ThreeD Capital

Management's Discussion and Analysis

For the quarter ended: March 31, 2022

Date of report: May 26, 2022

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 unaudited interim condensed consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the three and nine months ended March 31, 2022, and the annual audited consolidated financial statements as at and for the year ended June 30,2021. The same accounting policies and methods of computation were followed in the preparation of the interim consolidated statements as were followed in the preparation and described in Note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2021.

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 Company's expectation of holding some digital assets but focusing primarily on opportunistic investing in junior resource and disruptive technologies companies, potential enhanced visibility and accessibility of ThreeD to U.S. investors as a result of its trading on the OTCQX Best Market ("OTCQX"), 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, including, without limitation, risks related to the fact that the term Net Asset Value (“NAV”) does not have any standardized meaning according to Generally Accepted Accounting Principles (“GAAP”) and therefore may not be comparable to similar measures presented by other companies and may not be indicative of NAV for any future periods, 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, the impact of pandemics including COVID-19 on capital markets and otherwise, risks associated with digital assets including significant price volatility, the loss of the digital assets and fraud and high transaction fees, global supply and demand, interest rates, exchange rates, inflation or deflation, political and economic conditions in the countries in which the interests of the Company’s portfolio investments are located, availability of capital on terms acceptable to the Company or at all, and other risks included elsewhere in this MD&A under the headings “Management of Financial Risks” and “Principal Business Risks” and in 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. is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the junior resources and disruptive technologies 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 where it may be the lead investor and can additionally provide investees with advisory services 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 (the “CSE”) under the symbol “IDK” and on the OTCQX under the stock symbol "IDKFF". 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.

The Company continues to invest and hold digital assets that it views as beneficial investments for the Company. In recent years, the Company’s digital assets investing activities have been minor and insignificant, as the Company has focussed more on opportunistic investments in junior resource and disruptive technologies companies.

Summary

- For the three months ended March 31, 2022, the Company had net loss of $3,590,714 (basic loss per share of $0.07) compared to a net income of $23,234,560 (basic earnings per share of $0.55) for the three months ended March 31, 2021.

- For the nine months ended March 31, 2022, the Company had net loss of $1,495,419 (basic loss per share of $0.03) as compared to a net income of $38,460,015 (basic earnings per share of $1.10) for the nine months ended March 31, 2021.

- As at March 31, 2022, the Company held investments at fair value and digital assets, at fair value less cost to sell ("FVLCTS") totalling $51,628,194 as compared to $55,127,507 as at June 30, 2021, a 6% decrease.

- As at March 31, 2022, net asset value per share ("NAV per share") was $1.10 as compared to the June 30, 2021 value which was also $1.16 (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

- In July 2021, the Company announced its intention to effect a new normal course issuer bid ("2021 NCIB") through the facilities of the CSE. Pursuant to the 2021 NCIB, the Company may, during the twelve-month period commencing July 21, 2021, and ending July 20, 2022, purchase on the CSE up to 2,316,827 common shares in total, representing approximately 5% of the common shares issued and outstanding as of July 15, 2021. The price which the Company will pay for any such shares will be the market price at the time of acquisition. The actual number of common shares which may be purchased and the timing of any such purchases will be determined by the Company. During the nine months ended March 31, 2022, the Company repurchased and cancelled 2,234,827 common shares at an average cost of $0.97 per share for total cost of $2,160,805.

Investments

The fair value and cost of investments are as follows as at March 31, 2022:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
Premium Nickel Resources Corporation (private)	(ii, iii)	7,918,545 common shares $600,000 USD 10% convertible promissory note due April 30, 2022, convertible into common shares at a conversion price of $2.00 USD per share	**3,618,833**	**20,862,864**	**41.1**
Auxico Resources Canada Inc. (CSE: AUAG)	(i, ii)	824,000 common shares $100,000 10% covertible debenture due June 19, 2023, convertible into 1,000,000 shares and 1,000,000 warrants, exercisable at $0. 15/share for 3 years from issuance	**412,469**	**1,921,520**	**3.8**
Nevada Silver Corp. (TSXV: NSC)	(ii)	3,075,500 common shares 500,000 warrants exercisable at $0.60/share, expire April 28, 2023	**872,257**	**888,143**	**1.8**
One Bullion Limited (private)	(ii)	5,500,000 common shares 750,000 warrants exercisable at $ 0.25/share, expire Oct 16, 2022	**203,000**	**473,835**	**0.9**
Kattegat Mining Inc. (private)	(ii)	1,250,000 common shares	**150,000**	**299,035**	**0.6**
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares 1,554 options exercisable at $17.00/share, expire Dec 23, 2024	**100,000**	**84,899**	**0.2**
Other publicly traded investments			**14,917,689**	**10,673,527**	**21.0**
Other private investments			**12,327,206**	**15,565,208**	**30.7**
			$32,601,454	**$50,769,032**	**100.0**

The fair value and cost of investments are as follows as at June 30, 2021:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
Premium Nickel Resources Corporation (private)	(ii)	6,716,456 common shares	280,190	2,686,582	4.9
Bluesky Digital Assets Corp. (CSE: BTC)	(i, ii)	3,734,000 common shares 2,500,000 warrants exercisable at $0.15/share, expire Dec 4, 2023 200,000 warrants exercisable at $1.00/share, expire January 15, 2024	1,113,235	2,624,590	4.8
Auxico Resources Canada Inc. (CSE: AUAG)	(i, ii)	1,709,000 common shares $100,000 10% covertible debenture due June 19, 2023, convertible into 1,000,000 shares and 1,000,000 warrants, exercisable at $0.15/share for 3 years from issuance	711,292	2,352,850	4.3
ImagineAR Inc. (CSE: IP)	(ii)	900,000 warrants exercisable at $0.25/share, expire Aug 9, 2021 4,750,000 warrants exercisable at $0.25/share, expire Nov 5, 2021	-	143,400	0.3
One Bullion Limited (private)	(ii)	5,500,000 common shares 750,000 warrants exercisable at $ 0.25/share, expire Oct 16, 2022	203,000	541,638	1.0
AMPD Ventures Inc. (CSE: AMPD)	(i)	4,000,000 common shares 500,000 warrants exercisable at $0.40/share, expire April 29, 2023 3,500,000 warrants exercisable at $0.25/share, expire March 9, 2024	650,000	1,684,541	3.1
ePLAY Digital Inc. (CSE: EPY)	(i)	7,600,000 common shares 3,000,000 warrants exercisable at $0.20/share, expire March 10, 2022	1,120,182	1,413,409	2.6
Nevada Silver Corp. (TSXV: NSC)	(ii)	2,752,500 common shares 500,000 warrants exercisable at $0.60/share, expire April 28, 2023	791,616	686,277	1.3
Kattegat Mining Inc. (private)	(ii)	1,250,000 common shares	150,000	250,000	0.5
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares 1,554 options exercisable at $17.00/share, expire Dec 23, 2024	100,000	86,770	0.2
Other publicly traded investments			19,315,890	29,051,368	52.9
Other private investments			7,000,623	13,389,447	24.4
			$31,436,028	$54,910,872	100.0

(a) The Company includes the following investments in its investment disclosure:
  - (i) Investments in which ThreeD 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 the Company owns greater than 10% of the investee.

As at March 31, 2022, the fair value of investments exceeded original cost by $18,167,578 as compared to $23,474,844 as at June 30, 2021. The decrease for the nine months ended March 31, 2022, was primarily due to the net change in unrealized losses on investments of $6,164,466.

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

As at March 31, 2022, total investments included securities of private companies (categorized in Level 3) with a fair value totalling $37,285,842 (73.4% of total fair value of the Company's investments; cost of $16,399,039). As at June 30, 2021, total investments included securities of private companies (Level 3) with a fair value totalling $16,954,437 (30.9% of total fair value of the Company's investments; cost of $7,733,813). 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 at Fair Value Less Cost to Sell ("FVLCTS")

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, through 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 net income and comprehensive income. 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 25%. 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 net income and comprehensive income 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. The digital assets 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.

The cost and FVLCTS of digital assets as at March 31, 2022, are as follows:

	Cost	FVLCTS
Digital coins	**$ 87**	**$ 1,768**
Digital tokens	**1,129,228**	**482,514**
SAFTs	**1,571,409**	**374,880**
	$ 2,700,724	**$ 859,162**

The cost and FVLCTS of digital assets as at June 30, 2021, are as follows:

	Cost	FVLCTS
Digital coins	$ 87	$ 1,204
Digital tokens	822,029	215,431
SAFTs	1,191,609	-
	$ 2,013,725	$ 216,635

The cost and FVLCTS of digital assets over $1,000 as at March 31, 2022, are as follows:

Digital currency	Type	Quantity	Cost	Fair Value less cost to sell	% of FVLCTS
MEXD	SAFT	1,500,000	**$ 379,800**	**$ 374,880**	**43.6**
VTBC	Tokens	150,000	**307,359**	**307,359**	**35.8**
Evident Proof Transaction Token	Tokens	37,478,105	**199,490**	**140,545**	**16.4**
Sense	Tokens	32,771,592	**223,812**	**33,788**	**3.9**
Other digital assets under $1,000			**1,590,263**	**2,591**	**0.3**
			$ 2,700,724	**$ 859,162**	**100.0**

The cost and FVLCTS of digital assets over $1,000 as at June 30, 2021, are as follows:

Digital currency	Type	Quantity	Cost	Fair Value less cost to sell	% of FVLCTS
Sense	Tokens	32,771,592	$ 223,811	$ 215,431	99.4
Other digital assets under $1,000			1,789,914	1,204	0.6
			$ 2,013,725	$ 216,635	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.

Legal Actions of the Company

Pursuant to a share purchase agreement dated November 15, 2019, the Company sold an aggregate of 13,500,000 common shares (the "Subject Shares") of New Found Gold Corp. (TSXV: "NFG") to a third-party purchaser at a price of $0.08 per share for aggregate proceeds of $ 1,080,000. The Company believes that the purchaser was in possession of information material to the transaction that was not disclosed at the time. As a private company with restrictions on the transfer of the Subject Shares, NFG had to approve the proposed transfer, which it did by a consent resolution of its board of directors.

Accordingly, the Company subsequently commenced the legal action on March 10, 2020, against Collin Kettell, Palisades Goldcorp Ltd. ("Palisades") and NFG (collectively, the "Defendants") claiming rescission of the transaction or, in the alternative, damages in the approximate amount of $16,000,000 or the present value of the Subject Shares. The Company has also made specific claims for (i) a declaration that Palisades and Collin Kettell, as shareholder or director and/or officer of NFG, have acted in a manner that is oppressive, unfairly prejudicial or unfairly disregarded its interests, (ii) a declaration that Palisades and Collin Kettell engaged in insider trading contrary to section 138 of the Securities Act (Ontario), (iii) unjust enrichment and (iv) interests and costs.

NFG filed a statement of defence in response to the ThreeD's statement of claim on June 12, 2020. Mr. Kettell and Palisades filed a statement of defence on June 18, 2020, and the action has now progressed through the production of documents and oral examinations for discovery stages. On July 12, 2021, the Company asked the Defendants to consent to amendments to the statement of claim to broaden its claims to include direct claims of oppressive conduct on the part of NFG, and to increase the damages sought against all of the parties in respect of the Subject Shares to approximately $176,600,000. The Defendants have consented to the amendments provided that they be allowed to serve amended statements of defence and that the parties undergo another round of discoveries related specifically to the amendments to the pleadings

It is not determinable whether the Company will be successful in its claim, or, if successful, the amount of damages that may be awarded, if any.

Results of Operations

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

	Quarter ended			
	March 31, 2022	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**
Net investment and digital asset gains (losses)	(2,694,038)	(9,339,468)	13,395,404	(2,710,750)
Net income (loss) for the period	(3,590,714)	(9,607,687)	11,702,982	(3,731,423)
Total comprehensive income (loss) for the period	(3,590,469)	(9,607,603)	11,702,518	(3,731,181)
Earnings (loss) per share based on net income (loss) for the period - basic	(0.07)	(0.20)	0.26	(0.08)
Earnings (loss) per share based on net income (loss) for the period - diluted	(0.07)	(0.20)	0.24	(0.08)
	March 31, 2021	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
Net investment and digital asset gains (losses)	25,645,109	16,395,497	325,076	7,762,604
Net income (loss) for the period	23,234,560	15,633,631	(408,176)	7,235,197
Total comprehensive income (loss) for the period	23,235,584	15,634,445	(407,788)	7,235,947
Earnings (loss) per share based on net income (loss) for the period - basic	0.55	0.50	(0.01)	0.23
Earnings (loss) per share based on net income (loss) for the period - diluted	0.50	0.40	(0.01)	0.23

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

Three Months Ended March 31, 2022, and 2021

For the three months ended March 31, 2022, the Company generated net realized losses on disposal of investments of $2,443,142, as compared to a net realized gain of $11,307,804 on disposal of investments for the three months ended March 31, 2021. The net realized gains are a result of the dispositions of the Company's investments to generate cash proceeds for use in general working capital and purchases of other investments and digital assets.

For the three months ended March 31, 2022, the Company recorded a net unrealized loss on investments of $366,335 as compared to a net unrealized gain of $14,303,776 for the three months ended March 31, 2021. The net change in unrealized loss on investments in the current period related to the net write-up to market on the Company's investments of $1,938,471 further supplemented by the reversal of previously recognized net unrealized gains on investments of $2,304,806. In the prior year period ending March 31, 2021, the net change in unrealized gains on investments related to the net write-up to market on the Company's investments of $15,041,077 offset by the reversal of previously recognized net unrealized gains on disposal of investments of $737,301..

For the three months ended March 31, 2022, the Company recorded no realized gains or losses on the disposal digital assets, compared to a net realized gain of $41 during the prior period three months ended March 31, 2021. During the three months ended March 31, 2022, the Company recorded a net unrealized gain on digital assets of $115,439, compared to a net unrealized loss of $33,488 for the three months ended March 31, 2021. In previous years, the Company had disposed of most of its digital assets and currently only has four holdings with a fair value of over $1,000.

During the three months ended March 31, 2022, the Company recorded consulting and administrative income of $30,000 as compared to $77,816 for the three months ended March 31, 2021. The difference is the result of decreased consulting income primarily attributed to the expiry of an agreement wherein the Company provided consulting and advisory services to an investee for a one-year term beginning in December 2020 and ending December 2021. For the three months ended March 31, 2022, the Company recorded other income of $13,920 as compared to $nil for the three months ended March 31, 2021. Other income for the three months ended March 31, 2022 primarily consists of dividend income and interest income earned on convertible debenture investments.

For the three months ended March 31, 2022, operating, general and administrative expenses decreased by $1,525,712 to $915,780 from $2,441,492 for the three months ended March 31, 2021. The decrease was primarily due to a decrease in stock-based compensation, salaries and consulting fees, transaction costs, and a decrease in the CEO performance bonus accrual.

The following is the breakdown of the Company's operating, general and administrative expenses for the three-month periods ended March 31, 2022 and 2021. Details of the changes follow the table:

	2022	2021
Stock-based compensation expense (a)	**$ 350,551**	$ 592,433
Salaries and consulting fees (b)	**287,801**	312,659
Transaction costs (c)	**117,540**	165,999
Depreciation expense	**31,904**	41,502
Professional fees (d)	**29,085**	27,556
Shareholder relations, transfer agent and filing fees (e)	**30,119**	19,515
Operating lease payments	**22,739**	22,740
Directors fees (f)	**51,250**	-
Other employment benefits	**13,306**	17,328
Travel and promotion	**12,554**	637
Foreign exchange loss (gain)	**(4,322)**	24,363
CEO performance bonus accrual (g)	**(110,279)**	1,145,422
Other office and general	**83,531**	71,338
	$ 915,780	$ 2,441,492

(a) Stock-based compensation expense decreased by $241,882 for the three months ended March 31, 2022, as compared to the three months ended March 31, 2020. 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 typically 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.

(b) Salaries and consulting fees decreased by $24,858 for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, primarily due to a reduced number of staff employed by the Company during the three months ended March 31, 2022, compared to March 31, 2021.

(c) Transactions costs decreased by $48,459 for the three months ended March 31, 2022, as compared to the three months ended March 31, 2022, due to a slight 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.

(d) Professional fees increased by $1,529 for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, mainly due to a slight increase in legal fees incurred.

(e) Shareholder relations, transfer agent and filing fees increased by $10,604 for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, primarily due to the costs associated with trading on the OTCQX compared to the OTCQB Venture Market ("OTCQB"). The OTCQX is the highest market tier of OTC Markets. The Company upgraded from the OTCQB to the OTCQX in June 2021 to enhance the visibility and accessibility of ThreeD to U.S. investors, which will allow more investors to participate in the growth of the Company. Annual fees associate with trading on the OTCQX are higher than the OTCQB.

(f) Effective January 1, 2022, the Company began paying all non-executive directors of the Company cash compensation of $50,000 annually, payable on a quarterly basis. The audit committee chairman will also receive an additional $5,000 in annual director fee compensation.

(g) Effective January 1, 2021, the Company adopted a new cash-based performance bonus calculation for the CEO. The performance bonus for the current year starting July 1, 2021, is calculated as 5% of the increase in retained earnings from June 30, 2021, adjusted for the aggregate amount of the Company's tax expense (if any) and adjusted for any decrease to shareholders' equity of the Company arising from any declaration of dividends. As at March 31, 2022, the Company recorded the performance bonus accrual for the year-to-date performance at $nil, resulting in a $110,279 decrease from the previous quarter ended December 31, 2021. During the three months ended March 31, 2021, the Company recorded the CEO performance bonus accrual of $1,145,422, which was based on a 5% increase of the December 31, 2020 retained earnings amount.

For the three months ended March 31, 2022, the Company had finance expense of $24,816 as compared to finance expense of $46,873 for the three months ended March 31, 2021. The decrease primarily relates to decreased interest expense paid to brokers on margin borrowings as the Company does not have any margin borrowings as at March 31, 2022, unlike the previous period ended March 31, 2021.

For the three months ended March 31, 2022, the Company recorded a gain from the exchange differences on translation of foreign operations of $245. For the three months ended March 31, 2021, the Company recorded a gain from the exchange differences on translation of foreign operations of $1,024. The Company expects the exchange differences on translation of foreign operations to be minimal since its foreign subsidiaries are no longer active.

Nine months ended March 31, 2022, and 2021

For the nine months ended March 31, 2022, the Company generated net realized gains on disposal of investments of $7,570,837, as compared to a net realized gain of $17,812,777 on disposal of investments for the nine months ended March 31, 2021. The net realized gains are a result of the dispositions of the Company's investments to generate cash proceeds for use in general working capital and purchases of other investments and digital assets.

For the nine months ended March 31, 2022, the Company recorded a net unrealized loss on investments of $6,164,466 as compared to a net unrealized gain of $24,690,437 for the nine months ended March 31, 2021. The net change in unrealized loss on investments in the current period related to a net write-up to market on the Company's investments of $6,305,645 offset by the reversal of previously recognized net unrealized gains on investments of $12,470,111. In the prior period, the net change in unrealized gains on investments related to the net write-up to market on the Company's investments of $29,518,286 offset by the reversal of previously recognized net unrealized gains on disposal of investments of $4,827,849.

For the nine months ended March 31, 2022, the Company recorded no realized gains or losses on the disposal digital assets, compared to a net $49 realized loss on disposal of digital assets during the nine months ended March 31, 2021. During the nine months ended March 31, 2022, the Company recorded a net unrealized loss on digital assets of $44,473, compared to a net unrealized loss of $137,483 for the nine months ended March 31, 2021. In previous years, the Company had disposed of most of its digital assets and currently only has four holdings with a fair value of over $1,000.

During the nine months ended March 31, 2022, the Company recorded consulting and administrative income of $254,750 as compared to $208,071 for the nine months ended March 31, 2021. Consulting and administrative during the nine months ended March 31, 2022 primarily related to an agreement wherein the Company provided consulting and advisory services to an investee for a one-year term beginning in December 2020 and ending December 2021. Additionally, in November 2021, the Company provided one-time consulting services to a new investee that became part of ThreeD's investment portfolio during the nine months ended March 31, 2022. For the nine months ended March 31, 2022, the Company recorded other income of $106,413 as compared to $18,037 for the nine months ended March 31, 2021. Other income for the nine months ended March 31, 2022, and 2021 primarily consists of dividend income and interest income earned on convertible debenture investments.

For the nine months ended March 31, 2022, operating, general and administrative expenses decreased by $889,654 to $3,141,605 from $4,031,259 for the nine months ended March 31, 2021. The decrease was primarily due to a decrease in salaries and consulting fees, transactions costs, and a decrease in the CEO performance bonus accrual, offset partially by an increase in stock-based compensation expense.

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

	2022	2021
Stock-based compensation expense (a)	**$ 1,141,923**	$ 964,207
Salaries and consulting fees (b)	**865,616**	948,707
Transaction costs (c)	**352,049**	412,816
Depreciation expense	**95,259**	123,915
Professional fees (d)	**72,542**	64,563
Shareholder relations, transfer agent and filing fees (e)	**57,007**	72,379
Operating lease payments	**56,849**	66,593
Directors fees (f)	**51,250**	-
Other employment benefits	**32,030**	39,023
Travel and promotion	**24,328**	1,016
Foreign exchange loss (gain)	**44,038**	3,782
CEO performance bonus accrual (g)	**-**	1,145,422
Other office and general	**348,713**	188,836
	$ 3,141,605	$ 4,031,259

(a) Stock-based compensation expense increased by $177,716 for the nine months ended March 31, 2022, as compared to the nine months ended March 31, 2021. 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 typically 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.

(b) Salaries and consulting fees decreased by $83,091 for the nine months ended March 31, 2022, as compared to the nine months ended March 31, 2021, primarily due to a reduced number of staff employed by the Company during the nine months ended March 31, 2022, compared to March 31, 2021.

(c) Transactions costs decreased by $60,767 for the nine months ended March 31, 2022, as compared to the nine months ended March 31, 2021, 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.

(d) Professional fees increased by $7,979 for the nine months ended March 31, 2022, as compared to the nine months ended March 31, 2021, mainly due to a slight change in audit and tax service fees from amounts previously recorded and accrued. This was slightly offset by a reduced amount of legal fees incurred during the nine months ended March 31, 2022 compared to the nine months ended March 31, 2021.

(e) Shareholder relations, transfer agent and filing fees decreased by $15,372 for the nine months ended March 31, 2022, as compared to the nine months ended March 31, 2021, primarily due to the Company incurring costs associated with applying for the eligibility with the Depository Trust Company ("DTC") during the nine months ended March 31, 2021. The DTC provides clearance, settlement, custodial, underwriting, registration, dividend, and proxy services for a substantial portion of all equities, corporate and municipal debt, exchange traded funds, and money market instruments available for trading in the United States.

(f) Effective January 1, 2022, the Company began paying all non-executive directors of the Company cash compensation of $50,000 annually, payable on a quarterly basis. The audit committee chairman will also receive an additional $5,000 in annual director fee compensation.

(g) Effective January 1, 2021, the Company adopted a new cash-based performance bonus calculation for the CEO. The performance bonus for the current year starting July 1, 2021, is calculated as 5% of the increase in retained earnings from June 30, 2021, adjusted for the aggregate amount of the Company's tax expense (if any) and adjusted for any decrease to shareholders' equity of the Company arising from any declaration of dividends. As at March 31, 2022, the Company recorded the performance bonus accrual for the year-to-date performance at $nil. During the nine months ended March 31, 2021, the Company recorded the CEO performance bonus accrual of $1,145,422, which was based on a 5% increase of the December 31, 2020 retained earnings amount.

For the nine months ended March 31, 2022, the Company had finance expense of $76,875 as compared to finance expense of $100,516 for the nine months ended March 31, 2021. The decrease primarily relates to decreased interest expense paid to brokers on margin borrowings as the Company does not have any margin borrowings as at March 31, 2022, unlike the previous period ended March 31, 2021.

For the nine months ended March 31, 2021, the Company recorded a loss from the exchange differences on translation of foreign operations of $135. For the nine months ended March 31, 2021, the Company recorded a gain from the exchange differences on translation of foreign operations of $1,412. The Company expects the exchange differences on translation of foreign operations to be minimal since its foreign subsidiaries are no longer active.

Cash Flows
Nine months ended March 31, 2022, and 2021

During the nine months ended March 31, 2022, the Company generated cash from its operating activities of $1,833,916 as compared to using cash from operating activities of $3,989,650 during the nine months ended March 31, 2021. The Company classifies its investment activities (proceeds on disposal of investments and digital assets, purchases of investments and digital assets, and due from/to brokers) as operating activities which is the Company's primary business. During the past few years, the Company has increased its focus on investments and minimized its investing in digital assets. During the nine months ended March 31, 2022, the Company had proceeds from disposition of investments of $39,431,971 as compared to $42,296,510 during the nine months ended March 31, 2021. During the nine months ended March 31, 2022, the Company purchased $33,161,773 of investments as compared to $45,680,756 of investments purchased during the nine months ended March 31, 2021. During the nine months ended March 31, 2022, the Company had proceeds from disposition of digital assets of $nil as compared to $96,718 during the nine months ended March 31, 2021. During the nine months ended March 31, 2022, the Company made cash payments of $379,800 to purchase digital assets as compared to paying $151,378 for digital assets during the nine months ended March 31, 2021.

During the nine months ended March 31, 2022, the Company used net cash of $1,255,828 in financing activities as compared to net cash generated from financing activities of $3,949,053 for the nine months ended March 31, 2021. During the nine months ended March 31, 2022, the Company received $765,000 from the CEO of the Company and repaid a total of $1,417,365 of advances previously received during the same period. In the prior period ended March 31, 2021, the Company received advances of $2,586,000 from the CEO and repaid a total of $2,336,000 of these advances received. The advances from officer were used for general working capital and investment activities. In the current period, the Company received $7,667 and $1,671,408 in proceeds for the exercise of stock options and warrants respectively, compared to $615,948 and $3,323,843 in proceeds for the exercise of stock options and warrants respectively in the nine months ended March 31, 2021. The Company also paid $121,733 in principal payments of its lease liabilities during the nine months ended March 31, 2022, compared to $122,434 during the nine months ended March 31, 2021. Additionally, during the nine months ended March 31, 2022, the Company bought back and cancelled a total of 2,234,827 common shares, under the Company's NCIB for a total payment of $2,160,805 as compared to $118,304 for the repurchase and cancellation of 591,500 common shares for the same period in the prior year.

During the nine months ended March 31, 2022, the Company used $1,974 for the purchase of equipment compared to $7,404 during the nine months ended March 31, 2022.

For the nine months ended March 31, 2022, the Company had a net increase in cash of $576,114 as compared to a net decrease in cash of $48,001 for the nine months ended March 31, 2021. For the nine months ended March 31, 2022, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of $135, leaving a cash balance of $781,404 as at March 31, 2022, as compared to an exchange gain of $1,412, leaving a cash balance of $23,141 as at March 31, 2021.

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. 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 revenues are earned in Canada and all of the Company's property, equipment, and right-of-use assets are located in Canada and no segmented information has been disclosed as at and for the nine months ended March 31, 2022.

Liquidity and Capital Resources

Consolidated statement of financial position highlights		March 31, 2022		June 30, 2021
Cash	**$**	**781,404**	$	205,425
Due from broker		**381,735**		21,679
Investments, at fair value		**50,769,032**		54,910,872
Digital assets, at fair value less cost to sell		**859,162**		216,635
Total assets		**53,414,320**		56,635,629
Due to brokers		**-**		324,042
Advances from officer		**-**		652,365
Total liabilities		**383,759**		2,769,708
Share capital, contributed surplus, warrants		**149,364,514**		148,704,320
Foreign currency translation reserve		**876,699**		876,834
Deficit		**(97,210,652)**		(95,715,233)

Total liabilities decreased by $2,385,949 to $383,759 as at March 31, 2022, compared to $2,769,708 as at June 30, 2021. The decrease was primarily due to the decrease in accounts payable and accrued liabilities which decreased by $1,226,714 to $179,512 as at March 31, 2022, compared to $1,406,226 as at June 30, 2021, and a decrease in advances from officer which decreased by $652,365 to $nil as at March 31, 2022. As at March 31, 2022, total liabilities also include $16,763 accrued for the winding down of the Company's inactive subsidiaries in Barbados compared to an accrued amount of $16,627 as at June 30, 2021.

The Company's cash and investments as at March 31, 2022, 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 may have to dispose of some of 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 inopportune 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 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.

As at March 31, 2022, future minimum annual lease payments under operating leases for premises and equipment are as follows:

2022	**$ 25,384**
2023	**153,106**
2024	**50,899**
Prepaid rent and operating costs deposits	**(5,447)**
Total lease commitments	**223,942**
Lease operating costs	**5,447**
Discount at effective interest rates of 10% - 15%	**(25,142)**
Lease liability, as at March 31, 2022	**$ 204,247**

As at March 31, 2022, the Company had no commitments to purchase investments. As at June 30, 2021, the Company had commitments to purchase investments of $350,000.

Related Party Transactions

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

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

	Three months ended March 31,		**Nine months ended March 31,**	
	2022	2021	**2022**	2021
Salaries and consulting fees	**$ 202,000**	$ 191,250	**$ 601,000**	$ 382,500
CEO performance bonus accrual	**(110,279)**	1,145,422	**-**	1,145,422
Director fees	**51,250**	-	**51,250**	-
Other short-term benefits	**2,261**	6,355	**6,924**	8,731
Stock-based compensation expense	**305,096**	125,614	**723,793**	164,524
Total	**$ 450,328**	1,468,641	**$1,382,967**	1,701,177

Key management personnel includes the Chairman/Chief Executive Officer ("CEO") and the Chief Financial Officer/Corporate Secretary ("CFO") of the Company.

Effective January 1, 2021, the Company adopted a new cash-based performance bonus calculation for the CEO. The performance bonus for the current year starting July 1, 2021, is calculated as 5% of the increase in retained earnings from June 30, 2021, adjusted for the aggregate amount of the Company's tax expense (if any) and adjusted for any decrease to shareholders' equity of the Company arising from any declaration of dividends. As at March 31, 2022, the Company recorded the performance bonus accrual for the year-to-date performance at $nil, resulting in a $110,279 decrease from the previous quarter ended December 31, 2021. During the nine months ended March 31, 2021, the Company recorded the CEO performance bonus accrual of $1,145,422, which was based on a 5% increase of the December 31, 2020 retained earnings amount.

(b) On September 15, 2020, 1,400,000 stock options were granted to directors and officers of the Company, exercisable at a price of $0.30 per share, expiring on September 15, 2025. On January 15, 2021, 1,400,000 stock options were granted to directors and officers of the Company, exercisable at a price of $0.75 per share, expiring on January 15, 2026. On March 26, 2021, 400,000 stock options were granted to directors and officers of the Company, exercisable at a price of $1.25 per share, expiring on March 26, 2026.

(c) On December 13, 2021, 750,000 stock options were granted to directors and officers of the Company, exercisable at a price of $0.80 per share, expiring on December 13, 2026. On February 16, 2022, 200,000 stock options were granted to a certain officer of the Company, excisable at a price of $0.90 per share, expiring February 16, 2027.

(d) During the year ended June 30, 2021, directors and officers of the Company exercised 656,082 stock options at an average price of $0.69 per share and received 656,082 common shares of ThreeD.

(e) During the year ended June 30, 2021, directors, officers, and close family members of the CEO of the Company exercised 9,675,249 warrants at an average price of $0.22 per warrant and received 9,675,249 common shares of ThreeD.

(f) During the nine months ended March 31, 2022, directors of the Company exercised 36,666 stock options (March 31, 2021 – 631,082 stock options) at an average price of $0.21 per share (March 31, 2021 - $0.71 per share) and received 36,666 common shares (March 31, 2021 – 631,082 common shares) of ThreeD.

(g) During the nine months ended March 31, 2022, close family members of the CEO of the Company exercised 4,178,521 warrants (March 31, 2021 – 9,675,249 warrants) at an average price of $0.40 per warrant (March 31, 2022 - $0.22 per warrant) and received 4,178,521 common shares (March 31, 2021– 9,675,249 common shares) of ThreeD.

(h) As at March 31, 2022, included in accounts payable and accrued liabilities is $46,932 (June 30, 2021 - $47,420) due to Park Place Limited, a private company controlled by the CEO, relating to unpaid consulting fees and reimbursement of expenses.

(i) As at March 31, 2022, the Company had advances from the CEO of the Company of $nil (June 30, 2021 - $652,365) which were payable on demand, unsecured and interest free. These advances were used for general working capital.

Off-Balance Sheet Arrangements

As at March 31, 2022, the Company does not have any off-balance sheet arrangements that have, or are reasonable likely to have, a current or future effect on the results of operations or financial condition of ThreeD.

Management of Capital

There were no changes in the Company's approach to capital management during the nine months ended March 31, 2022. The Company considers its capital to include equity which amounts to $53,030,561 as at March 31, 2022 (June 30, 2021 - $53,865,921). 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 than to maintain its margin requirements by the brokers.

To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its liabilities as at March 31, 2022.

Management of Financial Risks

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:

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 the 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 unfavorable market conditions could result in dispositions of investments/digital assets at less than favorable 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 unfavorable effect on ThreeD's financial position.

As at March 31, 2022, the Company held a total of $11,106,781 (June 30, 2021 - $8,060,198) in U.S. denominated investments. Additionally, the majority of the Company's digital assets are denominated in U.S. dollars. The Company also held $70,230 (June 30, 2021 - $69,713) in Australian-dollar denominated investments and $237,940 (June 30, 2021 - $nil) in British pound sterling denominated investments. Given the foreign denominated investments, market risk for the Company includes currency risk.

There were no changes in the way the Company manages market risk during the nine months ended March 31, 2022. 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 nine months March 31, 2022 from a change in the closing trade price (or recent transaction price) of the Company's investments and digital assets with all other variables held constant as at March 31, 2022:

Percentage of change in closing trade price (recent transaction price)		**Change in after-tax net income from % change in closing trade price**
2%	**$**	**895,749**
4%		**1,791,498**
6%		**2,687,247**
8%		**3,582,997**
10%		**4,478,746**

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2021, from a change in the closing trade price (or recent transaction price) of the Company's investments and digital assets with all other variables held constant as at June 30, 2021:

Percentage of change in closing trade price (recent transaction price)		**Change in after-tax net income from % change in closing trade price**
2%	$	956,462
4%		1,912,925
6%		2,869,387
8%		3,825,849
10%		4,782,311

(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:

		March 31, 2022		June 30, 2021
Denominated in U.S. dollars:				
Cash	**$**	**3,852**	$	36,934
Due from (to) brokers, net		**(205,610)**		(37,168)
Accounts payable and accrued liabilities		**(17,008)**		(20,967)
Net assets (liabilities) denominated in U.S. dollars		**(218,766)**		(21,201)

The following table shows the estimated sensitivity of the Company's after-tax net income for the nine months ended March 31, 2022, from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at March 31, 2022:

Percentage of change in U.S. dollar exchange rate		**Change in after-tax net income from % change in the U.S. dollar exchange rate**
2%	**$**	**3,216**
4%		**6,432**
6%		**9,648**
8%		**12,863**
10%		**16,079**

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2021, 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, 2021:

Percentage of change in U.S. dollar exchange rate		**Change in after-tax net income from % change in the U.S. dollar exchange rate**
2%	$	312
4%		623
6%		935
8%		1,247
10%		1,558

(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.

Principal Business Risks

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

(a) Cash flows:

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

(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. There is also 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 the Company's ability to execute its strategy and implement its 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.

(i) Novel corona virus ("COVID-19")

In March 2020, the global outbreak of COVID-19 was declared a pandemic by the World Health Organization. COVID-19 continues to evolve and has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. To date, the Company's operations have not been significantly affected by COVID-19 or the restrictions put in place to fight the virus. Since COVID-19 was declared a pandemic, the Company has kept in close contact with its investees to evaluate the impacts of COVID-19 on ThreeD's investments. While measures, such as vaccines, are being used to combat COVID-19, it is still unknown the true extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, the effect on investees and business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries. The Company continues to monitor its investment and digital assets portfolio and assess the impact COVID-19 will have on its business activities.

Critical Accounting Estimates

The preparation of the interim consolidated 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 interim consolidated 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 interim consolidated 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.

Valuation of privately-held investments:

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility. Given the relative size of ThreeD's private investment portfolio, such changes can have a material impact on the Company's financial condition or operating results. For the nine months ended March 31, 2022, and the year ended June 30, 2021, the Company had the following changes in its private investments categorized as level 3 in the financial instrument hierarchy:

Balance as at June 30, 2020	$	5,983,529
Additions		6,864,936
Proceeds on disposals		-
Realized losses on disposals		(45,154)
Transfer to Level 1		(3,370,797)
Transfer to Level 2		(207,074)
Net unrealized gains		7,728,997
Balance as at June 30, 2021	$	16,954,437
Additions		**10,862,776**
Proceeds on disposals		**(3,411,312)**
Realized gain on disposals		**2,810,312**
Transfer to Level 1		**(1,463,148)**
Transfer to Level 2		**(111,852)**
Net unrealized gains		**11,644,629**
Balance as at March 31, 2022	**$**	**37,285,842**

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 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.

In previous years, the Company's existing SAFT investments were written down to $nil. During the nine months ended March 31, 2022, the Company invested in a new SAFT which has been valued at $374,880 as at March 31, 2022.

For the nine months ended March 31, 2022, and the year ended June 30, 2021, the Company had the following changes in its SAFTs categorized as level 3 in the financial instrument hierarchy:

Balance as at June 30, 2020	$	-
Additions		-
Transfer to Level 1 or Level 2		-
Net unrealized gains		-
Balance as at June 30, 2021	$	-
Additions		**379,800**
Transfer to Level 1 or Level 2		**-**
Net unrealized gains		**(4,920)**
Balance as at March 31, 2022	**$**	**374,880**

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 there is uncertainty if the Company will realize the tax benefits of the DTA during the next several years and therefore has determined not to record any DTA.

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 three 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 option, lower volatility number or higher dividend yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

During the nine months ended March 31, 2022, the Company granted 1,375,000 stock options to directors, officers and consultants of the Company exercisable at prices of $1.13, $1.30, $0.80, and $0.90 per share expiring between August 11, 2023, and February 16, 2027.

The fair value of the options granted during the nine months ended March 31, 2022, 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	
Expected volatility	**172.0%-197.2%**
Expected dividend yield	**0%**
Risk-free interest rate	**0.47%-1.61%**
Expected option life in years	**2.0-3.0 years**
Expected forfeiture rate	**4.1%-4.7%**
Fair value per stock option granted on August 11, 2021	**$0.85**
Fair value per stock option granted on September 9, 2021	**$1.13**
Fair value per stock option granted on December 13, 2021	**$0.67**
Fair value per stock option granted on February 16, 2022	**$0.75**

During the year ended June 30, 2021, the Company granted 4,230,000 stock options to directors, officers, employees, and consultants of the Company exercisable at prices between $0.30 and $1.25 per share expiring between August 24, 2021 and March 26, 2026.

The fair value of the options granted during the year ended June 30, 2021, 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	
Expected volatility	178.7%-251.9%
Expected dividend yield	0%
Risk-free interest rate	0.23%-0.45%
Expected option life in years	1-3.3 years
Expected forfeiture rate	5.5%-6.0%
Fair value per stock option granted on August 24, 2020	$0.30
Fair value per stock option granted on September 15, 2020	$0.22
Fair value per stock option granted on November 19, 2020	$0.34
Fair value per stock option granted on January 15, 2021	$0.65
Fair value per stock option granted on March 26, 2021	$0.85

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.

Included in operating, general and administrative expenses for the three and nine months ended March 31, 2022, is stock-based compensation expense of $350,551 (March 31, 2021 - $592,433) and $1,141,923 (March 31, 2021 - $964,207) respectively.

The Company did not issue any warrants during the nine months ended March 31, 2022. As at March 31, 2022, the warrants outstanding were as follows:

Number of warrants outstanding	**Exercise price ($)**	**Expiry date**	**Warrant Value ($)**
514,748	0.40	September 13, 2022	30,541
1,066,661	1.80	April 13, 2023	293,199
1,101,662	1.80	August 23, 2023	489,982
904,164	1.80	October 30, 2023	394,156
3,587,235			1,207,878

Valuation of Unlisted Warrants and Convertible Debentures of Investees:

The Company uses the Black-Scholes option pricing model and or other valuation techniques to calculate the fair value of unlisted warrants and convertible debentures of investees. 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 three 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, higher volatility number, or lower dividend yield used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at March 31, 2022 and June 30, 2021, the fair value of unlisted warrants and convertible debentures were $3,441,110 and $1,470,673 respectively.

Outstanding Share Data

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

Common shares	**Number of securities outstanding**	Number of securities exercisable
Outstanding	**48,381,912**	48,381,912
Issuable under the exercise of options	**6,362,633**	5,133,460
Issuable under the exercise of warrants	**3,587,235**	3,587,235
	58,331,780	57,102,607

Refer to Note 8 of the notes to the interim consolidated statements as at and for the three and nine months ended March 31, 2022, for details of the Company's share capital as at March 31, 2022.

Internal Controls Over Financial Reporting

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the interim consolidated statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the interim consolidated statements; and (ii) the interim consolidated statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the interim consolidated statements for external purposes in accordance with IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Use of Non-GAAP Financial Measures

This MD&A contains references to 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. 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 interim consolidated 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 the Company's performance and may assist in the evaluation of the Company's business relative to that of its peers. This data is furnished to provide additional information and does not have any standardized meaning prescribed by GAAP. Accordingly, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP, and is not necessarily indicative of other metrics presented in accordance with GAAP. Existing NAV of the Company is not necessarily predictive of the Company's future performance or the NAV of the Company as at any future date.

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.