid to the CEO.

(b) During the three months ended September 30, 2019, the Company completed three non-brokered private placements as described in Note 8(b). On July 2, 2019, two directors and a close family member of the CEO subscribed for 5,768,950 units for gross proceeds of $374,982. On August 20, 2019, close family members of the CEO subscribed for 5,100,000 units for gross proceeds of $255,000. On September 13, 2019, the CEO and a director subscribed for 5,200,000 units for gross proceeds of $260,000.

(c) During the year ended June 30, 2019, the Company completed four non-brokered private placements as described in Note 8(c). 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.

(d) On September 18, 2019, 250,000 stock options were granted to a director of the Company, exercisable at a price of $0.10 per share, expiring on September 18, 2024.

(Unaudited - prepared in Canadian dollars)

6. Related party transactions (continued):

(e) On September 14, 2018, 1,199,999 stock options were 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 were 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 were 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.

(f) As at September 30, 2019, included in prepaids and receivables is $97,745 (June 30, 2019 - $40,680) due from related parties, three private companies with a common director or key management personnel. The receivables are for rental and administrative services.

(g) As at September 30, 2019, included in prepaids and receivables is $141,250 (June 30, 2019 - $282,500) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

(h) As at September 30, 2019, included in accounts payable and accrued liabilities is $1,300 (June 30, 2019 - $2,556) due to the CEO relating to reimbursement of operating expenses.

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

7. Property, plant and equipment:

Property, plant and equipment are as follows as at September 30, 2019 and June 30, 2019:

Cost	**Furniture and fixtures**	**Leasehold improvements**	**Computer equipment**	**Right-of-use assets**	**Total**
Balance – June 30, 2018	$ 39,394	$ -	$ 6,332	$ -	$ 45,726
Additions	60,326	31,813	9,483	-	101,622
Balance – June 30, 2019	99,720	31,813	15,815	-	147,348
Right-of-use additions (non-cash)	**-**	**-**	**-**	**626,045**	**626,045**
Balance – September 30, 2019	**$ 99,720**	**$ 31,813**	**$ 15,815**	**$ 626,045**	**$ 773,393**

Accumulated Amortization	**Furniture and fixtures**	**Leasehold improvements**	**Computer equipment**	**Right-of-use assets**	**Total**
Balance – June 30, 2018	$ 28,135	$ -	$ 2,925	$ -	$ 31,060
Amortization	8,016	3,712	3,695	-	15,423
Balance – June 30, 2019	36,151	3,712	6,620	-	46,483
Amortization	**3,179**	**1,590**	**1,264**	**41,369**	**47,402**
Balance – September 30, 2019	**$ 39,330**	**$ 5,302**	**$ 7,884**	**$ 41,369**	**$ 93,885**

Carrying Value	**Furniture and fixtures**	**Leasehold improvements**	**Computer equipment**	**Right-of-use assets**	**Total**
Balance – June 30, 2019	$ 63,569	$ 28,101	$ 9,195	$ -	$ 100,865
Balance – September 30, 2019	**$ 60,390**	**$ 26,511**	**$ 7,931**	**$ 584,676**	**$ 679,508**

(Unaudited - prepared in Canadian dollars)

8. Equity:

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

On May 14, 2019, the Company consolidated its issued and outstanding common shares on the basis of one new common share for every 3 existing common shares. All figures and comparative figures reflect the stock consolidation, retroactively.

(b) During the three months ended September 30, 2019, the Company completed three non-brokered private placement as follows (see also Note 6(b)):

Date	Total gross proceeds	Issuance costs (i)	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
July 2, 2019	$ 662,482	$ 2,521	10,192,026	10,192,026	$ 0.10	July 2, 2022
August 20, 2019	255,000	3,171	5,100,000	5,100,000	0.10	August 20, 2022
September 13, 2019	260,000	3,951	5,200,000	5,200,000	0.10	September 13, 2022
Total	$ 1,177,482	$ 9,643	20,492,026	20,492,026		

(i) These expenses have not been tax affected.

The purchase warrants issued during the three months ended September 30, 2019 were valued using the Black-Scholes option pricing model with the following assumptions (Note 8(f)):

Black-Scholes option valuation model assumptions used:	July 2, 2019	August 20, 2019	September 13, 2019
Expected volatility	144.31%	144.94%	136.18%
Expected dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	1.43%	1.29%	1.58%
Expected option life in years	3	3	3
Fair value per warrant issued, net of share issuance costs	$ 0.03	$ 0.02	$ 0.02

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 $497,494.

(Unaudited - prepared in Canadian dollars)

8. Equity (continued):

(c) 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.

(d) Stock options:

During the three months ended September 30, 2019, the Company granted 250,000 stock options to a director of the Company, exercisable at a price of $0.10 per share expiring September 18, 2024. See Note 6(d)).

(Unaudited - prepared in Canadian dollars)

8. Equity (continued):

The fair value of the options granted during the three months ended September 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	**1.51%**
Expected option life in years	**3.5 years**
Expected forfeiture rate	**7.1%**
Fair value per stock option granted on September 18, 2019	**$ 0.03**

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**

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.

For the three months ended September 30, 2019, included in operating, general and administrative expenses is stock-based compensation of $100,728 (three months ended September 30, 2018 - $108,992) relating to the stock options granted to directors, officers, employees and consultants of the Company.

(Unaudited - prepared in Canadian dollars)

8. Equity (continued):

A summary of the status of the Company's stock options as at September 30, 2019 and June 30, 2019 and changes during the periods then ended is presented below:

	September 30, 2019		June 30, 2019	
Stock options	**# of options**	**Weighted average exercise price**	# of options	Weighted average exercise price
Outstanding, at beginning of period	**9,543,209**	**$ 0.43**	5,894,056	$ 0.54
Granted	**250,000**	**0.10**	4,408,327	0.30
Exercised	**-**	**-**	(444,444)	0.30
Cancelled/forfeited	**(166,666)**	**0.38**	(263,887)	0.42
Expired	**-**	**-**	(50,483)	3.00
Outstanding, at end of period	**9,626,543**	**$ 0.42**	9,543,209	$ 0.43
Exercisable, at end of period	**7,264,053**	**$ 0.47**	6,643,223	$ 0.48

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2019:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
152,778	152,778	$ 0.30	October 12, 2020
33,333	33,333	0.60	November 16, 2020
83,333	83,333	0.66	November 21, 2020
33,333	33,333	0.63	December 5, 2020
83,333	83,333	0.63	January 3, 2021
166,666	166,666	1.29	January 9, 2021
979,886	979,886	0.45	January 16, 2022
16,666	16,666	0.30	October 12, 2022
38,333	38,333	0.60	November 16, 2022
566,666	566,666	0.63	November 30, 2022
3,524,998	3,524,998	0.48	March 1, 2023
916,666	500,002	0.30	September 14, 2023
2,030,553	959,726	0.30	December 14, 2023
749,999	125,000	0.30	April 11, 2024
250,000	-	0.10	September 18, 2024
9,626,543	7,264,053		

(Unaudited - prepared in Canadian dollars)

8. Equity (continued):

(e) Contributed surplus comprised the following as at September 30, 2019 and June 30, 2019:

	September 30, 2019	June 30, 2019
Stock-based compensation, net of exercises	**$ 12,799,213**	$ 12,698,485
Expired warrants and broker warrants	**14,416,320**	14,416,320
Cancellation of common shares under normal course issuer bid	**20,639**	20,639
Value of cancelled escrowed shares	**5,625**	5,625
	$ 27,241,797	$ 27,141,069

(f) A summary of the status of the Company's warrants as at September 30, 2019 and June 30, 2019 and the changes during the periods then ended are as follows:

	September 30, 2019		June 30, 2019	
Warrants	**# of warrants**	**Weighted average exercise price**	# of warrants	Weighted average exercise price
Outstanding, at beginning of period	**36,729,532**	**$ 0.37**	14,353,388	$ 0.54
Issued	**20,492,026**	**0.15**	22,376,144	0.25
Outstanding, at end of period	**57,221,558**	**$ 0.17**	36,729,532	$ 0.37

The following table summarizes information about warrants exercisable and outstanding as at September 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
10,192,026	0.10	July 2, 2022	286,839
5,100,000	0.10	August 20, 2022	106,033
5,200,000	0.10	September 13, 2022	104,622
57,221,558			$ 3,994,327

(Unaudited - prepared in Canadian dollars)

8. Equity (continued):

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

Numerator:	**2019**	2018
Net loss for the period	**$ (9,262,481)**	$ (3,032,228)

Denominator:	**2019**	2018
Weighted average number of common shares outstanding – basic	**75,471,029**	41,165,585
Weighted average effect of diluted stock options and warrants (i)	**-**	-
Weighted average number of common shares outstanding – diluted	**75,471,029**	41,165,585

Loss per common share based on net loss for the period:	**2019**	2018
Basic and diluted	**$ (0.12)**	$ (0.08)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 66,764,767 shares related to stock options and warrants that were anti-dilutive for the three months ended September 30, 2018 (three months ended September 30, 2018 – 25,839,411 shares).

(h) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at September 30, 2019 and June 30, 2019:

	September 30, 2019	June 30, 2019
Common shares outstanding	**82,758,899**	62,266,873
Warrants to purchase common shares	**57,221,558**	36,729,532
Stock options to purchase common shares	**9,626,543**	9,543,209
Fully diluted common shares outstanding	**149,607,000**	108,539,614

9. 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.

(Unaudited - prepared in Canadian dollars)

9. Segmented information (continued):

All of the Company property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the three ended September 30, 2019.

10. Expenses by nature:

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

		2019		2018
Salaries and consulting fees	**$**	**277,350**	$	374,396
Other office and general		**114,139**		48,625
Stock-based compensation expense		**100,728**		108,992
Transaction costs		**68,191**		33,577
Professional fees		**75,285**		25,836
Operating lease payments		**28,707**		21,967
Other employment benefits		**12,811**		12,443
Shareholder relations, transfer agent and filing fees		**4,143**		3,366
Travel and promotion		**3,000**		2,576
Foreign exchange gain		**1,806**		(30,042)
	$	**686,160**	$	601,736

11. Finance expenses:

Finance expenses consist of the following for the three months ended September 30:

		2019		2018
Interest expense on margin borrowings	**$**	**23,778**	$	35,928
Right-of-use assets interest		**9,672**		-
Total finance expense	**$**	**33,450**	$	35,928

12. Supplemental disclosure of cash flow information:

The following table shows the supplemental cash flow information for the three months ended September 30:

		2019		2018
Finance expense paid	**$**	**33,450**	$	35,928
Income taxes paid		**-**		-

13. Management of capital:

There were no changes in the Company's approach to capital management during the three months ended September 30, 2019. The Company's capital includes all components of equity which amounts to $12,936,684 as at September 30, 2019 (June 30, 2019 - $21,591,535). To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at September 30, 2019.

14. Risk management:

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

(a) Market risk:

There were no changes in the way the Company manages market risk during the three months ended September 30, 2019. As at September 30, 2019 and June 30, 2019, the Company held some U.S. denominated investments and the majority of its digital assets are denominated in U.S. dollars therefore market risk also includes currency risk. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class/sector of issuers.

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

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three months ended September 30, 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 September 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%	$ 241,906	$ (241,906)
4%	483,813	(483,813)
6%	725,719	(725,719)
8%	967,625	(967,625)
10%	1,209,531	(1,209,531)

14. Risk management (continued):

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

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

(b) Currency risk:

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

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

	September 30, 2019	June 30, 2019
Denominated in U.S. dollars:		
Cash	**$ 17,076**	$ 1,857
Due from brokers	**16**	16
Accounts payable and accrued liabilities	**(17,765)**	(17,556)
Due to brokers	**(233,588)**	(243,817)
Net assets denominated in U.S. dollars	**$ (234,261)**	$ (259,500)

The following table shows the estimated sensitivity of the Company's after-tax net loss for the three months ended September 30, 2019 from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at September 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%	**$ (3,444)**	**$ 3,444**
4%	**(6,887)**	**6,887**
6%	**(10,331)**	**10,331**
8%	**(13,775)**	**13,775**
10%	**(17,218)**	**17,218**

14. Risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended June 30, 2019 from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at 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

(c) 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.

15. Commitments:

In April 2015, the Company signed a lease for premises which started May 1, 2015 for annual payments of approximately $82,875 ($6,906 monthly, increased to $7,166 effective January 1, 2017) plus applicable taxes until April 30, 2018 and office equipment lease payments of $5,340 annually ($445 monthly) plus applicable taxes until April 30, 2019. During the year ended June 30, 2018, the Company extended the lease on its premises to April 30, 2021 for annual payments of approximately $86,125.

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 sublease out its former premises.

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

Lease obligations (fiscal 2020-2024)	$	**939,592**
Lease payments adjusted for additional rent for operating costs		**(267,315)**
Discount at effective interest rates of 6.2% to 10.0%		**(79,347)**
Net lease liabilities as at September 30, 2019	$	**592,930**

As at September 30, 2019, the Company had commitments to purchase investments totaling $522,346 (June 30, 2019 - $858,400).

16. Contingent liability:

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

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

In January 2015, the Company received notice from the DGH that it denied the request for non-levy of the cost of the unfinished PSC and demanded payment of the outstanding balance of US$14,054,284 (ThreeD's share – US$1,423,510). There has been no further correspondence from the DGH since January 2015.

The Company considers the claim to be completely without merit and will defend itself vigorously. No provision has been made for the claim in the consolidated statement of financial position as at September 30, 2019.

17. Restatement:

During the year ended June 30, 2019, 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 statement of income and comprehensive income for the three months ended September 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 three months ended September 30, 2018.

(Unaudited - prepared in Canadian dollars)

17. Restatement (continued):

	Three months ended September 30, 2018		
	Previously reported	Adjustments	Restated
Net investment and digital currency loss			
Net realized losses on disposal of investments	$ (388,011)	$ -	$ (388,011)
Net change in unrealized losses on investments	(1,552,240)	(79,100)	(1,631,340)
Net change in unrealized losses on digital assets	(506,826)	-	(506,826)
	(2,447,077)	(79,100)	(2,526,177)
Administrative and rental income	52,500		52,500
Other income	13	-	13
	(2,394,564)	(79,100)	(2,473,664)
Expenses			
Operating, general and administrative	601,736	-	601,736
Finance expenses	35,928	-	35,928
	637,664	-	637,664
Loss before income taxes	(3,032,228)	(79,100)	(3,111,328)
Income tax expense	-	-	-
Net loss for the period	(3,032,228)	(79,100)	(3,111,328)
Other comprehensive income			
Exchange differences on translation of foreign operations	299	-	299
Total comprehensive loss for the period	$ (3,031,929)	(79,100)	$ (3,111,029)
Loss per common share based on net loss for the period			
Basic and diluted	$ (0.07)	0.02	$ (0.08)
Weighted average number of common shares outstanding			
Basic and diluted	41,165,585	41,165,585	41,165,585

18. Subsequent events:

(a) Subsequent to September 30, 2019, the Company completed a non-brokered private placement financing raising gross proceeds of $165,000 through the issuance and sale of 5,000,000 units at a price of $0.033 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 $0.05 per share on or before November 22, 2022.