FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: THREED CAPITAL INC. (the "Issuer").

Trading Symbol: IDK

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

Second Quarter Ended December 31, 2018

Unaudited interim condensed consolidated financial statements of the Issuer for the three and six month periods ended December 31, 2018, as filed with securities regulatory authorities, are attached to this Form 5 – Quarterly Listing Statement as Appendix A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions for information supplementary to that contained in Note 6 to the notes of the interim condensed consolidated financial statements, which are attached hereto, please also refer to the Management's Discussion & Analysis for the three and six months ended December 31, 2018, as filed with securities regulatory authorities and attached to this Form 5 – Quarterly Listing Statement as Appendix B.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

As at October 26, 2018, the Issuer's last Form 2A – Updated Listing Statement, 131,256,322 common shares in the capital of the Issuer were issued and outstanding.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
August 23, 2018	Common shares	Private placement	13,220,000	$0.10	$1,322,000	Cash	(Non-related - 10,870,00; Related – 3,350,000)	$3,750
August 23, 2018	Warrants	Private placement	13,220,000	N/A	N/A	N/A	(Non-related - 10,870,00; Related – 3,350,000)	Nil
October 30, 2018	Common shares	Private placement	10,850,000	$0.10	$1,085,000	Cash	(Non-related – 9,650,00; Related – 1,200,000)	Nil
October 30, 2018	Warrants	Private placement	10,850,000	N/A	N/A	N/A	(Non-related – 9,650,00; Related – 1,200,000)	Nil
November 8, 2018	Common shares	For services	302,624	$0.12	$36,160	Consulting services	Non-related	Nil

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
September 14, 2018	3,000,000	Sheldon Inwentash (Director/CEO)	N/A	$0.10	September 14, 2023	$0.09
September 14, 2018	150,000	Gerry Feldman (CFO)	N/A	$0.10	September 14, 2023	$0.09
September 14, 2018	100,000	Allen Lone (Director)	N/A	$0.10	September 14, 2023	$0.09
September 14, 2018	250,000	Arno Brand (Director)	N/A	$0.10	September 14, 2023	$0.09
September 14, 2018	100,000	Alan Myers (Director)	N/A	$0.10	September 14, 2023	$0.09
September 14, 2018	150,000	N/A	Employee	$0.10	September 14, 2023	$0.09
October 1, 2018	200,000	N/A	Employee	$0.10	October 1, 2023	$0.085
December 14, 2018	2,000,000	Sheldon Inwentash (Director/CEO)	N/A	$0.10	December 14, 2023	$0.07
December 14, 2018	1,500,000	Gerry Feldman (CFO)	N/A	$0.10	December 14, 2023	$0.07
December 14, 2018	250,000	Daniel Bloch (VP)	N/A	$0.10	December 14, 2023	$0.07
December 14, 2018	700,000	Allen Lone (Director)	N/A	$0.10	December 14, 2023	$0.07
December 14, 2018	700,000	Arno Brand (Director)	N/A	$0.10	December 14, 2023	$0.07
December 14, 2018	700,000	Alan Myers (Director)	N/A	$0.10	December 14, 2023	$0.07
December 14, 2018	1,175,000	N/A	Employees	$0.10	December 14, 2023	$0.07

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at December 31, 2018, the authorized capital of the Issuer consisted of an unlimited number of common shares without par value, and without any special rights or restrictions, of which 142,408,946 common shares were issued and outstanding.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Issuer and are entitled to one vote in respect of each common share held at such meetings. Holders of common shares of the Issuer are entitled to dividends as and when declared by the directors and are entitled to participate ratably in any distribution of property or assets upon the liquidation, wind-up or other dissolution of the Issuer.

(b) number and recorded value for shares issued and outstanding,

Date	Number of common shares	Recorded value of common shares
December 31, 2018	142,408,946	$ 108,228,250

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options: Options to purchase common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's 2006 Stock Option Incentive Plan. There were 10,975,000 options granted during the six months ended December 31, 2018.

As at December 31, 2018, 28,463,002 options were outstanding as follows:

Number of options	Exercise price	Expiry date
458,334	$ 0.10	October 12, 2020
100,000	0.20	November 16, 2020
250,000	0.22	November 21, 2020
100,000	0.21	December 5, 2020
250,000	0.21	January 3, 2021
500,000	0.43	January 9, 2021
200,000	0.20	May 10, 2021
2,939,668	0.15	January 16, 2022
250,000	0.15	April 5, 2022
50,000	0.10	October 12, 2022
115,000	0.20	November 16, 2022
1,700,000	0.21	November 30, 2022

10,575,000	0.16	March 1, 2023
3,750,000	0.10	September 14, 2023
200,000	0.10	October 1, 2023
7,025,000	0.10	December 13, 2023

Warrants: As at December 31, 2018, the Issuer has 67,130,230 warrants outstanding. The warrants were issued in private placement financings. For accounting purposes, the warrants were valued using the Black-Scholes option pricing model (net of share issuance costs) for total value of $2,996,919.

Number of warrants	Exercise price	Expiry date	Recorded value
686,000	$ 0.15	December 1, 2019	$ 17,571
500,000	0.15	December 8, 2019	12,283
1,776,000	0.20	February 21, 2020	78,900
1,500,000	0.20	April 6, 2020	78,713
1,800,000	0.15	May 19, 2020	62,087
8,550,000	0.15	October 24, 2020	368,154
8,025,000	0.25	November 14, 2020	616,598
12,800,000	0.15	April 13, 2021	509,678
7,423,230	0.20	May 16, 2021	368,797
13,220,000	0.15	August 23, 2021	489,982
10,850,000	0.15	October 30, 2021	394,156

Convertible securities: The Issuer has no convertible securities outstanding.

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

The Issuer has no common shares that are subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director/Officer	Position with issuer
Gerry Feldman	Chief Financial Officer and Corporate Secretary
Arno Brand	Director, Audit Committee Member, Compensation Committee Member
Sheldon Inwentash	Director, Chairman, and CEO
Allen Lone	Director, Audit Committee Member, Compensation Committee Member
Alan Myers	Director, Audit Committee Member, Compensation Committee Member

Daniel Bloch	VP Business Development and General Council

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis of the three and six months period ended December 31, 2018, as filed with securities regulatory authorities, is attached to this Form 5 – Quarterly Listing Statement as Appendix B.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated February 26, 2019.

Gerry Feldman
Name of Director or Senior Officer

Signed: "Gerry Feldman"
Signature
Chief Financial Officer and Corporate Secretary
Official Capacity

Issuer Details Name of Issuer THREED CAPITAL INC.	For Quarter Ended December 31, 2018	Date of Report YY/MM/D 2019/02/26
Issuer Address 130 Spadina Avenue, Suite 401		
City/Province/Postal Code Toronto, Ontario, M5V 2L4	Issuer Fax No. (416) 941-8900	Issuer Telephone No. (416) 941-8900
Contact Name Gerry Feldman	Contact Position CFO and Corporate Secretary	Contact Telephone No. (416) 941-8900 ext. 106
Contact Email Address feldman@threedcap.com	Web Site Address www.threedcapital.com	

APPENDEX A

THREED CAPITAL INC.

Unaudited interim condensed consolidated financial statements
for the three and six months ended December 31, 2018

Interim Condensed Consolidated Financial Statements of

ThreeD Capital

December 31, 2018
(Unaudited - prepared in Canadian dollars)

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

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

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

THREED CAPITAL INC.

Consolidated Statement of Financial Position
As at December 31, 2018 and June 30, 2018
(Unaudited - prepared in Canadian dollars)

	Notes	December 31, 2018	June 30, 2018
Assets			
Cash	5	**$ 60,423**	$ 146,130
Due from brokers	5	**1,982**	554
Prepaids and receivables	5	**721,885**	259,560
Investments, at fair value	3	**18,427,144**	17,117,728
Digital assets, at fair value less cost to sell	4	**212,401**	2,397,220
Property, plant and equipment		**91,084**	14,666
		$ 19,514,919	$ 19,935,858
Liabilities and Equity			
Accounts payable and accrued liabilities	5	**$ 147,157**	$ 106,899
Due to brokers	5	**247,250**	791,619
		394,407	898,518
Equity			
Share capital	7(a)	**108,228,250**	106,680,839
Contributed surplus	7(e)	**26,860,534**	26,574,558
Warrants	7(c, f)	**2,996,919**	2,112,781
Foreign currency translation reserve		**875,161**	875,797
Deficit		**(119,840,352)**	(117,206,635)
		19,120,512	19,037,340
		$ 19,514,919	$ 19,935,858
Commitments	13		
Contingent liability	14		

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
Three And Six Months Ended December 31,
(Unaudited - prepared in Canadian dollars)

	Notes	Three Months Ended		Six Months Ended	
		2018	2017	**2018**	2017
Net investment and digital currency gain (loss)					
Net realized losses on disposal of investments		**$ (1,251,266)**	$ (1,037,088)	**$ (1,639,277)**	$ (1,182,403)
Net change in unrealized gains on investments		**3,684,701**	3,584,958	**2,132,461**	3,491,636
Net realized gains on disposal of digital assets		**(104,619)**	-	**(104,619)**	-
Net change in unrealized losses on digital assets		**(1,338,367)**	-	**(1,845,193)**	-
		990,449	2,547,870	**(1,456,628)**	2,309,233
Interest and other income		**52,518**	35,000	**105,031**	56,000
		1,042,967	2,582,870	**(1,351,597)**	2,365,233
Expenses					
Operating, general and administrative	6, 7(d), 9	**628,239**	938,284	**1,229,975**	1,288,660
Finance expenses	10	**16,217**	3,658	**52,145**	6,895
		644,456	941,942	**1,282,120**	1,295,555
Income (loss) before income taxes		**398,511**	1,640,928	**(2,633,717)**	1,069,678
Income tax expense		**-**	-	**-**	-
Net income (loss) for the period		**$ 398,511**	$ 1,640,928	**(2,633,717)**	1,069,678
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations		**(935)**	(88)	**(636)**	579
Total comprehensive income (loss) for the period		**$ 397,576**	$ 1,640,840	**$ (2,634,353)**	$ 1,070,257
Earnings (loss) per common share based on net income (loss) for the period	7(g)				
Basic		**$ 0.00**	$ 0.02	**$ (0.02)**	$ 0.02
Diluted		**$ 0.00**	$ 0.02	**$ (0.02)**	$ 0.01
Weighted average number of common shares outstanding	7(g)				
Basic		**138,742,616**	67,169,280	**131,119,687**	58,642,641
Diluted		**138,742,616**	99,982,492	**131,119,687**	88,923,864

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Changes in Equity
Six Months Ended December 31, 2018 and 2017
(Unaudited - prepared in Canadian dollars)

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at June 30, 2017		47,232,404	$ 98,842,373	$ 751,891	$ 24,771,754	$ 839,375	$ (118,121,206)	$ 7,084,187
Net income for the period		-	-	-	-	-	1,069,678	1,069,678
Exchange differences on translation of foreign operations		-	-	-	-	579	-	579
Total comprehensive income for the period		-	-	-	-	579	1,069,678	1,070,257
Stock-based compensation expense		-	-	-	195,795	-	-	195,795
Issued pursuant to the exercise of warrants		6,650,000	810,190	(92,690)	-	-	-	717,500
Issued pursuant to private placements, net		22,575,000	1,908,294	1,127,735	-	-	-	3,036,029
Issued pursuant to marketing services		139,690	17,040	-	-	-	-	17,040
Balance as at December 31, 2017		76,597,094	$ 101,577,897	$ 1,786,936	$ 24,967,549	$ 839,954	$ (117,051,528)	$ 12,120,808
Balance as at June 30, 2018		118,036,322	$ 106,680,839	$ 2,112,781	$ 26,574,558	$ 875,797	$ (117,206,635)	$ 19,037,340
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(2,633,717)**	**(2,633,717)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**(636)**	**-**	**(636)**
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(636)**	**(2,633,717)**	**(2,634,353)**
Stock-based compensation expense	7(d)	**-**	**-**	**-**	**285,976**	**-**	**-**	**285,976**
Issued pursuant to private placements, net	7(b)	**24,070,000**	**1,511,251**	**884,138**	**-**	**-**	**-**	**2,395,389**
Issued pursuant to marketing services	10(d)	**302,624**	**36,160**	**-**	**-**	**-**	**-**	**36,160**
Balance as at December 31, 2018		**142,408,946**	**$ 108,228,250**	**$ 2,996,919**	**$ 26,860,534**	**$ 875,161**	**$ (119,840,352)**	**$ 19,120,512**

See accompanying notes to the consolidated financial statements.

THREED CAPITAL INC.

Consolidated Statement of Cash Flows
Six Months Ended December 31, 2018 and 2017
(Unaudited - prepared in Canadian dollars)

	Notes	2018	2017
Cash flows used in operating activities			
Net income (loss) for the period		**$ (2,633,717)**	$1,069,678
Items not affecting cash			
Net realized losses on disposal of investments		**1,639,277**	1,182,403
Net change in unrealized gains on investments		**(2,132,461)**	(3,491,636)
Net realized losses on disposal of digital assets		**104,619**	-
Net change in unrealized losses on digital assets		**1,845,193**	-
Issue of share capital pursuant to marketing services		**36,160**	17,040
Stock-based compensation expense	7(d)	**285,976**	195,795
Depreciation		**2,507**	2,500
		(852,446)	(1,024,220)
Changes in non-cash working capital balances			
Proceeds on disposal of investments		**6,520,917**	4,682,569
Purchases of investments		**(7,337,149)**	(6,965,654)
Proceeds on disposal of digital assets		**494,046**	-
Purchases of digital assets		**(259,039)**	-
Decrease (increase) in prepaids and receivables		**(462,325)**	16,984
Increase in due from brokers		**(1,428)**	(94,943)
Increase (decrease) in accounts payable and accrued liabilities		**40,258**	(122,534)
Increase (decrease) in due to brokers		**(544,369)**	-
		(2,401,535)	(3,507,798)
Cash flows from financing activities			
Proceeds pursuant to private placement financings, net	7(b)	**2,395,389**	3,036,029
Proceeds pursuant to the exercise of warrants		**-**	717,500
		2,395,389	3,753,529
Net increase (decrease) in cash during the period		**(85,071)**	245,731
Exchange rate changes on foreign currency cash balances		**(636)**	579
Cash, beginning of period		**146,130**	21,973
Cash, end of period		**$ 60,423**	$ 268,283
Supplemental cash flow information			
Income taxes paid		**$ -**	$ -
Finance expense paid		**52,145**	6,895
Non-cash financing activities			
Issue of share capital pursuant to marketing services		**36,160**	17,040

See accompanying notes to the consolidated financial statements.

1. Nature of business and going concern uncertainty:

ThreeD Capital Inc. ("ThreeD" or the "Company") is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the Junior Resources, Artificial Intelligence and Blockchain sectors. ThreeD seeks to invest in early stage, promising companies and initial coin offerings where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's ecosystem. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange under the symbol "IDK". The Company is domiciled in the Province of Ontario and its head office is located at 130 Spadina Ave., Suite 401, Toronto, Ontario, M5V 2L4, Canada.

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issuance by the Company's board of directors on February 26, 2019.

2. Basis of preparation:

(a) Statement of compliance:

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

These interim consolidated statements for the three and six months ended December 31, 2018 and 2017 should be read together with the annual consolidated financial statements as at and for the year ended June 30, 2018. The same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2018.

Effective July 1, 2018, the Company has adopted amendments to IFRS 2, *Share-based payments*, IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*. These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's interim consolidated statements for the three and six months ended December 31, 2018.

(b) Basis of presentation:

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

2. Basis of preparation (continued):

(c) Basis of consolidation:

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

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

(d) Critical accounting judgments, estimates and assumptions:

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

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual financial statements as at and for the year ended June 30, 2018.

3. Investments at fair value and financial instruments hierarchy:

(a) Determination of investments' fair values:

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

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

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

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

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

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

   c. For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the consolidated statement of financial position date of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2.

2. Private company investments (securities of issuers that are not public companies):

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

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

	Fair Value	Cost
December 31, 2018	**$ 18,427,144**	**$ 7,809,854**
June 30, 2018	$ 17,117,728	$ 8,632,899

(c) Financial instruments hierarchy:

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

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

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

The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at December 31, 2018 and June 30, 2018:

Investments, at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
December 31, 2018	**$ 2,167,994**	**$ 942,430**	**$ 15,316,720**	**$ 18,427,144**
June 30, 2018	$ 3,444,484	$ 1,462,491	$ 12,210,753	$ 17,117,728

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

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the six months ended December 31, 2018 and year ended June 30, 2018. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	Purchases	Realized gains on dispositions	Transfer to Level 1 or 2	Net unrealized gains (losses)	Ending balance
December 31, 2018	**$ 12,210,753**	**$ 956,372**	**$ -**	**$ (1,522,988)**	**$ 3,672,583**	**$ 15,316,720**
June 30, 2018	$ 6,242,645	$ 1,555,549	$ 54,569	$ (284,000)	$ 4,641,990	$ 12,210,753

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

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

Description	Fair value at December 31, 2018	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	**$ 14,360,348**	Grey market activity	Recent transaction price and discount for lack of marketability	**77.9**	Additional grey market activity
Unlisted private equities	**956,372**	Grey market activity	New investment during the period	**5.2**	Additional grey market activity
	$ 15,316,720			**81.1**	

Description	Fair value at June 30, 2018	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	$ 10,939,204	Grey market activity	Recent transaction price and discount for lack of marketability	63.9	Additional grey market activity
Unlisted private equities	1,271,549	Grey market activity	New investment during the period	7.4	Additional grey market activity
	$ 12,210,753			71.3	

For these investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $3,829,180 (June 30, 2018 - $2,734,801) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment.

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

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

(a) Determination of digital assets' fair values:

Digital assets consist of the following:

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

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

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

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

(i) Digital coins that are actively exchanged are measured using the closing price of the coin or token from www.coinmarketcap.com. These are included in Level 2.

(ii) Digital tokens that are actively exchanged are measured based on inputs described in (i) and are included in Level 2. Digital tokens which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction. These are included in Level 2.

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

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

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

(b) The fair value and cost of digital assets are as follows as at December 31, 2018:

	Fair Value	Cost
Digital coins	**$ 21,026**	**$ 167,864**
Digital Tokens	**49,542**	**911,517**
SAFTs	**141,833**	**1,391,259**
	$ 212,401	**$ 2,470,640**

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

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

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

(c) The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at December 31, 2018:

Digital assets , at fair value	**Level 1 Quoted market price**	**Level 2 Valuation technique – observable market inputs**	**Level 3 Valuation technique – non-observable market inputs**	**Total**
Digital coins	**$ -**	**$ 21,026**	**$ -**	**$ 21,026**
Digital tokens	**-**	**49,542**	**-**	**49,542**
SAFTs	**-**	**-**	**141,833**	**141,833**
	$ -	**$ 70,568**	**$ 141,833**	**$ 212,401**

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

The following table presents the Company's digital assets, measured at fair value less cost to sell and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at June 30, 2018:

Digital assets , at fair value	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
Digital coins	$ -	$ 401,280	$ -	$ 401,280
Digital tokens	-	224,116	-	224,116
SAFTs	-	-	1,771,824	1,771,824
	$ -	$ 625,396	$ 1,771,824	$ 2,397,220

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

The following table presents the changes in fair value measurements of digital assets classified as Level 3 for the six months ended December 31, 2018 and year ended June 30, 2018. The net change in unrealized losses are recognized in the consolidated statements of comprehensive loss.

	Opening balance at July 1,	**Purchases**	**Transfer to level 1 or 2**	**Net unrealized gains (losses)**	**Ending balance**
December 31, 2018	**$ 1,771,824**	**$ -**	**$ (375,728)**	**$ (1,254,263)**	**$ 141,833**
June 30, 2018	$ -	$ 1,858,328	$ (198,937)	$ 112,433	$ 1,771,824

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

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

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

	December 31, 2018	June 30, 2018
Cash	**$ 60,423**	$ 146,130
Due from brokers	**1,982**	554
Receivables	**82,411**	45,765
Accounts payable and accrued liabilities	**(147,157)**	(106,899)
Due to brokers	**(247,250)**	(791,619)
	$ (249,591)	$ (706,069)

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

The carrying values of cash, due from brokers, receivables, accounts payable and accrued liabilities, and due to brokers approximate their fair values due to the short term to maturity for these instruments.

6. Related party transactions:

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

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

	Three months ended December 31,		Six months ended December 31,	
Type of expense	**2018**	2017	**2018**	2017
Salaries and consulting fees	**$ 131,250**	$ 466,250	**$ 412,500**	$ 582,500
Other short-term benefits	**3,563**	9,531	**12,152**	11,104
Stock-based compensation expense	**129,657**	66,922	**183,924**	117,360
	$ 264,470	$ 542,703	**$ 608,576**	$ 710,964

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO") and Vice-President of Business Development and General Council ("VP"). During the six months ended December 31, 2018, a cash bonus of $150,000 paid to the CEO. During the six months ended December 31, 2017, a cash bonus of $250,000 was paid to the CEO and $100,000 was paid to the CFO.

(b) During the six months ended December 31, 2018, the Company completed two non-brokered private placement as described in Note 7(b). On August 23, 2018, the CEO and other directors subscribed for 2,350,000 units for gross proceeds of $235,000. On October 30, 2018, the CEO and a director subscribed for 1,200,000 units for gross proceeds of $120,000.

(c) On September 14, 2018, 3,600,000 stock options was granted to directors and officers of the Company, exercisable at a price of $0.10 per share, expiring on September 14, 2023. On December 14, 2018, 5,600,000 stock options was granted to directors and officers of the Company, exercisable at a tprice of $0.10 per share, expiring on December 14, 2023.

(d) As at December 31, 2018, included in prepaids and receivables is $76,275 (June 30, 2018 - $45,715) due from related parties, two private companies with a common director or key management personnel (2018 – three private companies) . The receivables are for rental and administrative services.

(e) As at December 31, 2018, included in prepaids and receivables is $565,000 (June 30, 2018 - $183,060) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

7. Equity:

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

In October 2018, the Company renewed its agreement with Agora Internet Relations Corp. ("Agora") pursuant to which Agora provides marketing, advertising and related services to the Company for a fee of $40,000 plus HST to be paid by the issuance of common shares of the Company. The fee is payable in five installments of $8,000 plus HST each with the first installment paid on November 1, 2018, and the subsequent installments to become payable at the end of each three-month period thereafter. The price of the common shares to be issued as payment for each installment will be set at the closing price of the common shares on the date which such installment becomes payable. On November 9, 2018, the Company issued 302,624 common shares for an aggregate price of $36,160 to Agora. The share issuance was payment for three final installment payments pursuant to an agreement dated July 3, 2017 with Agora and the payment of the first installment for the current agreement with Agora.

(b) During the six months ended December 31, 2018, the Company completed two non-brokered private placement as follows (see also Note 6(b)):

Date	Total gross proceeds	Issuance costs [(i)]	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
August 23, 2018	$ 1,322,000	$ 7,750	13,220,000	13,220,000	$ 0.15	August 23, 2021
October 30, 2018	1,085,000	3,861	10,850,000	10,850,000	0.15	October 30, 2021
Total	$ 2,407,000	$ 11,611	24,070,000	24,070,000		

(i) These expenses have not been tax affected.

The purchase warrants issued during the six months ended December 31, 2018 were valued using the Black-Scholes option pricing model with the following assumptions (Note 7(f)):

Black-Scholes option valuation model assumptions used:	August 23, 2018	October 30, 2018
Expected volatility	112.66%	112.66%
Expected dividend yield	0.0%	0.0%
Risk-free interest rate	2.14%	2.30%
Expected option life in years	3	3
Fair value per warrant issued net of share issuance costs	$ 0.04	$ 0.04

The expected volatility is based on the average historical volatility over the life of the warrants at the Company's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected warrant life in years represents the period of time that the warrants are expected to be outstanding based on historical warrants issued. The total value (net of share issuance costs) assigned to the purchase warrants was $884,138.

7. Equity (continued):

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

Date	Total gross proceeds	Issuance costs [(i)]	Number common shares	Number of warrants	Exercise price warrants	Expiry date of warrants
July 5, 2017	$ 300,000	$ 2,058	3,000,000	3,000,000	$ 0.15	July 5, 2020
October 24, 2017	1,155,000	8,977	11,550,000	11,550,000	0.15	October 5, 2020
November 14, 2017	1,605,000	12,936	8,025,000	8,025000	0.25	November 14, 2020
April 13, 2018	1,280,000	8,796	12,800,000	12,800,000	0.15	April 13, 2021
May 16, 2018	965,020	2,756	7,423,230	7,423,230	0.20	May 16, 2021
Totals	$ 5,305,020	$ 35,523	42,798,230	42,798,230		

(i) These expenses have not been tax affected.

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

Black-Scholes option valuation model assumptions used:	July 5, 2017	October 24, 2017	November 14, 2017	April 13, 2018	May 16, 2018
Expected volatility	112.66%	112.66%	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	1.21%	1.54%	1.51%	1.99%	2.16%
Expected option life in years	3	3	3	3	3
Fair value per warrant issued, net of share issuance costs	$ 0.037	$ 0.043	$ 0.077	$ 0.04	$ 0.05

The expected volatility is based on the average historical volatility over the life of the warrants at the Company's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected warrant life in years represents the period of time that the warrants are expected to be outstanding based on historical warrants issued. The total value (net of share issuance costs) assigned to the purchase warrants was $2,104,010.

(d) Stock options:

During the six months ended December 31, 2018, the Company granted 10,975,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a price of $0.10 per share expiring between September 14, 2023 and December 14, 2023. See Note 6(c)).

7. Equity (continued):

The fair value of the options granted during the six months ended December 31, 2018 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	**112.66%**
Expected dividend yield	**0%**
Risk-free interest rate	**2.02-2.33%**
Expected option life in years	**3.6 years**
Expected forfeiture rate	**7.0-7.2%**
Fair value per stock option granted on September 14, 2018	**$ 0.06**
Fair value per stock option granted on October 1, 2018	**$ 0.06**
Fair value per stock option granted on December 14, 2018	**$ 0.05**

During the year ended June 30, 2018, the Company granted 15,440,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.18 per share expiring between October 12, 2020 and March 1, 2023.

The fair value of the options granted during the year ended June 30, 2018 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	112.66%
Expected dividend yield	0%
Risk-free interest rate	1.50% - 2.06%
Expected option life in years	3 - 4.1 years
Expected forfeiture rate	3.6% - 5.2%
Fair value per stock option granted on October 12, 2017	$ 0.07
Fair value per stock option granted on October 26, 2017	$ 0.19
Fair value per stock option granted on November 16, 2017	$ 0.15
Fair value per stock option granted on November 21, 2017	$ 0.15
Fair value per stock option granted on November 30, 2017	$ 0.16
Fair value per stock option granted on December 5, 2017	$ 0.14
Fair value per stock option granted on January 3, 2018	$ 0.14
Fair value per stock option granted on January 9, 2018	$ 0.29
Fair value per stock option granted on January 18, 2018	$ 0.27
Fair value per stock option granted on March 1, 2018	$ 0.12
Fair value per stock option granted on April 24, 2018	$ 0.12
Fair value per stock option granted on May 10, 2018	$ 0.08

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

7. Equity (continued):

The expected option life in years represents the period of time that options granted are expected to be outstanding based on historical options granted.

For the six months ended December 31, 2018, included in operating, general and administrative expenses is stock-based compensation of $285,976 (six months ended December 31, 2017 - $195,795) relating to the stock options granted to directors, officers, employees and consultants of the Company.

A summary of the status of the Company's stock options as at December 31, 2018 and June 30, 2018 and changes during the periods then ended is presented below:

	December 31, 2018		June 30, 2018	
Stock options	**# of options**	**Weighted average exercise price**	# of options	Weighted average exercise price
Outstanding, at beginning of period	**17,682,168**	**$ 0.18**	4,202,000	$ 0.23
Granted	**10,975,000**	**0.10**	15,440,000	0.18
Exercised	**-**	**-**	(274,998)	0.14
Cancelled/forfeited	**(41,666)**	**0.40**	(1,558,334)	0.21
Expired	**(152,500)**	**1.00**	(126,500)	1.70
Outstanding, at end of period	**28,463,002**	**$ 0.14**	17,682,168	$ 0.18
Exercisable, at end of period	**16,666,328**	**$ 0.16**	14,368,325	$ 0.17

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2018:

Number of options outstanding	**Number of options exercisable**	**Exercise price**	**Expiry date**
458,334	**291,666**	**$ 0.10**	October 12, 2020
100,000	**66,666**	**0.20**	November 16, 2020
250,000	**166,666**	**0.22**	November 21, 2020
100,000	**66,666**	**0.21**	December 5, 2020
250,000	**125,000**	**0.21**	January 3, 2021
500,000	**250,000**	**0.43**	January 9, 2021
200,000	**66,666**	**0.20**	May 10, 2021
2,939,668	**2,939,668**	**0.15**	January 16, 2022
250,000	**250,000**	**0.15**	April 5, 2022
50,000	**33,333**	**0.10**	October 12, 2022
115,000	**76,666**	**0.20**	November 16, 2022
1,700,000	**1,133,333**	**0.21**	November 30, 2022
10,575,000	**10,575,000**	**0.16**	March 1, 2023
3,750,000	**624,998**	**0.10**	September 14, 2023
200,000	**-**	**0.10**	October 1, 2023
7,025,000	**-**	**0.10**	December 14, 2023
28,463,002	**16,666,328**		

7. Equity (continued):

(e) Contributed surplus comprised the following as at December 31, 2018 and June 30, 2018:

	December 31, 2018	June 30, 2018
Stock-based compensation, net of exercises	**$ 12,417,950**	$ 12,131,974
Expired warrants and broker warrants	**14,416,320**	14,416,320
Cancellation of common shares under normal course issuer bid	**20,639**	20,639
Value of cancelled escrowed shares	**5,625**	5,625
	$ 26,860,534	$ 26,574,558

(f) A summary of the status of the Company's warrants as at December 31, 2018 and June 30, 2018 and the changes during the periods then ended are as follows:

	December 31, 2018		June 30, 2018	
Warrants	**# of warrants**	**Weighted average exercise price**	# of warrants	Weighted average exercise price
Outstanding, at beginning of period	**43,060,230**	**$ 0.18**	27,853,000	$ 0.15
Issued	**24,070,000**	**0.15**	42,798,230	0.18
Exercised	**-**	**-**	(27,591,000)	0.14
Outstanding, at end of period	**67,130,230**	**$ 0.17**	43,060,230	$ 0.18

The following table summarizes information about warrants exercisable and outstanding as at December 31, 2018:

Number of warrants	Exercise price	Expiry date	Warrant value ($)
686,000	$ 0.15	December 1, 2019	$ 17,571
500,000	0.15	December 8, 2019	12,283
1,776,000	0.20	February 21, 2020	78,900
1,500,000	0.20	April 6, 2020	78,713
1,800,000	0.15	May 19, 2020	62,087
8,550,000	0.15	October 24, 2020	368,154
8,025,000	0.25	November 14, 2020	616,598
12,800,000	0.15	April 13, 2021	509,678
7,423,230	0.20	May 16, 2021	368,797
13,220,000	0.15	August 23, 2021	489,982
10,850,000	0.15	October 30, 2021	394,156
67,130,230			$ 2,996,919

(g) Basic and diluted loss per common share based on net loss for the three and six months ended December 31:

	Three months ended December 31,		Six months ended December 31,	
Numerator:	**2018**	2017	**2018**	2017
Net income (loss) for the period	**$ 398,511**	$ 1,640,928	**$ (2,633,717)**	$ 1,069,678

7. Equity (continued):

Denominator:	Three months ended December 31, 2018	Three months ended December 31, 2017	Six months ended December 31, 2018	Six months ended December 31, 2017
Weighted average number of common shares outstanding - basic	**138,742,616**	67,169,280	**131,119,687**	58,642,641
Weighted average effect of diluted stock options and warrants (i)	**-**	32,813,212	**-**	30,281,223
Weighted average number of common shares outstanding – diluted	**138,742,616**	99,982,492	**131,119,687**	88,923,864

Earnings (loss) per common share based on net loss for the period:	Three months ended December 31, 2018	Three months ended December 31, 2017	Six months ended December 31, 2018	Six months ended December 31, 2017
Basic	**$ 0.00**	$ 0.02	**$ (0.02)**	$ 0.02
Diluted	**$ 0.00**	$ 0.02	**$ (0.02)**	$ 0.01

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 88,568,232 shares related to stock options and warrants that were anti-dilutive for the three and six months ended December 31, 2018 (three and six months ended December 31, 2017 – 16,695,500 shares).

(h) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at December 31, 2018 and June 30, 2018:

	December 31, 2018	June 30, 2018
Common shares outstanding	**142,408,946**	118,036,322
Warrants to purchase common shares	**67,130,230**	43,060,230
Stock options to purchase common shares	**28,463,002**	17,682,168
Fully diluted common shares outstanding	**238,002,178**	178,778,720

8. Segmented information:

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company's operations primarily relate to investing. The Company's management is responsible for the Company's entire investment portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy and the performance is evaluated on an overall basis.

All of the Company property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the three and six months ended December 31, 2018.

9. Expenses by nature:

Included in operating, general, and administrative expenses for the three and six months ended December 31 are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2018	2017	**2018**	2017
Salaries and consulting fees	**$ 237,533**	$ 643,312	**$ 611,929**	$ 841,245
Stock-based compensation expense	**176,984**	121,297	**285,976**	195,795
Transaction costs	**55,453**	53,026	**89,030**	61,795
Other office and general	**53,184**	33,368	**101,809**	54,299
Professional fees	**380**	30,598	**26,216**	51,187
Operating lease payments	**37,881**	21,499	**59,848**	42,998
Shareholder relations, transfer agent and filing fees	**9,205**	16,800	**12,571**	20,701
Travel and promotion	**7,032**	12,215	**9,608**	17,723
Other employment benefits	**7,659**	12,671	**20,102**	17,289
Foreign exchange loss (gain)	**42,928**	(6,502)	**12,886**	(14,373)
	$ 628,239	$ 938,284	**$ 1,229,975**	$ 1,288,660

10. Finance expenses:

Finance expenses for the three and six months ended December 31, 2018 and 2017 primarily consisted of interest expense charged by brokers from margin borrowings.

11. Management of capital:

There were no changes in the Company's approach to capital management during the three months ended December 31, 2018. The Company's capital includes all components of equity which amounts to $19,120,512 as at December 31, 2018 (June 30, 2018 - $19,037,340). To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at December 31, 2018.

12. Risk management:

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

12. Risk management (continued):

(a) Market risk:

There were no changes in the way the Company manages market risk during the three months ended December 31, 2018. As at December 31, 2018 and June 30, 2018, the Company held some U.S. denominated investments and all of its digital assets are denominated in U.S. dollars therefore market risk also includes currency risk. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class/sector of issuers.

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

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

Percentage of change in closing trade price	**Decrease in after-tax net loss from % increase in closing trade price**	**Increase in after-tax net loss from % decrease in closing trade price**
2%	**$ 323,396**	**$ (323,396)**
4%	**646,792**	**(646,792)**
6%	**970,188**	**(970,188)**
8%	**1,293,584**	**(1,293,584)**
10%	**1,616,981**	**(1,616,981)**

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and six months ended December 31, 2017 from a change in the closing trade price of the Company's investments with all other variables held constant as at December 31, 2017:

Percentage of change in closing trade price	Increase in after-tax net income from % increase in closing trade price	Decrease in after-tax net income from % decrease in closing trade price
2%	$ 203,601	$ (203,601)
4%	407,201	(407,201)
6%	610,802	(610,802)
8%	814,402	(814,402)
10%	1,018,003	(1,018,003)

12. Risk management (continued):

(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:

	December 31, 2018	June 30, 2018
Denominated in U.S. dollars:		
Cash	**$ 1,632**	$ 2,984
Due from brokers	**15**	15
Accounts payable and accrued liabilities	**(18,301)**	(17,665)
Due to brokers	**(780,814)**	(2,297,459)
Net assets denominated in U.S. dollars	**$ (797,468)**	$ (2,312,125)

The following table shows the estimated sensitivity of the Company's after-tax net loss for the six months ended December 31, 2018 from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at December 31, 2018:

Percentage change in U.S. dollar exchange rate	**Increase in after-tax net loss from an increase in % in the U.S. dollar exchange rate**	**Decrease in after-tax net loss from a decrease in % in the U.S. dollar exchange rate**
2%	**$ (11,723)**	**$ 11,723**
4%	**(23,446)**	**23,446**
6%	**(35,168)**	**35,168**
8%	**(46,891)**	**46,891**
10%	**(58,614)**	**58,614**

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2018 from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at June 30, 2018:

Percentage change in U.S. dollar exchange rate	Decrease in after-tax net income from an increase in % in the U.S. dollar exchange rate	Increase in after-tax net income from a decrease in % in the U.S. dollar exchange rate
2%	$ (33,988)	$ 33,988
4%	(67,976)	67,976
6%	(101,965)	101,965
8%	(135,953)	135,953
10%	(169,941)	169,941

13. Commitments:

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

In September 2018, the Company signed a lease for new premises which started on December 1, 2018 until November 30, 2023, for annual payments of approximately $190,974 (plus applicable taxes), increasing approximately 3.4% per year. The Company has arranged to lease out its current premises.

As at December 31, 2018, future minimum annual lease payments (net of subleases) under operating leases for premises and equipment are approximately as follows:

2019	$	**284,400**
2020		**291,600**
2021		**239,000**
2022		**379,500**
2023		**200,600**
		1,395,100

As at December 31, 2018, the Company had commitments to purchase investments totaling $682,100 (June 30, 2018 - $438,164).

14. 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).

14. Contingent liability (continued):

The Company considers the claim to be completely without merit and will defend itself vigorously. No provision has been made for the claim in the consolidated statement of financial position as at December 31, 2018.

15. Future accounting changes:

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at June 30, 2018, are described in Note 18 to the annual consolidated financial statements as at and for the year ended June 30, 2018. The Company is currently assessing what impact the application of those standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt the standards, if applicable, when the standards become effective. There have been no other changes to existing IFRS accounting standards and interpretations since June 30, 2018 that are expected to have a material effect on the Company's interim consolidated statements.

APPENDEX B

THREED CAPITAL INC.

Management's Discussion & Analysis
for the three and six months ended December 31, 2018

ThreeD Capital

Management's Discussion and Analysis

For the quarter ended: December 31, 2018

Date of report: February 26, 2019

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of the Company should be read in conjunction with ThreeD's unaudited interim condensed consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the three and six months ended December 31, 2018 and the annual consolidated financial statements as at and for the year ended June 30, 2018. The same accounting policies and methods of computation were followed in the preparation of the interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2018, except as follows:

> Effective July 1, 2018, the Company has adopted amendments to IFRS 2, *Share-based payments*, IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*. These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's interim consolidated statements for the three and six months ended December 31, 2018.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's anticipated investment activities and results and financing activities, the Company's future working capital requirements, the impact of changes in accounting policies and other factors on the Company's operating results, and the performance of global capital markets and interest rates, the exposure of its financial instruments to various risks and its ability to manage those risks, and the Company's ability to use tax resource pools and loss carry-forwards.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are

reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to realize sufficient proceeds from the disposition of the investments (which will be based upon market conditions beyond the Company's control) or otherwise raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, fluctuations in the value of the Company's portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying the Company's interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, and other risks included elsewhere in this MD&A under the headings "Risks" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business:

ThreeD Capital Inc. ("ThreeD" or the "Company") is a publicly-traded Canadian-based venture capital firm focused on opportunistic investments in companies in the Junior Resources, Artificial Intelligence and Blockchain sectors. ThreeD's investment strategy is to invest in multiple private and public companies across a variety of sectors globally. ThreeD seeks to invest in early stage, promising companies and initial coin offerings where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's ecosystem. The Company was continued under the *Canada Business Corporations Act* on December 1, 2011 and its common shares are publicly-traded on the Canadian Securities Exchange under the symbol "IDK". The Company is domiciled in the Province of Ontario and its head office is located at 130 Spadina Ave., Suite 401, Toronto, Ontario, M5V 2L4, Canada.

Summary:

- On August 23, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,332,000 through the issuance and sale of 13,220,000 units at a price of $0.10 per unit. Each unit was comprised of one common share of the Company and one common share purchase warrant, each warrant entitling the holder to acquire one common share of the Company at $0.15 per share on or before August 23, 2021.

- On October 30, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $1,085,000 through the issuance and sale of 10,850,000 units at a price of

$0.10 per unit. Each unit was comprised of one common share of the Company and one common share purchase warrant, each warrant entitling the holder to acquire one common share of the Company at $0.15 per share on or before October 30, 2021.

- On November 8, 2018, the Company issued 302,624 common shares of the Company at an average price of $0.12 per share for an aggregate price of $36,160 to Agora Internet Relations Corp. ("Agora") for marketing, advertising and related services to the Company. The issuance of shares was to satisfy amounts owing for the services.

- As at December 31, 2018, the Company held investments at fair value and digital assets, at fair value less cost to sell totalling $18,639,545 as compared to $19,514,948 as at June 30, 2018, a 8% decrease primarily attributable to net unrealized losses on investments and digital assets.

- As at December 31, 2018, net asset value per share ("NAV per share") was $0.13 as compared to $0.16 as at June 30, 2018, a 19% decrease (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A).

Investments:

The fair value and cost of investments are as follows as at December 31, 2018:

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	**$ 1**	**$ 5,400,000**	**29.3**
Goldspot Discoveries Inc. (private)	(ii, iii)	277,500 common shares	**210,027**	**2,775,000**	**15.1**
Imagination Park Technologies Inc. (CSE: IP)	(i, ii, iii)	5,650,000 common shares 1,500,000 warrants expire May 16, 2021 900,000 warrants expire Aug 24, 2021 4,750,000 warrants expire Oct 5, 2021	**769,916**	**485,723**	**2.6**
Gratomic Inc. (TSXV: GRAT)	(ii)	3,000,000 common shares 1,000,000 warrants expire Mar 29, 2020 2,000,000 warrants expire Nov 24, 2020 3,000,000 warrants expire Aug 10, 2021	**319,877**	**425,000**	**2.3**
Novera Capital Inc. (private)	(ii)	500,000 common shares 500,000 warrants expire July 19, 2020	**328,250**	**813,336**	**4.4**
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	**100,000**	**272,000**	**1.5**
Pluto Network Operations Canada Inc. (private)	(ii)	21,299 common shares	**45,154**	**45,154**	**0.3**
Other publicly traded investments			**4,398,942**	**2,199,701**	**11.9**
Other private investments			**1,637,687**	**6,011,230**	**32.6**
			$ 7,809,854	**$ 18,427,144**	**100.0**

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

Investee	Note (a)	Description of holdings	Cost	Fair Value	% of Fair Value
New Found Gold Corp. (private)	(iii)	13,500,000 common shares	$ 1	$ 5,400,000	31.6
Goldspot Discoveries Inc. (private)	(ii, iii)	277,500 common shares	210,027	2,775,000	16.2
Gratomic Inc. (TSXV: GRAT)	(ii)	4,432,000 common shares 1,000,000 warrants expire Mar 29, 2020 2,000,000 warrants expire Nov 24, 2020	490,964	571,840	3.3
Casino Gold Corp. (private)	(iii)	13,500,000 common shares	164,088	357,750	2.1
SciCann Therapeutics Inc. (private)	(ii)	16,000 common shares	100,000	272,000	1.6
Pluto Network Operations Canada Inc. (private)	(ii)	21,299 common shares	45,154	45,154	0.3
Radio Fuels Corp. (private)	(iii)	13,500,000 common shares	17,981	17,981	0.1
Other publicly traded investments			4,902,671	12,510,135	73.1
Other private investments			2,912,041	3,342,868	19.5
			$ 8,632,899	$ 17,117,728	100.0

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

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

As at December 31, 2018, the fair value of investments exceeded original cost by $10,617,290 as compared to $8,484,829 as at June 30, 2018. The increase for the six months ended December 31, 2018 was primarily due to the net change in unrealized gains on investments of $2,132,461.

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

As at December 31, 2018, total investments included securities of private companies with a fair value totalling $15,316,720 (83% of total fair value of the Company's investments; cost of $2,321,119). As at June 30, 2018, total investments included securities of private companies with a fair value totalling $12,210,753 (71% of total fair value of the Company's investments; cost of $3,449,292). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

Digital assets:

In January 2018, the Company commenced its investment in digital assets which consist of the following:

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

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

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

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

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

The fair value and cost of digital assets are as follows as at December 31, 2018:

	Fair Value	Cost
Digital coins	**$ 21,026**	**$ 167,864**
Digital Tokens	**49,542**	**911,517**
SAFTs	**141,833**	**1,391,259**
	$ 212,401	**$ 2,470,640**

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

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

The fair value and cost of the top 10 digital assets as at December 31, 2018 are as follows:

Digital currency	Type	Quantity	Cost	Fair Value	% of Fair Value
Playland	SAFT	10,330,578	**$ 780,000**	**$ 78,000**	**36.7**
Evident-Proof	Tokens	31,648	**199,650**	**20,469**	**9.6**
Crypterium	Tokens	145,289	**188,385**	**18,572**	**8.8**
Zipchain	SAFT	1,250,000	**162,413**	**17,053**	**8.0**
sGame Sagal	SAFT	1,785,714	**162,413**	**17,053**	**8.0**
Cardano	Coins	212,000	**66,236**	**11,876**	**5.6**
Legolas	Tokens	192,016	**125,590**	**10,913**	**5.2**
Tari AccessCoin	SAFT	3,393,700	**86,784**	**9,259**	**4.4**
Opporty	Tokens	882,750	**79,448**	**7,945**	**3.7**
Consensus	Tokens	2,444,888	**339,751**	**5,390**	**2.5**
Other digital assts			**279,970**	**15,871**	**7.5**
			$ 2,470,640	**$ 212,401**	**100.0**

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

Digital currency	Type	Quantity	Cost	Fair Value	% of Fair Value
Playland	SAFT	10,330,578	$ 780,000	$ 780,000	32.5
EOS	Coins	31,648	339,751	338,810	14.1
Hybrid-Block	Tokens	750,000	188,685	296,280	12.4
Evident-Proof	SAFT	375,000	199,650	197,520	8.2
Zipchain	SAFT	1,250,000	162,413	164,600	6.9
sGame Sagal	SAFT	1,785,714	162,413	164,600	6.9
Tari AccessCoin	SAFT	3,393,700	86,784	89,376	3.7
Crypterium	Tokens	145,289	188,385	88,374	3.7
Opporty	SAFT	882,750	79,448	79,448	3.3
Legolas	Tokens	192,016	125,590	53,316	2.2
Other digital assts			497,147	144,896	6.1
			$ 2,810,266	$ 2,397,220	100.0

There are inherent and higher risks to digital assets including the risk associated with traditional securities, which include significant price volatility, the loss of the digital assets, fraud and high transaction fees. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Digital assets have a limited history and the fair value historically has been very volatile. The Company may not be able to liquidate its inventory of digital currency at its desired price if required.

Contingent liability:

In April 2006, the Company entered into a farm-in agreement with Canoro Resources Ltd. (“Canoro”), whereby it acquired a 15% interest in block AA-ONN-2003/2, in Arunachal Pradesh, northwest India. During 2009, the parties completed the interpretation of the 3-D seismic program. The consortium

partners in the block are: ThreeD - 15%, Canoro - 15%, National Thermal Power Corporation - 40%, and Geopetrol International Inc. - 30%.

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

In January 2015, the Company received notice from the DGH that it denied the request for non-levy of the cost of the unfinished PSC and demanded payment of the outstanding balance of US$14,054,284 (ThreeD's share – US$1,423,510). The Company considers the claim to be completely without merit and will defend itself vigorously. No provision has been made for the claim in the consolidated statement of financial position as at September 30, 2018.

Results of Operations

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

	Quarter ended			
	December 31, 2018	**September 30, 2018**	June 30, 2018	March 31, 2018
Net investment gains (losses)	**$ 990,449**	**$ (2,447,077)**	$ 2,967,512	$ (434,854)
Net income (loss) for the period	**398,511**	**(3,032,228)**	1,214,635	(1,369,742)
Total comprehensive income (loss) for the period	**397,576**	**(3,031,929)**	1,250,945	(1,370,209)
Earnings (loss) per share based on net income (loss) for the period – basic	**0.00**	**(0.02)**	0.01	(0.01)
Earnings (loss) per share based on net income (loss) for the period – diluted	**0.00**	**(0.02)**	0.01	(0.02)

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net investment gains (losses)	$ 2,547,870	$ (238,637)	$ 4,815,226	$ (306,518)
Net income (loss) for the period	1,640,928	(571,250)	4,466,529	(664,022)
Total comprehensive income (loss) for the period	1,640,840	(570,583)	4,466,991	(663,881)
Earnings (loss) per share based on net income (loss) for the period – basic	0.02	(0.01)	0.10	(0.02)

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

Three months ended December 31, 2018 and 2017:

For the three months ended December 31, 2018, the Company generated net realized losses on disposal of investments of $1,251,266, as compared to $1,037,088 for the three months ended December 31, 2017.

For the three months ended December 31, 2018, the Company recorded a net change in unrealized gains on investments of $3,684,701 as compared to $3,584,958 for the three months ended December 31, 2017. The net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $4,784,862 offset by the reversal of previously recognized net unrealized gains on disposal of investments of $1,100,161. In the prior year period, the net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $2,895,976 and by the reversal of previously recognized net unrealized losses on disposal of investments of $688,982.

As previously discussed, in January 2018, the Company started investing in digital assets. For the three months ended December 31, 2018, the Company recorded a realized loss on digital assets of $104,619 as compared to nil in the prior year quarter. For the three months ended December 31, 2018, the net change in unrealized losses on digital assets was $1,338,367, primarily from the write-down of the Company's SAFT holdings. The unrealized losses on digital assets is the write-down to fair value less cost to sell of the digital assets.

For the three months ended December 31, 2018, the Company recorded interest and other income of $52,518 as compared to $35,000 for the three months ended December 31, 2017. Other income primarily consist of administrative fees from some of the Company's investees.

For the three months ended December 31, 2018, operating, general and administrative expenses decreased by $310,045 to $628,239 from $938,284 for the three months ended December 31, 2017. The decrease was primarily due to a decrease in salaries and consulting fees offset by an increase in foreign exchange expense as discussed below.

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

	2018	2017
Salaries and consulting fees (a)	**$ 237,533**	$ 643,312
Stock-based compensation expense (b)	**176,984**	121,297
Transaction costs (c)	**55,453**	53,026
Other office and general	**53,184**	33,368
Professional fees	**380**	30,598
Operating lease payments (d)	**37,881**	21,499
Shareholder relations, transfer agent and filing fees	**9,205**	16,800
Travel and promotion	**7,032**	12,215
Other employment benefits	**7,659**	12,671
Foreign exchange loss (gain) (e)	**42,928**	(6,502)
	$ 628,239	$ 938,284

(a) Salaries and consulting fees decreased by $405,850 for the three months ended December 31, 2018 as compared to the three months ended December 31, 2017, primarily due to $350,000 bonuses paid to management and non-claimable input tax credits of $64,448, in the three months ended December 31, 2017 which did not occur in the current year period.

(b) Stock-based compensation expense increased by $55,687 for the three months ended December 31, 2018 as compared to the three months ended December 31, 2017. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options

granted vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period.

(c) Transactions costs increased by $2,427 for the three months ended December 31, 2018 as compared to the three months ended December 31, 2017, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy.

(d) Operating lease payments increased by $16,382 for the three months ended December 31, 2018 as compared to the three months ended December 31, 2017. In September 2018, the Company signed a lease for new premises which started on December 1, 2018 until November 30, 2023, for annual payments of approximately $190,974 (plus applicable taxes), increasing approximately 3.4% per year. The Company has arranged to lease out its current premises.

(e) During the three months ended December 31, 2018, the Company had a foreign exchange expense of $42,928 as compared to a foreign exchange gain of $6,502 for the three months ended December 31, 2017, an increase of $49,430. The Company experienced a foreign exchange loss due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

For the three months ended December 31, 2018, the Company had finance expenses of $16,217 as compared to $3,658 for the three months ended December 31, 2017. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net income for the three months ended December 31, 2018 was $398,511 ($0.00 per share) as compared to $1,640,928 ($0.02 per share) for the three months ended December 31, 2017.

For the three months ended December 31, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of $935 resulting in total comprehensive income for the period of $397,576. The loss from the exchange differences on translation of foreign operations was primarily due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. dollar denominated net liabilities held by foreign subsidiaries. For the three months ended December 31, 2017, the Company recorded a loss from the exchange differences on translation of foreign operations of $88 resulting in total comprehensive income for the period of $1,640,840.

Six months ended December 31, 2018 and 2017:

For the six months ended December 31, 2018, the Company generated net realized losses on disposal of investments of $1,639,277, as compared to $1,182,403 for the six months ended December 31, 2017.

For the six months ended December 31, 2018, the Company recorded a net change in unrealized gains on investments of $2,132,461 as compared to $3,491,636 for the six months ended December 31,

2017. The net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $3,518,408 offset by the reversal of previously recognized net unrealized gains on disposal of investments of $1,385,947.The net write-ups were primarily on the private investments in accordance with the Company's accounting policies. In the prior year period, the net change in unrealized gains on investments in the current period related to the net write-up to market on the Company's investments of $2,612,495 and by the reversal of previously recognized net unrealized losses on disposal of investments of $879,141.

As previously discussed, in January 2018, the Company started investing in digital assets. For the six months ended December 31, 2018, the Company recorded a realized loss on digital assets of $104,619 as compared to nil in the prior year period. For the six months ended December 31, 2018, the net change in unrealized losses on digital assets was $1,845,193, primarily from the write-down of the Company's SAFT holdings. The unrealized losses on digital assets is the write-down to fair value less cost to sell of the digital assets.

For the six months ended December 31, 2018, the Company recorded interest and other income of $105,031 as compared to $56,000 for the six months ended December 31, 2017. Other income primarily consist of administrative fees from some of the Company's investees.

For the six months ended December 31, 2018, operating, general and administrative expenses decreased by $58,685 to $1,229,975 from $1,288,660 for the six months ended December 31, 2017. The decrease was primarily due to a decrease in salaries and consulting fees offset by an increase stock-based compensation expense and operating lease payments as discussed below.

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

	2018	2017
Salaries and consulting fees (a)	**$ 611,929**	$ 841,245
Stock-based compensation expense (b)	**285,976**	195,795
Transaction costs (c)	**89,030**	61,795
Other office and general (d)	**101,809**	54,299
Professional fees	**26,216**	51,187
Operating lease payments (e)	**59,848**	42,998
Shareholder relations, transfer agent and filing fees	**12,571**	20,701
Travel and promotion	**9,608**	17,723
Other employment benefits	**20,102**	17,289
Foreign exchange loss (gain) (f)	**12,886**	(14,373)
	$ 1,229,975	$ 1,288,660

(a) Salaries and consulting fees decreased by $229,316 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017, primarily due to $150,000 bonuses paid to management in the six months ended December 31, 2018 as compared to $350,000 in the six months ended December 31, 2017. The bonuses are discretionary and are approved by the Company's board of directors.

(b) Stock-based compensation expense increased by $90,181 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options granted vest at six-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) Transactions costs increased by $27,235 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from the purchase and disposition of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy.

(d) Other office and general expenses increased by $47,509 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017, primarily due to a change in allocation of non-claimable input tax credits of $49,937 recorded in the current period as compared to $3,722 in the prior year period (which was recorded in consulting fees).

(e) Operating lease payments increased by $16,850 for the six months ended December 31, 2018 as compared to the six months ended December 31, 2017. In September 2018, the Company signed a lease for new premises which started on December 1, 2018 until November 30, 2023, for annual payments of approximately $190,974 (plus applicable taxes), increasing approximately 3.4% per year. The Company has arranged to lease out its current premises.

(f) During the six months ended December 31, 2018, the Company had a foreign exchange expense of $12,886 as compared to a foreign exchange gain of $14,373 for the six months ended December 31, 2017, an increase of $27,259. The Company experienced a foreign exchange loss due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. dollar denominated monetary liabilities.

For the six months ended December 31, 2018, the Company had finance expenses of $52,145 as compared to $6,895 for the six months ended December 31, 2017. The finance expenses primarily relate to interest expense paid to brokers on margin borrowings.

Net loss for the six months ended December 31, 2018 was $2,633,717 ($0.02 per share) as compared to net income of $1,069,678 ($0.02 per share) for the six months ended December 31, 2017.

For the six months ended December 31, 2018, the Company recorded a loss from the exchange differences on translation of foreign operations of $636 resulting in total comprehensive loss for the period of $2,634,353. The loss from the exchange differences on translation of foreign operations was primarily due to the decrease in the value of the Canadian dollar versus the U.S. dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. dollar denominated net liabilities held by foreign subsidiaries. For the six months ended December 31, 2017, the Company recorded a gain from the exchange differences on translation of foreign operations of $579 resulting in total comprehensive income for the period of $1,070,257.

Cash Flows
Six months ended December 31, 2018 and 2017:

During the six months ended December 31, 2018, the Company used cash of $2,401,535 in operating activities as compared to $3,507,798 during the six months ended December 31, 2017. 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. The Company was significantly more active in the current year period as compared to the same period last year. During the six months ended December 31, 2018, the Company had proceeds from disposition of investments of $6,520,917 as compared to $4,682,569 during the six months ended December 31, 2017. During the six months ended December 31, 2018, the Company purchased $7,337,149 of investments as compared to $6,965,654 of investments purchased during the six months ended December 31, 2017. The Company also decrease margin used of $544,369 (due to brokers) for the six months ended December 31, 2018.

During the six months ended December 31, 2018, the Company generated net cash of $2,395,389 in financing activities from a non-brokered private placement financing as compared to $3,036,029 for the six months ended December 31, 2017. During the six months ended December 31, 2017, the Company also raised gross proceeds of $717,500 through the exercise of warrants.

During the six month ended December 31, 2018 and 2017, the Company had no investing activities.

For the six months ended December 31, 2018, the Company had a net decrease in cash of $85,071 as compared to a net increase in cash of $245,731 for the six months ended December 31, 2017. For the six months ended December 31, 2018, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of $636, leaving a cash balance of $60,423 as at December 31, 2018 as compared to an exchange gain of $579, leaving a cash balance of $268,283 as at December 31, 2017.

Segmented information:

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company's operations primarily relate to investing. The Company's management is responsible for the Company's entire investment portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy and the performance is evaluated on an overall basis.

All of the Company property, plant and equipment are located in Canada and no segmented information has been disclosed as at and for the three months ended December 31, 2018.

Liquidity and capital resources:

Consolidated statement of financial position highlights	December 31, 2018	June 30, 2018
Cash	**$ 60,423**	$ 146,130
Investments, at fair value	**18,427,144**	17,117,728
Digital assets, at fair value less cost to sell	**212,401**	2,397,220
Total assets	**19,514,919**	19,935,858
Due to brokers	**247,250**	791,619
Total liabilities	**394,407**	898,518
Share capital, warrants and broker warrants, contributed surplus	**138,085,703**	135,368,178
Foreign currency translation reserve	**875,161**	875,797
Deficit	**(119,840,352)**	(117,206,635)

Total liabilities decreased by $504,111 to $394,407 as at December 31, 2018 as compared to $898,518 as at June 30, 2018. The decrease was primarily due to the repayment of due to brokers (margin used) of $544,369. As at December 31, 2018, total liabilities also include $18,301 (June 30, 2018 - $17,665) accrued for the winding down of its inactive subsidiaries in Barbados.

The Company's cash and investments as at December 31, 2018 would be sufficient to meet the Company's current liabilities.

The Company continues to have no long-term debt. In order to meet its operating expenditure obligations as they become due, ThreeD will have to dispose of some its investments/digital assets or rely on external sources of capital such as using margin from brokerage accounts or raising capital. The Company's ability to access the debt and equity markets when required will depend upon factors beyond its control, such as economic and political conditions that may affect the capital markets generally. The Company's inability to raise sufficient capital to fund its operations and growth may result in the disposition of its investments at non-opportunistic times and, accordingly, could have a material adverse effect on the Company's business, financial condition, and results of operations, and its ability to continue as a going concern.

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

During the three months ended September 30, 2018, the Company signed a lease for new premises which starts on December 1, 2018 until November 30, 2023, for annual payments of approximately $190,974 (plus applicable taxes), increasing approximately 3.4% per year. The Company has arranged to lease out its current premises.

As at December 31, 2018, future minimum annual lease payments under operating leases for premises and equipment are approximately as follows:

2019	**$ 284,400**
2020	**291,600**
2021	**239,000**
2022	**379,500**
2023	**200,600**
	1,395,100

As at December 31, 2018, the Company had commitments to purchase investments totaling $682,100 (2018 - $438,164).

Related party transactions:

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

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

	Three months ended December 31,		Six months ended December 31,	
Type of expense	**2018**	2017	**2018**	2017
Salaries and consulting fees	**$ 131,250**	$ 466,250	**$ 412,500**	$ 582,500
Other short-term benefits	**3,563**	9,531	**12,152**	11,104
Stock-based compensation expense	**129,657**	66,922	**183,924**	117,360
	$ 264,470	$ 542,703	**$ 608,576**	$ 710,964

Key management personnel are the Chairman/Chief Executive Officer ("CEO"), Chief Financial Officer/Corporate Secretary ("CFO") and Vice-President of Business Development and General Council ("VP"). During the six months ended December 31, 2018, a cash bonus of $150,000 paid to the CEO. During the six months ended December 31, 2017, a cash bonus of $250,000 was paid to the CEO and $100,000 was paid to the CFO.

(b) During the six months ended December 31, 2018, the Company completed two non-brokered private placement as described in Note 7(b). On August 23, 2018, the CEO and other directors subscribed for 2,350,000 units for gross proceeds of $235,000. On October 30, 2018, the CEO and a director subscribed for 1,200,000 units for gross proceeds of $120,000.

(c) On September 14, 2018, 3,600,000 stock options was granted to directors and officers of the Company, exercisable at a price of $0.10 per share, expiring on September 14, 2023. On December 14, 2018, 5,600,000 stock options was granted to directors and officers of the Company, exercisable at a tprice of $0.10 per share, expiring on December 14, 2023.

(d) As at December 31, 2018, included in prepaids and receivables is $76,275 (June 30, 2018 - $45,715) due from related parties, two private companies with a common director or key

management personnel (2018 – three private companies) . The receivables are for rental and administrative services.

(e) As at December 31, 2018, included in prepaids and receivables is $565,000 (June 30, 2018 - $183,060) in prepaid consulting fees to Park Place Limited, a private company controlled by the CEO.

Off-Balance sheet arrangements:

As at December 31, 2018, the Company does not have any off-balance sheet arrangements that have, or are reasonable likely to have, a current or future effect on the results of operations or financial condition of ThreeD.

Management of capital:

There were no changes in the Company's approach to capital management during the three months ended December 31, 2018. The Company's capital includes all components of equity which amounts to $19,120,512 as at December 31, 2018 (June 30, 2018 - $19,037,340). To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its liabilities as at December 31, 2018.

Risk management:

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

(a) Market risk:

There were no changes in the way the Company manages market risk during the three months ended December 31, 2018. As at December 31, 2018 and June 30, 2018, the Company held some U.S. denominated investments and all of its digital assets are denominated in U.S. dollars therefore market risk also includes currency risk. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class/sector of issuers.

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

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

Percentage of change in closing trade price	**Decrease in after-tax net loss from % increase in closing trade price**	**Increase in after-tax net loss from % decrease in closing trade price**
2%	**$ 323,396**	**$ (323,396)**
4%	**646,792**	**(646,792)**
6%	**970,188**	**(970,188)**
8%	**1,293,584**	**(1,293,584)**
10%	**1,616,981**	**(1,616,981)**

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and six months ended December 31, 2017 from a change in the closing trade price of the Company's investments with all other variables held constant as at December 31, 2017:

Percentage of change in closing trade price	Decrease in after-tax net income from % increase in closing trade price	Increase in after-tax net income from % decrease in closing trade price
2%	$ 203,601	$ (203,601)
4%	407,201	(407,201)
6%	610,802	(610,802)
8%	814,402	(814,402)
10%	1,018,003	(1,018,003)

(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:

	December 31, 2018	June 30, 2018
Denominated in U.S. dollars:		
Cash	**$ 1,632**	$ 2,984
Due from brokers	**15**	15
Accounts payable and accrued liabilities	**(18,301)**	(17,665)
Due to brokers	**(780,814)**	(2,297,459)
Net assets denominated in U.S. dollars	**$ (797,468)**	$ (2,312,125)

The following table shows the estimated sensitivity of the Company's after-tax net loss for the six months ended December 31, 2018 from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at December 31, 2018:

Percentage change in U.S. dollar exchange rate	**Increase in after-tax net loss from an increase in % in the U.S. dollar exchange rate**	**Decrease in after-tax net loss from a decrease in % in the U.S. dollar exchange rate**
2%	**$ (11,723)**	**$ 11,723**
4%	**(23,446)**	**23,446**
6%	**(35,168)**	**35,168**
8%	**(46,891)**	**46,891**
10%	**(58,614)**	**58,614**

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended June 30, 2018 from a change in the U.S. dollar exchange rate in which the Company has significant exposure with all other variables held constant as at June 30, 2018:

Percentage change in U.S. dollar exchange rate	Decrease in after-tax net income from an increase in % in the U.S. dollar exchange rate	Increase in after-tax net income from a decrease in % in the U.S. dollar exchange rate
2%	$ (33,988)	$ 33,988
4%	(67,976)	67,976
6%	(101,965)	101,965
8%	(135,953)	135,953
10%	(169,941)	169,941

Risks:

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

(a) Cash flows:

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

(b) Private issuers and illiquid securities:

The Company invests in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of the Company's private company investments

or that the Company will otherwise be able to realize a return on such investments. The Company also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

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

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

(d) Investment risks:

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

(e) Digital assets:

The Company acquires digital assets which include digital coins, tokens, and SAFTs. The risks associated with digital assets are similar to investments risks, in addition, digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets are not indicative of their future price performance. Certain digital assets are illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy.

The Company has not hedged the conversion of any of its digital assets to traditional fiat currencies.

In addition, the majority of digital assets investments made by the Company are held within the cold wallets (hardware wallets). The cold wallets are used to maintain one or more digital wallets, whose private keys are maintained on computers or other devices that are not connected to the

Internet or any other computer network. The cold wallets also keep the private keys that provide access to the digital wallets and facilitate the transfer of digital assets in accordance with the Company's instructions.

Certain tokens are held within the hot wallets (exchange wallets). Security breaches, computer malware and computer hacking attacks have been a prevalent concern of using the hot wallets. Any security breach caused by hacking could cause loss of digital assets.

(f) Non-controlling interests:

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

(g) Dependence on management:

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

(h) Exchange rate fluctuations:

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

Critical accounting estimates:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's consolidated financial statements include the Company's valuation of its privately-held investments, valuation of SAFTs, estimate of recoverable fair value on exploration assets, the valuation related to the Company's deferred tax assets ("DTA") and deferred tax liabilities ("DTL"), and the Company's estimate of inputs for the

calculation of the fair value of stock-based compensation expense, the Company's own warrants and broker warrants, and unlisted warrants of public companies held by ThreeD.

Valuation of privately-held investments:

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility. Given the relatively size of our private investment portfolio, such changes can have a material impact on our financial condition or operating results. For the six months ended December 31, 2018 and year ended June 30, 2018, the Company had the following changes in its private investments categorized as level 3 in the financial instrument hierarchy:

	Opening balance at July 1,	Purchases	Realized gains on dispositions	Transfer to Level 1 or 2	Net unrealized gains (losses)	Ending balance
December 31, 2018	**$ 12,210,753**	**$ 956,372**	**$ -**	**$ (1,522,988)**	**$ 3,672,583**	**$ 15,316,720**
June 30, 2018	$ 6,242,645	$ 1,555,549	$ 54,569	$ (284,000)	$ 4,641,990	$ 12,210,753

Deferred tax assets:

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

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

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

Stock-based Compensation Expense/Warrants:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense and the fair value of the warrants and broker warrants issued under the Company's private placements. The model requires six key inputs: exercise price, market price at date of issue, risk free interest rate, expected dividend yield, expected life and expected volatility. The first two inputs are facts rather than estimates, while the risk free interest rate, expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number

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

During the six months ended December 31, 2018, the Company granted 10,975,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a price of $0.10 per share expiring between September 14, 2023 and December 14, 2023.

The fair value of the options granted during the six months ended December 31, 2018 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	**112.66%**
Expected dividend yield	**0%**
Risk-free interest rate	**2.02-2.33%**
Expected option life in years	**3.6 years**
Expected forfeiture rate	**7.0-7.2%**
Fair value per stock option granted on September 14, 2018	**$ 0.06**
Fair value per stock option granted on October 1, 2018	**$ 0.06**
Fair value per stock option granted on December 14, 2018	**$ 0.05**

During the year ended June 30, 2018, the Company granted 15,440,000 stock options to directors, officers, employees and consultants of the Company, exercisable at a weighted average price of $0.18 per share expiring between October 12, 2020 and March 1, 2023.

The fair value of the options granted during the year ended June 30, 2018 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	112.66%
Expected dividend yield	0%
Risk-free interest rate	1.50% - 2.06%
Expected option life in years	3 - 4.1 years
Expected forfeiture rate	3.6% - 5.2%
Fair value per stock option granted on October 12, 2017	$ 0.07
Fair value per stock option granted on October 26, 2017	$ 0.19
Fair value per stock option granted on November 16, 2017	$ 0.15
Fair value per stock option granted on November 21, 2017	$ 0.15
Fair value per stock option granted on November 30, 2017	$ 0.16
Fair value per stock option granted on December 5, 2017	$ 0.14
Fair value per stock option granted on January 3, 2018	$ 0.14
Fair value per stock option granted on January 9, 2018	$ 0.29
Fair value per stock option granted on January 18, 2018	$ 0.27
Fair value per stock option granted on March 1, 2018	$ 0.12
Fair value per stock option granted on April 24, 2018	$ 0.12
Fair value per stock option granted on May 10, 2018	$ 0.08

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

As at December 31, 2018, the warrants outstanding were as follows:

Number of warrants	Exercise price	Expiry date	Warrant value ($)
686,000	$ 0.15	December 1, 2019	$ 17,571
500,000	0.15	December 8, 2019	12,283
1,776,000	0.20	February 21, 2020	78,900
1,500,000	0.20	April 6, 2020	78,713
1,800,000	0.15	May 19, 2020	62,087
8,550,000	0.15	October 24, 2020	368,154
8,025,000	0.25	November 14, 2020	616,598
12,800,000	0.15	April 13, 2021	509,678
7,423,230	0.20	May 16, 2021	368,797
13,220,000	0.15	August 23, 2021	489,982
10,850,000	0.15	October 30, 2021	394,156
67,130,230			$ 2,996,919

The purchase warrants issued during the six months ended December 31, 2018 were valued using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes option valuation model assumptions used:	**August 23, 2018**	**October 30, 2018**
Expected volatility	112.66%	112.66%
Expected dividend yield	0.0%	0.0%
Risk-free interest rate	2.14%	2.30%
Expected option life in years	3	3
Fair value per warrant issued net of share issuance costs	$ 0.04	$ 0.04

The expected volatility is based on the average historical volatility over the life of the warrants at the Company's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected warrant life in years represents the period of time that the warrants are expected to be outstanding based on historical warrants issued. The total value (net of share issuance costs) assigned to the purchase warrants was $884,138.

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

Black-Scholes option valuation model assumptions used:	**July 5, 2017**	**October 24, 2017**	**November 14, 2017**	**April 13, 2018**	**May 16, 2018**
Expected volatility	112.66%	112.66%	112.66%	112.66%	112.66%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	1.21%	1.54%	1.51%	1.99%	2.16%
Expected option life in years	3	3	3	3	3
Fair value per warrant issued, net of share issuance costs	$ 0.037	$ 0.043	$ 0.077	$ 0.04	$ 0.05

The expected volatility is based on the average historical volatility over the life of the warrants at the Company's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected warrant life in years represents the period of time that the warrants are expected to be outstanding based on historical warrants issued. The total value (net of share issuance costs) assigned to the purchase warrants was $2,104,010.

Valuation of Unlisted Warrants of Public Companies:

The Company uses the Black-Scholes option pricing model to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants are valued at intrinsic value. The model requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts rather than estimates, while the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant or a higher volatility number used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at December 31, 2018 and June 30, 2018, there were not sufficient reliable observable market inputs and thus, the Company valued the warrants in its portfolio using their intrinsic value.

Future accounting changes:

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at June 30, 2018, are described in Note 18 to the annual consolidated financial statements as at and for the year ended June 30, 2018. The Company is currently assessing what impact the application of those standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt the standards, if applicable, when the standards become effective. There have been no other changes to existing IFRS accounting standards and interpretations since June 30, 2018 that are expected to have a material effect on the Company's interim consolidated statements.

Outstanding Share Data:

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

Common shares	Number
Outstanding	**142,408,946**
Issuable under the exercise of warrants	**67,130,230**
Issuable under the exercise of options	**28,463,002**
Total diluted common shares	**238,002,178**

Refer to Note 7 of the Notes to the consolidated financial statements as at and for the three and six months ended December 31, 2018 for details of the Company's share capital as at December 31, 2018.

Use of Non-GAAP Financial Measures:

This MD&A contains references to "net asset value per share" (basic and diluted) ("NAV") which is a non-GAAP financial measure. NAV is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. NAV (diluted) is calculated as total assets less total liabilities divided by the total number of common shares of the Company outstanding as at a specific date, calculated based upon the assumption that all outstanding securities of the Company that are convertible into or exercisable for common shares have been converted or exercised. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP financial measure presented in ThreeD's consolidated financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial measure. The Company believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

Additional Information:

Additional information relating to ThreeD may be found on the Company's website at www.threedcapital.com and the Company's profile on SEDAR at www.sedar.com.