ThreeD Capital

Management's Discussion and Analysis

For the quarter ended: **September 30, 2022**

Date of report: **November 28, 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 months ended September 30, 2022, and the annual audited consolidated financial statements as at and for the year ended June 30,2022. 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 audited consolidated financial statements as at and for the year ended June 30, 2022.

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, management's beliefs as to the prospective nature of the Company's investments, the ability of the Company to raise capital on a going forward basis through the disposition of investments, 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 (refer to the section under the heading "Use of Non-GAAP Financial Measures" within this MD&A for further information regarding NAV), 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 Best Market 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. In recent years, the Company's digital assets investing activities have been minor and insignificant, as the Company has focused more on opportunistic investments in junior resource and disruptive technologies companies. However, during the three months ended September 30, 2022, the Company entered into new Simple Agreement for Future Tokens ("SAFT") and invested in new digital tokens that it believes has the potential for future economic gains.

Summary

- For the three months ended September 30, 2022, the Company had net loss of $11,031,134 (basic loss per share of $0.23) as compared to net income of $11,702,098 (basic earnings per shares of $0.26) for the three months ended September 30, 2021.

- As at September 30, 2022, the Company held investments at fair value and digital assets, at fair value less cost to sell ("FVLCTS") totalling $39,290,657 as compared to $50,473,593 as at June 30, 2022, a 22% decrease.

- As at September 30, 2022, net asset value per share ("NAV per share") was $0.82 as compared to the June 30, 2022 value which was $1.06 (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

- In July 2022, the Company announced its intention to effect a new NCIB ("2022 NCIB") through the facilities of the CSE. Pursuant to the 2022 NCIB, the Company may, during the twelve-month period commencing July 27, 2022, and ending July 26, 2023, purchase on the CSE up to 2,412,270 common shares in total, representing approximately 5% of the common shares issued and outstanding as of July 21, 2022. The price which ThreeD 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 three months ended September 30, 2022, the Company repurchased and cancelled 142,000 common shares at an average cost of $0.71 per share for total cost of $101,139. As at September 30, 2022, 196,000 common shares repurchased under the 2022 NCIB for total cost of $109,587 were held in treasury for the purpose of cancellation and were subsequently cancelled in October 2022.

Investments

The fair value and cost of investments are as follows as at September 30, 2022:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
Premium Nickel Resources Ltd. (TSXV: PNRL)	(ii)	8,037,114 common shares	**3,357,631**	**9,117,775**	**24.5**
Auxico Resources Canada Inc. (CSE: AUAG)	(ii)	374,000 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	**241,824**	**1,514,495**	**4.1**
One Bullion Limited (private)	(ii)	5,500,000 common shares 750,000 warrants exercisable at $ 0.25/share, expire Oct 20, 2022	**203,000**	**1,137,960**	**3.1**
Nirvana Life Sciences Inc. (CSE: NIRV)	(i, ii)	3,575,000 common shares 500,000 warrants, exercisable at $0.50/share expiring June 1, 2025	**644,390**	**924,750**	**2.5**
KOP Therapeutics Corp. (private)	(ii)	1,600,000 common shares	**557,836**	**767,592**	**2.1**
Wolf Acquisitions 1.0 Corp. (private)	(iii)	6,282,500 common shares	**628,250**	**628,250**	**1.7**
Infinitii ai Inc. (formerly: Carl Data Solutions Inc.) (CSE:IAI)	(i)	12,454,000 common shares 2,000,000 warrants, exercisable at $0.25/share expiring February 13, 2023	**1,241,043**	**498,160**	**1.3**
2462344 Ontario Inc. (private)	(ii)	1,052,632 common shares	**269,180**	**346,282**	**0.9**
Kattegat Mining Inc. (private)	(ii)	1,250,000 common shares	**150,000**	**299,035**	**0.8**
Nifty Kids Inc. (private)	(iii)	12,500,000 preferred shares	**250,000**	**250,000**	**0.7**
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares 1,554 options exercisable at $17.00/share, expire Dec 23, 2024	**100,000**	**32,667**	**0.1**
Other publicly traded investments			**10,367,722**	**3,003,716**	**8.1**
Other private investments			**12,233,168**	**18,629,853**	**50.2**
			30,244,044	**$37,150,535**	**100.0**

The fair value and cost of investments are as follows as at June 30, 2022:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
Premium Nickel Resources Corporation (private)	(ii)	8,218,545 common shares	3,618,833	21,180,837	42.9
Auxico Resources Canada Inc. (CSE: AUAG)	(ii)	624,000 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	336,627	1,956,200	4.0
Nirvana Life Sciences Inc. (CSE: NIRV)	(i, ii)	3,575,000 common shares 500,000 warrants, exercisable at $0.50/share expiring June 1, 2025	644,390	1,517,000	3.1
One Bullion Limited (private)	(ii)	5,500,000 common shares 750,000 warrants exercisable at $ 0.25/share, expire Oct 20, 2022	203,000	1,160,460	2.4
Carl Data Solutions Inc. (CSE: CRL)	(i)	11,080,000 common shares 2,000,000 warrants, exercisable at $0.25/share expiring February 13, 2023	1,181,083	736,200	1.5
KOP Therapeutics Corp. (private)	(ii)	1,600,000 common shares	557,836	721,616	1.5
Wolf Acquisitions 1.0 Corp. (private)	(iii)	6,282,500 common shares	628,250	628,250	1.3
Kattegat Mining Inc. (private)	(ii)	1,250,000 common shares	150,000	299,035	0.6
Nifty Kids Inc. (private)	(iii)	12,500,000 preferred shares	250,000	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	32,868	0.1
Other publicly traded investments			10,266,938	3,944,218	8.0
Other private investments			12,369,157	16,950,522	34.3
			$30,306,114	$49,377,206	100.0

(a) The Company specifies the following investments by issuer name in its investment disclosure:
  - (i) Investments in which ThreeD is subject to insider or early warning 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 September 30, 2022, the fair value of investments exceeded original cost by $6,906,491 as compared to $19,071,092 as at June 30, 2022. The decrease for the three months ended September 30, 2022, was primarily due to the net change in unrealized losses on investments of $12,164,601.

The fair value of the Company's investments as reflected in its interim consolidated 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 September 30, 2022, total investments included securities of private companies (categorized in Level 3) with a fair value totalling $22,091,639 (86.5% of total fair value of the Company's investments; cost of $17,749,065). As at June 30, 2022, total investments included securities of private companies (categorized in Level 3) with a fair value totalling $41,223,588 (83.4% of total fair value of the Company's investments; cost of $17,877,076). 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 loss and comprehensive loss. Upon disposal of a digital currency, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. Digital assets which are traded on an exchange, but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 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 appropriate valuation techniques.

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

There is currently no specific definitive guidance in IFRS 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 September 30, 2022, are as follows:

	Cost	FVLCTS
Digital coins	**$ 87**	**$ 784**
Digital tokens	**1,167,755**	**8,123**
SAFTs	**2,335,349**	**2,131,215**
	$ 3,503,191	**$ 2,140,122**

The cost and FVLCTS of digital assets as at June 30, 2022, are as follows:

	Cost	FVLCTS
Digital coins	$ 87	$ 591
Digital tokens	1,129,389	486
SAFTs	2,269,769	1,095,310
	$ 3,399,245	$ 1,096,387

The cost and FVLCTS of digital assets over $1,000 as at September 30, 2022, are as follows:

Digital currency	Type	Quantity	Cost	Fair Value less cost to sell	% of FVLCTS
ASTRA	SAFT	5,000,000	**$ 316,200**	**$ 1,033,975**	**48.3**
MEXD	SAFT	1,500,000	**379,800**	**616,815**	**28.8**
HYPC	SAFT	8,695,653	**257,040**	**274,820**	**12.8**
ASX	SAFT	2,000,000	**125,120**	**137,070**	**6.4**
Plagood	SAFT	166,666,667	**65,580**	**68,535**	**3.2**
DigitalBits	Token	2,687,442	**38,353**	**7,640**	**0.4**
Other digital assets under $1,000			**2,321,098**	**1,267**	**0.1**
			$ 3,503,191	**$ 2,140,122**	**100.0**

The cost and FVLCTS of digital assets over $1,000 as at June 30, 2022, are as follows:

Digital currency	Type	Quantity	Cost	Fair Value less cost to sell	% of FVLCTS
MEXD	SAFT	1,500,000	**$ 379,800**	**$ 386,580**	**35.3**
ASTRA	SAFT	5,000,000	**316,200**	**322,150**	**29.4**
HYPC	SAFT	8,695,653	**257,040**	**257,720**	**23.5**
ASX	SAFT	2,000,000	**125,120**	**128,860**	**11.7**
Other digital assets under $1,000			**2,321,085**	**1,077**	**0.1**
			$ 3,399,245	**$ 1,096,387**	**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. See also "Principal Business Risks" below.

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. The statement of claim has now been formally amended and the defendants have served amended statements of defence.

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.

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 interim consolidated statements as at September 30, 2022.

Summary of Quarterly Results

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

	Quarter ended			
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
Net investment and digital asset gains (losses)	(10,430,815)	(1,246,990)	(2,694,038)	(9,339,468)
Net income (loss) for the period	(11,031,134)	(2,243,514)	(3,590,714)	(9,607,687)
Total comprehensive income (loss) for the period	(11,032,235)	(2,244,038)	(3,590,469)	(9,607,603)
Earnings (loss) per share based on net income (loss) for the period - basic	(0.23)	(0.05)	(0.07)	(0.20)
Earnings (loss) per share based on net income (loss) for the period - diluted	(0.23)	(0.05)	(0.07)	(0.20)
	September 30, 2021	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**
Net investment and digital asset gains (losses)	13,395,404	(2,710,750)	25,645,109	16,395,497
Net income (loss) for the period	11,702,982	(3,731,423)	23,234,560	15,633,631
Total comprehensive income (loss) for the period	11,702,518	(3,731,181)	23,235,584	15,634,445
Earnings (loss) per share based on net income (loss) for the period - basic	0.26	(0.08)	0.55	0.50
Earnings (loss) per share based on net income (loss) for the period - diluted	0.24	(0.08)	0.50	0.40

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

Results of Operations
Three Months Ended September 30, 2022 and 2021

For the three months ended September 30, 2022, the Company generated net realized gains on disposal of investments of $794,301 (September 30, 2021 - $2,539,494). 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 September 30, 2022, the Company recorded a net unrealized loss on investments of $12,164,601 (September 30, 2021 - $10,942,291 net unrealized gain). The net change in unrealized losses on investments in the current period related to the net write-down to market on the Company's investments of $13,885,496 (September 30, 2021 - $16,345,458 net write up) offset by the reversal of previously recognized net unrealized losses on disposal of investments of $1,720,895 (September 30, 2021 - $5,403,167 reversal of previously recognized net unrealized gains).

For the three months ended September 30, 2022 the Company recorded realized losses on the disposal of digital assets of $304 (September 30, 2021 - $nil). During the three months ended September 30, 2022, the Company recorded a net unrealized gain on digital assets of $939,789 (September 30, 2021 - $86,381 net unrealized loss).

During the three months ended September 30, 2022, the Company recorded consulting and administrative income of $37,000 (September 30, 2021 - $78,209). The difference between the three months ended September 30, 2022 and three months ended September 30, 2021 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 September 30, 2022, the Company recorded other income of $nil (September 30, 2021 - $4,208). Other income for the three months ended September 30 2021 relates to interest income earned on a convertible debenture investment that was converted into shares in July 2021.

For the three months ended September 30, 2022, operating, general and administrative expenses was $630,784 (September 30, 2021 - $1,753,396). The decrease of $1,122,612 between the three months ended September 30, 2022 and three months ended September 30, 2021 was primarily due to a decrease in stock based compensation expense, transaction costs, and the CEO performance bonus accrual, offset by an increase in director fees and travel costs.

The following is the breakdown of the Company's operating, general and administrative expenses for the three months ended September 30, 2022 and 2021. Details of the changes follow the table:

	2022	2021
Salaries and consulting fees (a)	**$ 261,126**	$ 288,111
Stock-based compensation expense (b)	**125,385**	531,313
Director fees (c)	**51,250**	-
Travel and promotion (d)	**44,579**	11,387
Depreciation expense	**31,431**	31,632
Transaction costs (e)	**23,310**	103,170
Operating payments	**17,055**	17,055
Shareholder relations, transfer agent and filing fees	**13,155**	13,934
Other employment benefits	**10,572**	11,396
Professional fees (f)	**6,278**	28,940
Foreign exchange loss	**1,302**	29,050
CEO performance bonus accrual (g)	**-**	615,946
Other office and general	**45,341**	71,462
	$ 630,784	$ 1,753,396

(a) Salaries and consulting fees decreased by $26,985 for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily due to the termination of an investor relations services contract by the Company in April 2022, resulting in costs savings during the three months ended September 30, 2022.

(b) Stock-based compensation expense decreased by $405,928 for the three months ended September 30, 2022, as compared to the three months ended September 30, 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.

(c) 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 also receives an additional $5,000 in annual director fee compensation.

(d) Travel and promotion costs increased by $33,192 during the three months ended September 30, 2022, compared to September 30, 2021, due to governments around the world relaxing travel restrictions and quarantine requirements associated with COVID-19. As a result, the Company's officers and representatives were able to travel to various locations to assess potential investment opportunities for the Company.

(e) Transaction costs decreased by $79,860 for the three months ended September 30, 2022, as compared to the three months ended September 30, 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.

(f) Professional fees decreased by $22,662 for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, mainly due to decreased legal activity associated with the claim against Collin Kettell, Palisades, and NFG (See "Legal Actions of the Company" elsewhere in this MD&A).

(g) Effective January 1, 2021, the Company adopted a new cash-based performance bonus calculation for the CEO. The performance bonus, 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. During the three months ended September 30, 2022, the Company recorded the year-to-date performance bonus accrual at $nil compared to the three months ended September 30, 2021 amount of $615,946.

For the three months ended September 30, 2022, the Company had finance expense of $6,535 (September 30, 2021 - $21,443). The decrease in finance expense in the current period compared to the prior period primarily relates to decreased interest expense paid to brokers on margin borrowings as the Company had minimal margin borrowings as at September 30, 2022.

For the three months ended September 30, 2022, the Company recorded a loss from the exchange differences on translation of foreign operations of $1,101 (September 30, 2021 - $464). The Company expects the exchange differences on translation of foreign operations to be minimal since its foreign subsidiaries are no longer active.

Cash Flows
Three months ended September 30, 2022 and 2021

During the three months ended September 30, 2022, the Company used net cash of $344,834 in its operating activities (September 30, 2021 – $1,125,589 generated from operating activities). 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, as investing is the Company's primary business. During the three months ended September 30, 2022, the Company had proceeds from disposition of investments of $1,764,349 (September 30, 2021 - $7,263,568). During the three months ended September 30, 2022, the Company purchased $907,978 of investments (September 30, 2021 - $9,086,647). The Company also had proceeds on disposition of digital assets and purchases of digital assets of $76,812 (September 30, 2021 - $nil) and $181,062 (September 30, 2021 - $nil) respectively during the three months ended September 30, 2022.

During the three months ended September 30, 2022, the Company used net cash of $17,757 in financing activities (September 30, 2021 - $1,227,045). During the current three months ended September 30, 2022, the Company received $nil amount of advances from the CEO (September 30, 2021 - $765,000) and repaid $nil amount of advances previously received (September 30, 2021 - $1,217,365). Advances from officers are occasionally provided to the company to be used for general working capital and investment activities. During the three months ended September 30, 2022, the Company received $25,000 (September 30, 2021 - $7,667) and $205,899 (September 30, 2021 - $648,800) in proceeds for the exercise of stock options and warrants respectively. The Company paid

$427 (September 30, 2021 - $10,796) in interest expense on margin borrowings and paid $37,502 (September 30, 2021 - $35,767) in principal payments of its lease liabilities during the three months ended September 30, 2022. Additionally, during the three months ended September 30, 2022, the Company bought back and cancelled a total of 338,000 common shares (September 30, 2021 - 1,236,400), under the Company's 2022 NCIB for a total payment of $210,726 (September 30, 2021 - $1,384,584).

During the three months ended September 30, 2022 and 2021, the Company did not use or generate cash from investing activities.

For three months ended September 30, 2022, the Company had a net decrease in cash of $362,591 (September 30, 2021 –$101,456). For the three months ended September 30, 2022, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of $1,101 (September 30, 2021 - $464), leaving a cash balance of $30,716 as at September 30, 2022 (September 30, 2021 - $103,505).

Liquidity and Capital Resources

Consolidated statement of financial position highlights	**September 30, 2022**	**June 30, 2022**
Cash	**$ 30,716**	$ 394,408
Due from broker	**103,352**	19,560
Investments, at fair value	**37,150,535**	49,377,206
Digital assets, at fair value less cost to sell	**2,140,122**	1,096,387
Total assets	**40,442,340**	51,483,559
Due to brokers	**274**	257
Total liabilities	**417,154**	571,696
Share capital, contributed surplus, warrants	**149,635,412**	149,489,854
Foreign currency translation reserve	**875,074**	876,175
Deficit	**(110,485,300)**	(99,454,166)

Total liabilities as at September 30, 2022 were $417,154 which is a $154,542 decrease from June 30, 2022. The decrease was primarily due to the decrease in accounts payable and accrued liabilities which decreased by $123,164 to $274,288 as at September 30, 2022 (June 30, 2022 - $397,452) and a decrease in lease liability which decreased by $31,395 to $142,592 as at September 30, 2022 (June 30, 2022 - $173,987). As at September 30, 2022, total liabilities also include $18,388 (June 30, 2022 - $17,287) accrued for the winding down of the Company's inactive subsidiaries in Barbados.

The Company's cash and investments as at September 30, 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 office 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 September 30, 2022, future minimum annual lease payments under operating leases for premises and equipment are as follows:

2023	**$ 154,649**
2024	**79,324**
Prepaid rent and operating costs deposits	**(5,447)**
Total lease commitments	**228,526**
Lease operating costs	**(74,142)**
Discount at effective interest rates of 10% - 15%	**(11,791)**
Lease liability, as at September 30, 2022	**$ 142,592**

As at September 30, 2022, the Company had commitments to purchase investments totaling $262,070 (June 30, 2022 - $253,860).

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:

		2022		2021
Salaries and consulting fees	**$**	**207,000**	$	199,500
CEO performance bonus accrual		**-**		615,946
Director fees		**51,250**		-
Other short-term benefits		**2,261**		2,402
Stock-based compensation expense		**119,164**		226,604
Total	**$**	**379,675**	$	1,044,452

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, 2022, 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. During the year three months ended September

30, 2022, the Company recorded $nil amount for the performance bonus accrual (September 30, 2021 - $615,946).

(b) 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, exercisable at a price of $0.90 per share, expiring February 16, 2027.

(c) During the year ended June 30, 2022, directors of the Company exercised 36,666 stock options at an average price of $0.21 per share and received 36,666 common shares of ThreeD.

(d) During the year ended June 30, 2022, close family members of the CEO of the Company exercised 4,178,521 warrants at an average price of $0.40 per warrant and received 4,178,521 common shares of ThreeD.

(e) During the three months ended September 30, 2022, a director of the Company exercised 250,000 stock options (September 30, 2021 – 36,666 stock options) at an average price of $0.10 per share (September 30, 2021 - $0.21 per share) and received 250,000 common shares (September 30, 2021 – 36,666 common shares) of ThreeD.

(f) During the three months ended September 30, 2022, a director and close family members of the CEO of the Company exercised 514,748 warrants (September 30, 2021 – 1,622,000 warrants) at an average price of $0.40 per warrant (September 30, 2021 - $0.40 per warrant) and received 514,748 common shares (September 30, 2021 – 1,622,000 common shares) of ThreeD.

(g) As at September 30, 2022, included in prepaids and receivables is $41,667 (June 30, 2022 - $nil) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO

(h) As at September 30, 2022, included in accounts payable and accrued liabilities is $nil (June 30, 2022 - $17,249) due to the CEO relating to reimbursement of operating expenses

Off-Balance Sheet Arrangements

As at September 30, 2022, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of ThreeD.

Management of Capital

There were no changes in the Company's approach to capital management during the three months ended September 30, 2022. The Company considers its capital to be equal to its equity which amounts to $40,025,186 on September 30, 2022 (June 30, 2022 - $50,911,863)

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

(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 its 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 September 30, 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 future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments/digital assets and 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 September 30, 2022, the Company held a total of $11,548,412 (June 30, 2022 - $11,396,260) in U.S. denominated investments. Additionally, the majority of the Company's digital assets are denominated in U.S. dollars. The Company also held $66,615 (June 30, 2022 - $66,690) in Australian-dollar denominated investments and $118,092 (June 30, 2022 - $193,501) 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 year ended September 30, 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 loss for the three months ended September 30, 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 September 30, 2022:

Percentage of change in closing trade price (recent transaction price)	**Change in after-tax net loss from % change in closing trade price**	
2%	**$**	**81,693**
4%		**1,363,386**
6%		**2,045,079**
8%		**2,726,772**
10%		**3,408,464**

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 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 June 30, 2022:

Percentage of change in closing trade price (recent transaction price)	**Change in after-tax net loss from % change in closing trade price**	
2%	**$**	**875,717**
4%		**1,751,434**
6%		**2,627,151**
8%		**3,502,867**
10%		**4,378,584**

(b) Credit risk:

Credit risk is the risk of loss associated with the inability of a third party to fulfil its payment obligations. The Company is exposed to the risk that third parties owing it money or securities will not meet their underlying obligations. The Company may, from time to time, invest in debt obligations.

As at September 30, 2022, the Company held eleven convertible debentures (June 30, 2022 – ten convertible debentures) with a fair value of $5,958,187 (June 30, 2022 - $5,752,176). Nine of these convertible debentures were held with private company investees (June 30, 2022 – eight convertible debentures) and two were held with publicly traded company investees (June 30, 2022 – two convertible debentures). All funds in cash are held in financial institutions that have a credit rating above AA. The Company believes it is not exposed to any significant loss.

There were no changes to the way the Company manages credit risk during the three ended September 30, 2022. The Company is also exposed in the normal course of business to credit risk from the sale of its investments and advances to investees and joint arrangements.

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

		2022		2022
Cash	**$**	**30,716**	$	394,408
Due from brokers		**103,352**		19,560
Convertible debentures		**5,958,187**		5,752,176
Receivables (i)		**77,398**		13,205
	$	**6,169,653**	$	6,179,349

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

		September 30, 2022		June 30, 2022
Denominated in U.S. dollars:				
Cash	**$**	**11,689**	$	41,156
Due from (to) brokers, net		**(162)**		(37)
Accounts payable and accrued liabilities		**(18,388)**		(17,287)
Net assets (liabilities) denominated in U.S. dollars		**(6,861)**		23,832

The following table shows the estimated sensitivity of the Company's after-tax net loss for the Three months ended September 30, 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 September 30, 2022:

Percentage of change in U.S. dollar exchange rate		**Change in after-tax net loss from % change in the U.S. dollar exchange rate**
2%	**$**	**101**
4%		**202**
6%		**303**
8%		**403**
10%		**504**

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 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 June 30, 2022:

Percentage of change in U.S. dollar exchange rate	Change in after-tax net loss from % change in the U.S. dollar exchange rate
2%	$ 350
4%	701
6%	1,051
8%	1,401
10%	1,752

(d) 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 and dividend 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.

Significant Accounting Policies

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 audited consolidated financial statements as at and for the year ended June 30, 2022.

Future Changes in Accounting Policies

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

(a) Effective for annual periods beginning on or after January 1, 2023, the Company will adopt amendments to IAS 1, '*Presentation of financial statements*', the amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

(b) Effective for annual periods beginning on or after January 1, 2023, the Company will adopt amendments to IAS 12, '*Income taxes',* the amendment requires companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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.

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

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility. Given the 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 three months ended September 30, 2022 and year ended June 30 2022, the Company had the following changes in its private investments categorized as Level 3 in the financial instrument hierarchy:

Balance as at June 30, 2021	$	16,954,437
Additions		11,747,396
Proceeds on disposals		(3,471,851)
Realized losses on disposals		2,620,091
Transfer to Level 1		(1,611,273)
Transfer to Level 2		(271,227)
Net unrealized gains		15,256,015
Balance as at June 30, 2022	$	41,223,588
Additions		**133,190**
Proceeds on disposals		**-**
Realized gain on disposals		**-**
Transfer to Level 1		**(534,351)**
Transfer to Level 2		**(3,084,481)**
Net unrealized gains		**(15,646,307)**
Balance as at September 30, 2022	**$**	**22,091,639**

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.

For the three months ended September 30, 2022 and year ended June 30, 2022, the Company had the following changes in its SAFTs categorized as Level 3 in the financial instrument hierarchy:

Balance as at June 30, 2021	$	-
Additions		1,078,160
Transfer to Level 1 or Level 2		-
Net unrealized gains		17,150
Balance as at June 30, 2022	$	1,095,310
Additions		**65,580**
Transfer to Level 1 or Level 2		**-**
Net unrealized gains		**964,375**
Balance as at September 30, 2022	**$**	**2,125,265**

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 three months ended September 30, 2022, the Company did not grant any stock options.

During the year ended June 30, 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 year ended June 30, 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**

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 months ended September 30, 2022, is stock-based compensation expense of $125,385 (September 30, 2022 - $531,313).

The Company did not issue any warrants during the three months ended September 30, 2022. As at September 30, 2022, the warrants outstanding were as follows:

Number of warrants outstanding	**Exercise price ($)**	**Expiry date**	**Warrant Value ($)**
1,066,661	1.80	April 13, 2023	509,678
1,101,662	1.80	August 23, 2023	489,982
904,164	1.80	October 30, 2023	394,156
3,072,487			1,393,816

On February 18, 2021, certain share purchase warrants of the Company which were set to expire during the year 2021 were extended to expiry dates in 2022. On March 2, 2022, the Company announced a further extension of the term of these existing share purchase warrants to expire in 2023. The table below summarizes the number of warrants whose term has been extended showing the initial expiration date and the new expiry date.

Date of Issuance	**Number of Warrants**	**Original Expiry Date**	**New Expiry Date**
April 13, 2018	1,066,661	April 13, 2021	April 13, 2023
August 23, 2018	1,101,662	August 23, 2021	August 23, 2023
October 30, 2018	904,164	October 30, 2021	October 30, 2023

<u>Valuation of Unlisted Warrants and Convertible Debentures of Investees:</u>

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 September 30, 2022 and June 30, 2022, the fair value of unlisted warrants and convertible debentures were $6,920,850 and $7,361,980 respectively.

Outstanding Share Data

Subsequent to September 30, 2022, the previously mentioned 196,000 common shares which were repurchased under the 2022 NCIB and held in treasury were cancelled.

Subsequent to September 30, 2022, an additional 31,000 common shares which were repurchased under the 2022 NCIB at an average cost of $0.46 per shares for total consideration paid of $14,305 were cancelled.

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	**48,641,160**	48,641,160
Issuable under the exercise of options	**5,598,884**	5,111,384
Issuable under the exercise of warrants	**3,072,487**	3,072,487
	57,312,531	56,825,031

Refer to Note 8 of the notes to the interim consolidated statements for the three months ended September 30, 2022, for details of the Company's share capital as at September 30, 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. 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.