

3D Signatures Inc. (formerly Plicit Capital Corp.)
Consolidated Condensed Interim Financial Statements
For the three month period ended September 30, 2016
(Unaudited)

3D Signatures Inc. (formerly Plicit Capital Corp.)
Consolidated Interim Statement of Financial Position
As at

	(Unaudited) September 30, 2016	June 30, 2016
Assets		
Current		
Cash	1,839,572	38,663
Goods and services taxes receivable	130,847	42,459
Prepaid expenses (Note 6)	1,111,641	44,313
	3,082,060	125,435
Non-current		
Prepaid expenses (Note 6)	727,397	-
Equipment	152,780	123,772
Intangible assets	665,042	650,012
	1,545,219	773,784
Total assets	4,627,279	899,219
Liabilities		
Current		
Accounts payable and accrued liabilities	604,626	758,739
Notes payable	64,487	345,330
Total liabilities	669,113	1,104,069
Equity		
Share capital (Note 7)	8,184,448	1,463,659
Contributed surplus	1,334,737	524,612
Deficit	(5,561,019)	(2,193,121)
	3,958,166	(204,850)
Total liabilities and equity	4,627,279	899,219

Approved on behalf of the Board

Signed Jason Flowerday
Director

Signed Bruce Colwill
Director

The accompanying notes are an integral part of these consolidated financial statements

3D Signatures Inc. (formerly Plicit Capital Corp.)
Consolidated Interim Statement of Loss and Comprehensive Loss
For the three month periods ended September 30, 2016 and 2015 (Unaudited)

	Three Months Ended September 30	
	2016	2015
Expenses		
Amortization and depreciation	19,428	15,498
Insurance	2,702	446
Interest, accretion and bank charges	5,630	2,675
Investor relations	171,651	9,991
Lab supplies	35,785	64,011
Listing costs (Note 5)	1,859,107	-
Marketing	2,485	118
Meals and entertainment	2,847	3,609
Office	22,944	12,680
Professional development	-	7,500
Professional fees	142,418	52,437
Research and development	-	1,029
Salaries, wages and benefits	391,459	93,623
Stock based compensation (Note 8)	611,719	72,373
Travel	99,723	20,025
Total loss and comprehensive loss	(3,367,898)	(356,015)
Basic and diluted loss per share (Note 9)	(0.11)	(0.02)

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3D Signatures Inc. (formerly Plicit Capital Corp.)

Consolidated Interim Statement of Changes in Equity

For the three month periods ended September 30, 2016 and 2015 (Unaudited)

	Share capital	Contributed surplus	Deficit	Total equity
Balance June 30, 2016	1,463,659	524,612	(2,193,121)	(204,850)
Net loss for the period	-	-	(3,367,898)	(3,367,898)
Issuance of common shares (net of costs)	4,953,289	198,406	-	5,151,695
Shares issued to shareholders of Plicit (Note 5)	1,767,500	-	-	1,767,500
Issuance of options (net of costs)	-	611,719	-	611,719
Balance September 30, 2016	8,184,448	1,334,737	(5,561,019)	3,958,166
Balance June 30, 2015	476,323	255,253	(434,402)	297,174
Net loss for the period	-	-	(356,015)	(356,015)
Issuance of common shares (net of costs)	288,500	-	-	288,500
Issuance of options (net of costs)	-	72,373	-	72,373
Balance September 30, 2015	764,823	327,626	(790,417)	302,032

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3D Signatures Inc. (formerly Plicit Capital Corp.)
Consolidated Interim Statement of Cash Flows
For the three month periods ended September 30, 2016 and 2015 (Unaudited)

	Three Months Ended September 30	
	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Loss and comprehensive loss for the period	(3,367,898)	(356,015)
Non-cash listing costs (Note 5)	1,310,946	-
Share based payments	175,000	-
Amortization and depreciation	19,428	15,498
Stock based compensation	611,719	72,373
Accretion of notes payable	2,859	2,469
	(1,247,946)	(265,675)
Changes in working capital accounts		
Goods and services taxes receivable	(85,588)	(34,380)
Prepaid expenses	(1,764,725)	(17,259)
Accounts payable and accrued liabilities	(54,696)	132,246
	(3,152,955)	(185,068)
Financing activities		
Proceeds from issuance of common shares	5,450,213	300,000
Share issuance costs	(473,518)	(11,500)
Advances of notes payable	33,800	-
Repayment of notes payable	(33,702)	(33,702)
	4,976,793	254,798
Investing activities		
Purchases of equipment	(33,698)	(116,590)
Purchases of intangible assets	(129,185)	(68,173)
Cash assumed in acquisition of Plicit (Note 5)	139,954	-
	(22,929)	(184,763)
Increase (decrease) in cash resources	1,800,909	(115,033)
Cash resources, beginning of the period	38,663	261,417
Cash resources, end of the period	1,839,572	146,384

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3D Signatures Inc. (formerly Plicit Capital Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
For the three month period ended September 30, 2016 (Unaudited)

1. Reporting entity

3D Signatures Inc. (the "Company"), formerly Plicit Capital Corp., was incorporated in Canada on May 25, 2011 and its shares are listed on the TSX Venture Exchange as a Tier 2 issuer under the symbol "DXD". The address of the Company's registered office is 211 – 175 Hargrave Street, Winnipeg, Manitoba, R3C 3R8.

The Company through its wholly owned subsidiary 3D Signatures Holdings Inc., is developing diagnostic and prognostic products that will save lives, improve the quality of life, and reduce the cost of care associated with numerous diseases that display genomic instability.

2. Basis of preparation

The interim financial statements are condensed and have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as disclosed in the Company's financial statements for the year ended June 30, 2016. The Company's June 30, 2016 annual financial statements include incremental annual IFRS disclosures that may be helpful to readers of the interim results and therefore should be read in conjunction with these condensed interim financial statements.

The consolidated condensed interim financial statements of the Company were approved and authorized for issue by the Audit Committee of the Board of Directors on November 29, 2016.

Basis of consolidation

These financial statements comprise the financial statements of the Company and its subsidiaries as at September 30, 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date in 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 parent company using consistent accounting policies. All intra-group balances, income and expenses, equity and dividends resulting from intra-group transactions have been eliminated upon consolidation.

The Company's subsidiaries are as follows:

3D Signatures Holdings Inc., formerly 3D Signatures Inc. (100% owned)

Basis of measurement

The condensed consolidated interim financial statements have been prepared in the historical basis except for certain financial instruments carried at fair value.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

Significant accounting judgments, estimates and assumptions

The preparation of condensed interim financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There were no changes to the Company's critical accounting estimates and judgments from those described in the most recent June 30, 2016 financial statements.

Management has used judgment in its assessment that Plicit Capital Corp., a capital pool company, did not constitute a business at the time of the Transaction described in Note 5.

3D Signatures Inc. (formerly Plicit Capital Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
For the three month period ended September 30, 2016 (Unaudited)

3. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company is a research and development stage company and as such is primarily dependent on the funding of new investors to continue as a going concern. In the future, the Company's ability to continue as a going concern will be dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

4. Summary of significant accounting policies

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at September 30, 2016 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 9 Financial instruments

The final version of IFRS 9 was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 *Financial instruments: recognition and measurement*. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this standard on its financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15, issued in May 2014, will specify how and when entities recognize, measure, and disclose revenue. The standard will supersede all current standards dealing with revenue recognition, including IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers*, and SIC 31 *Revenue – barter transactions involving advertising services*.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this standard on its financial statements.

IFRS 16 Leases

On January 13, 2016, the IASB issued new IFRS 16 *Leases*. The new standard will replace IAS 17 *Leases* and is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is currently assessing the impact of this standard on its financial statements.

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5. Acquisition of public listing

On September 8, 2016, 3D Signatures Inc. ("3DS"), now 3D Signatures Holdings Inc., completed a Qualifying Transaction with Plicit Capital Corp. ("Plicit"), now 3D Signatures Inc. Pursuant to the agreement, Plicit acquired all of the issued and outstanding securities of 3DS (the "Transaction"). Each shareholder of 3DS received 4.0376 Plicit common shares for each common share of the Company (the "Exchange Ratio"). The stock options of 3DS were also exchanged for stock options to acquire Plicit shares, adjusted based on the Exchange Ratio. Upon completion of the Transaction, 3DS became a wholly owned subsidiary of Plicit and Plicit changed its name to "3D Signatures Inc." (the "Company").

Concurrent with the closing of the Transaction, the Company completed a brokered private placement (Note 7). The Company also issued 500,000 common shares as a finder's fee upon closing of the Transaction, which were valued at the fair value of the shares issued during the concurrent private placement. On closing of the Transaction and brokered private placement, the shareholders of 3DS held approximately 55% of the issued and outstanding shares of the Company. As a result, the shareholders of 3DS controlled the Company and the acquisition constituted a reverse take-over of Plicit by 3DS. 3DS's assets, liabilities and operations since incorporation were included in these consolidated condensed interim financial statements at their historical carrying values. The results of operations of Plicit from the date of acquisition of September 8, 2016 were included in these consolidated condensed interim financial statements.

Since Plicit did not meet the definition of a business under IFRS 3, *Business Combinations*, the acquisition was accounted for as a purchase of Plicit's assets by 3DS. The consideration paid was determined as an equity settled share-based payment under IFRS 2, *Share-based Payments*, and measured at the fair value of the equity of the Company retained by the shareholders of Plicit based on the fair value of the shares issued in the concurrent brokered private placement.

The Company recorded listing costs of \$1,859,107 in the consolidated interim statement of loss and comprehensive loss, the details of which are as follows:

5,050,000 common shares issued @ \$0.35 per share	1,767,500
Less:	
Cash acquired	139,954
Note receivable acquired	283,800
Other current assets acquired	32,800
Direct listing costs	1,310,946
Shares issued as a finder's fee	175,000
Professional fees related to the Transaction	373,161
Total listing costs	1,859,107

6. Prepaid expenses

Prepaid expenses include \$1,125,000 paid to a shareholder of the Company for advisory services to be rendered over a period of three years.

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Notes to the Consolidated Condensed Interim Financial Statements
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7. Share capital

	September 30, 2016	<i>June 30, 2016</i>
<i>Issued</i>		
Common shares reserved for issue – 334,313 (June 30, 2016 – 82,800)	-	-
Common shares issued – 46,445,199 (June 30, 2016 – 6,271,836)	\$ 8,184,448	\$ 1,463,659
	\$ 8,184,448	\$ 1,463,659

	<i>Number</i>	<i>\$</i>
Balance at June 30, 2016	6,354,636	1,463,659
Elimination of 3DS shares (Note 5)	(6,354,636)	-
Conversion to new Plicit shares at 4.0376 (Note 5)	25,657,474	-
Shares issued to Plicit shareholders (Note 5)	5,050,000	1,767,500
Shares issued in brokered private placement (i)	15,572,038	5,450,213
Share issuance costs (i)	-	(473,518)
Shares issued as finder's fee (Note 5)	500,000	175,000
Broker warrants issued (ii)		(198,406)
Balance at September 30, 2016	46,779,512	8,184,448

- (i) Concurrent with the Transaction (Note 5), the Company issued 15,572,038 common shares at a price of \$0.35 per share for gross proceeds of \$5,450,213. Cash costs directly attributable to the issuance were \$473,518.
- (ii) In conjunction with brokered private placement (Note 7(i)), the Company issued 1,245,763 broker warrants to acquire common shares of the Company at an exercise price of \$0.35 per share until September 8, 2018. The fair value of the warrants was estimated using the Black Scholes model with the following significant assumptions:

Expected life	2 years
Expected volatility	85%
Risk free rate	0.5%
Dividend yield	Nil
Underlying share price	\$0.35
Strike price	\$0.35

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8. Stock based compensation

The Company has an incentive stock option plan (the "Plan") whereby the Company may grant to directors, officers, employees and contractors options to purchase voting common shares of the Company. The terms and conditions of each option granted under the Plan are determined by the Board of Directors.

During the period, the Company issued 1,083,030 options to acquire common shares at a price of \$0.68 per share until September 2026, vesting immediately. The fair value of the options issued was estimated using the Black Scholes model with the following significant assumptions:

Expected life	10 years
Expected volatility	85%
Risk free rate	1.1%
Dividend yield	Nil
Underlying share price	\$0.68
Strike price	\$0.68

Expected volatility was estimated by reference to comparable listed entities. Stock based compensation expense of \$611,719 (2015 - \$72,373) was recorded during the period.

The following is a summary of the 4,400,588 outstanding options issued under the Plan:

Date Issued	Exercise price	Expiry date	Remaining contractual life (years)	Outstanding and exercisable	Unvested	Remaining vesting period (years)
May 4, 2015	0.12	May 4, 2025	8.6	2,967,636	-	-
June 16, 2015	0.25	June 16, 2025	8.7	40,376	-	-
August 7, 2015	0.25	August 7, 2025	8.9	40,376	-	-
October 13, 2015	0.25	October 13, 2025	9.0	269,170	-	-
September 26, 2016	0.68	September 26, 2026	10.0	1,083,030	-	-
				4,400,588		

9. Loss per share

Loss per share is the loss for the period divided by the weighted average number of shares outstanding during the period. Diluted loss per share is computed in accordance with the treasury stock method and based on weighted average number of shares and dilutive share equivalents. Shares reserved for issue were included in the weighted average number of shares. The number of shares outstanding prior to the Transaction (Note 5) has been adjusted for the Exchange Ratio. The outstanding stock options were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	Three months ended September 30, 2016	Three months ended September 30, 2015
Net loss	\$ (3,367,898)	\$ (356,015)
Basic weighted average number of shares	30,708,396	22,192,036
	\$ (0.11)	\$ (0.02)

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10. Subsequent events

On October 26, 2016, A total of 282,632 options were exercised at a strike price of \$0.1238 for common shares.

On October 27, 2016, the Company issued 320,000 options to certain officers, directors and contractors of the Company at an exercise price of \$0.52 per share. The options are exercisable for 10 years from the grant date and vest immediately.

On November 17, 2016, the Company announced its intention to sell, by way of a private placement, up to 4,000,000 units at a price of \$0.75 per unit for gross proceeds of up to \$3,000,000. Each unit will consist of one common share and one warrant to purchase one common share for a period of two years at an exercise price of \$0.92 per share. The Company has authorized the agents to sell up to an additional 2,000,000 units at a price of \$0.75 per unit at any time up to 48 hours prior to the closing of the offering. The Company will pay agents a cash commission equal to 8% of the gross proceeds of the offering, broker warrants equal to 8% of the common shares issued in the offering and the agents' expenses related to the offering. The broker warrants will be to purchase one common share of the Company at a price of \$0.75 per share for a period of two years.