MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended December 31, 2016

*This management discussion and analysis ("**MD&A**") of 3D Signatures Inc. (the "**Company**" or "**3DS**") for the three and six months ended December 31, 2016 is as of March 1, 2017. This MD&A was prepared with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and six months ended December 31, 2016 and the audited consolidated financial statements for the year ended June 30, 2016 and the related notes thereto which have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Financial Accounting Standards Board ("**IASB**"). This MD&A also should be read in conjunction with the Company's Annual Information Form ("**AIF**") dated January 31, 2017. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.3Dsignatures.com. All amounts are expressed in Canadian dollars.*

This MD&A may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

OVERVIEW OF THE COMPANY

3DS is a personalized medicine company with a proprietary software platform designed to predict the course of certain diseases and to personalize treatment for the individual patient. The technology is based on the three-dimensional analysis of telomere organization. 3DS' TeloView**™** software platform is designed to measure the stage of the disease, rate of progression of the disease, how different diseases will respond to various therapies, drug efficacy and drug toxicity. The technology is supported by 22 clinical studies involving more than 2000 patients and 13 different cancers plus Alzheimer's disease. 3DS holds a portfolio of patents related to three-dimensional Telomere analysis for proliferative diseases, including certain cancers and Alzheimer's disease.

The Company seeks to develop novel assays and a new class of biomarkers which it intends to license to commercial partners in key markets around the world. The Company intends to expand the range of applications and markets through ongoing R&D. In the short history of the Company, 3DS has assembled an accomplished team with successful track records in the biomedical market, has begun the development of Laboratory Developed Tests ("LDT") and has embarked upon the navigation of regulatory approval and reimbursement requirements.

3DS has a balanced market entrance strategy, which combines LDT development to generate income with a longer-term strategy to seek in-vitro diagnostic device approval from Health Canada, the Food and Drug Administration (the "FDA") in the U.S. and European regulators. In addition to pursuing the above for its Tests, the Company is seeking to engage major biopharma companies in collaborations geared towards

improving their drug-screening capabilities and developing companion diagnostics based on 3DS' platform.

3DS' head office and registered office is located at 211 – 175 Hargrave Street, Winnipeg, Manitoba, R3C 3R8.

Corporate Developments for the three and six months ended December 31, 2016:

- On September 8, 2016, 3DS (formerly Plicit Capital Corp.) announced the completion of its Qualifying Transaction, approved by the TSX Venture Exchange ("**TSXV**"). The shareholders of the acquired company, 3D Signatures Inc., received 4.0376 shares of 3DS for each one of its shares.
- Upon closing of the Qualifying Transaction, 3D Signatures Inc. became a wholly owned subsidiary of 3DS and changed its name to 3D Signatures Holdings Inc.
- On September 13, 2016, 3DS started trading on the TSX Venture Exchange under the symbol DXD.V.
- Recruited a new Chief Executive Officer ("**CEO**") (Jason Flowerday) to lead the Company's commercialization efforts and capital markets strategy.
- Added staff and made additional reference lab investments to further develop protocols and software.
- Revised business plans and budgets and set clinical milestones.
- On October 19, 2016, 3DS announced its participation in a major clinical trial for prostate cancer diagnosis and management known as PRECISE.
- Introduced the Company's Business Advisory Board ("**BAB**") consisting of internationally renowned senior biotech executives.
- Introduced the Company's internationally recognized Clinical and Scientific Advisory Board ("**CSAB**").
- On December 16, 2016, 3DS announced the closing of a private placement for 5,187,618 units sold at a price per unit of $0.75 for total gross proceeds to the Company of $3,890,714, including the partial exercise of an over-allotment option. On December 22, 2016 3DS announced that it had issued an additional 215,300 units pursuant to the second tranche of the private placement, which were sold at $0.75 per unit for gross proceeds to the Company of $161,475 pursuant to the partial exercise of the over-allotment option.
- Completed the necessary software validation to enter clinical trials and complete the final internal validation study necessary to identify licensing partners for the Company's first test.
- Presented the preliminary results of an important collaborative initiative between the Company and the Institut Universitaire de Ariologie et de Pneumologie De Quebec ("**IUCPQ**") exploring the possibility of identifying a biological marker to distinguish between two forms of lung cancer which is a significant unmet clinical need in the management of patients with multiple lung lesions.
- Retained Kilmer Lucas Inc. to provide Canadian and U.S. investor relations and strategic advisory services.

Corporate Developments Subsequent to December 31, 2016:

- On January 5, 2017, 3DS announced that its common shares have started trading on the OTCQB Venture Market ("**OTCQB**") in the United States under the symbol "TDSGF" and on the Frankfurt Stock Exchange in Germany under the symbol "3D0". As well, the Company announced that it had secured Depository Trust Company ("**DTC**") eligibility for its common shares listed on the OTCQB which makes the securities eligible to be electronically cleared and settled through the DTC, speeding up the receipt of stock and cash and accelerating the settlement process for investors.
- Appointed Joost van der Mark, as its Chief Business Officer ("**CBO**"). Mr. van der Mark brings more than two decades of executive experience to 3DS, having worked with several major international healthcare companies, as well as earlier stage biotechnology and healthcare firms.

- On January 6, 2017, 3DS announced the issuance of an additional 597,082 units pursuant to the third tranche of the private placement, which were sold at $0.75 per unit for gross proceeds to the Company of $447,800 pursuant to a further partial exercise of the over-allotment option.

DISCUSSION OF OPERATIONS

3DS is in discussions with multiple pharmaceutical companies, with candidate compounds in all phases of clinical trials, about potentially incorporating 3DS' three-dimensional telomere analysis and proprietary software into their trials. 3DS can offer these organizations significant insight into the efficacy of their compounds and possibly provide information on dose dependent response, as well as toxicity related to each compound. 3DS has completed and published both in vitro and ex vivo studies for one of these organizations. 3DS is also actively collaborating with IUCPQ, a renowned and internationally recognized leader in cardiopulmonary disease. Together with the IUCPQ and their team of pathologists, 3DS is exploring the possibility of identifying a biological marker to distinguish between two forms of lung cancer. In addition, the Company has recently made a number of significant additions to its management team, Board of Directors, BAB and CSAB.

On October 19, 2016, 3DS announced its participation in a major clinical trial for prostate cancer diagnosis and management known as PRECISE. This trial marks the Company's first step toward validation and approval of clinical risk assessment tests for prostate cancer. The trial is expected to last 24 months, starting in the first quarter of 2017 and is estimated to cost approximately $2.4 million.

3DS intends to facilitate personalized treatment decisions for each individual prostate cancer patient with the following objectives:

- Identify the right patients for the right treatment
- Accurately monitor patients during treatment
- Reduce the number of patients undergoing unnecessary prostate biopsies
- Reduce the number of biopsies over time (for each patient)
- Reduce biopsy related adverse events including infection and pain
- Reduce the over-diagnosis and over treatment of clinically insignificant prostate cancer
- Reduce the economic burden of diagnosing and treating prostate cancer

On December 7, 2016, the Company presented the preliminary results of an important collaborative initiative between the Company and the IUCPQ exploring the possibility of identifying a biological marker to distinguish between two deadly forms of lung cancer, multiple synchronous lung adenocarcinoma ("**AC**") and metastatic lung AC, which is a significant unmet clinical need in the management of patients with multiple lung lesions. In every blinded patient sample the Company analyzed, 3DS' technology was able to distinguish between the two respective types of deadly lung cancer. The acquisition of 3D telomere images and analysis was performed in the Company's reference lab using 3DS' proprietary software platform, TeloView™. A poster was presented at the International Association for the Study of Lung Cancer ("**IASLC**") 17th World Conference on Lung Cancer ("**WCLC**") which took place in Vienna, Austria from December 4 to December 7, 2016.

Effective September 26, 2016, 3DS hired Jason Flowerday as CEO. Mr. Flowerday has extensive life sciences leadership experience, including over a decade of business development and marketing work for two of the world's largest pharmaceutical companies, Germany's Bayer AG and US-based Johnson & Johnson. Other notable positions include executive leadership and entrepreneurial roles with Knight Therapeutics and Pro Bono Bio Inc. Mr. Flowerday was also a co-founder and co-owner of both Orphan Canada and RxMedia Healthcare Communications. He is an independent Director of Aequus Pharmaceuticals.

Effective January 6, 2017, 3DS announced they had hired Joost van der Mark as CBO, who brings more than two decades of executive experience to 3DS, having worked with several major international

healthcare companies, as well as earlier stage biotechnology and healthcare firms. His accomplished history of strategic operations, sales and marketing, clinical research, market access, business development and general management success in the global healthcare industry includes BioSyent, where he served as Vice-President of Corporate development as well as progressive positions at Bayer, Sanofi and Nycomed. He was also a co-founder of Orphan Canada.

3DS also announced the following internationally renowned senior biotech executives as members of the Company's BAB: Jonathan Goodman, Director & CEO, Knight Therapeutics Inc., Dr. Heiner Dreismann, Past President and CEO, Roche Molecular Diagnostics, and John Lindsay, Founder, SciPartners. As the Company advances its first-in-class minimally invasive tests for major diseases, such as prostate cancer and Alzheimer's disease, independent guidance from the BAB is critical to developing a successful commercial strategy for entry into Canada, the United States and Europe. On December 5, 2016, the Company announced the addition of Nigel Terrett, who brings extensive commercial lab experience including executive roles with several major commercial labs and electronic health record companies such as Excelleris Technologies, Lifelabs Inc. and MDS Diagnostics Inc.

On November 14, 2016, the Company introduced an internationally recognized CSAB consisting of Sabine Mai, PhD., Kenneth C. Anderson, M.D., Laurence Klotz, M.D., Hans Knecht, M.D., Darrel Drachenberg, M.D., Rami Kotb, M.D. and Thomas Cremer, M.D. The CSAB will serve as a resource to the Company's Board of Directors and Mr. Flowerday, the Company's Chief Executive Officer, and will help guide the planned clinical development of 3DS' proprietary genomic analysis software from research, right through to validation and regulatory approval, currently focusing on Prostate Cancer, Hodgkin's Lymphoma, Multiple Myeloma, Lung Cancer and Alzheimer's disease.

On December 9, 2016, the Company announced that Helen Stevenson, founder and CEO of Reformatory Group Inc., a company dedicated to helping manage prescription drug costs for employer drug plans while promoting better patient health outcomes, was appointed to the Company's Board of Directors replacing Dr. Ian Smith, who stepped down from the Board of Directors and joined the Company's CSAB.

Development Program

In 2017, 3DS intends to begin a clinical trial for validation and preliminary approval of the Company's lead prognostic test for Hodgkin's Lymphoma. The trial seeks to predict, at point of diagnosis, whether patients will respond to standard chemotherapy or not, and thus be candidates for a targeted second-line therapy. The Company expects to engage a nationally recognized and accredited laboratory partner in the validation and approval of Hodgkin's Lymphoma LDT for Canada in 2017.

In addition, 3DS will participate in the PRECISE Prostate Cancer clinical trial that will seek to predict the most effective treatment plan for the individual patient. This would represent a first-in-class minimally invasive (blood-based) risk-assessment tool for prostate cancer patients at various stages of disease and treatment.

Development Timeline

3DS expects to initiate the Hodgkin's Lymphoma clinical trial in the first half of 2017 with an expected completion in late 2017. The PRECISE Prostate cancer trial will start during the first quarter of 2017 and is expected to be completed by the end of 2018.

Estimated costs for the trial is $2.4 million

QUARTERLY FINANCIAL INFORMATION

3DS, incorporated on June 11, 2014, has not earned revenues as of February 24, 2017.
The following table sets forth selected consolidated financial information for the periods indicated. The selected consolidated financial information set out below for the three months ended September 30, 2016

has been derived from the condensed consolidated interim financial statements and accompanying notes, in each case prepared in accordance with IFRS. The Company's auditors, MNP LLP, have performed an auditor review of the condensed consolidated interim financial statements in accordance with Section 7060 of the CPA Assurance Handbook. The selected financial information provided below is derived from the Company's unaudited quarterly condensed consolidated interim financial statements for each of the last four quarters. These historic results may not be indicative of 3DS' future performance.

	Three Months Ended			
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Revenue	$ -	$ -	$ -	$ -
Research and development	221,230	87,039	109,741	72,282
General and administration	1,384,972	1,416,121	333,918	504,707
Listing costs	-	1,859,107	-	-
Finance expense, net	391	5,631	4,767	7,779
Net loss	(1,606,593)	(3,367,898)	(448,426)	(584,768)
Basic and fully diluted loss per share (Prior quarters restated, assuming conversion of all shares)	(0.03)	(0.11)	(0.02)	(0.02)

Variations in expenses and net loss for the periods above resulted primarily from the following factors:

- Increasing research and development expenses as the Company advances its research and development programs towards clinical trials, including additional salaries, wages and benefits due to the hiring of an additional research technician and increased consulting and professional fees.
- Increasing general and administrative expenses, as 3DS began trading as a public company in September of 2016, including salaries, wages and benefits, stock-based compensation, professional fees and investor relations expenses.
- Decreased listing costs as these costs were primarily incurred during the three months ended September 30, 2016 when 3DS began trading as a public company.
- Continued net losses due to the factors described above including as a consequence of the Company being in the pre-revenue research and development stage.

Research and Development Expenditures:

The following table summarizes the Company's research and development expenditures for the three and six months ended December 31, 2016 and 2015:

	Three months ended December 31		**Six months ended December 31**	
	2016	2015	**2016**	2015
Amortization and depreciation	**$ 22,159**	$ 26,187	**$ 41,586**	$ 41,685
Laboratory supplies	**22,648**	8,711	**60,669**	72,970
Professional fees & consulting	**74,529**	5,870	**106,355**	24,640
Salaries, wages and benefits	**101,894**	64,443	**237,648**	99,778
	$ 221,230	$ 105,211	**$ 446,258**	$ 239,073

Research and development expenditures increased by $116,019 to $221,230 from $105,211 for the three months ended December 31, 2016 when compared to the three months ended December 31, 2015 and by

$207,185 to $446,258 from $239,073 for the six months ended December 31, 2016 when compared to the six months ended December 31, 2015. The increase is primarily due to professional and consulting fees associated with the Company's advances on its development programs towards clinical trials. In addition salaries, wages and benefits increased as an additional research technician was hired during the three months ended September 30, 2016.

General and Administration Expenditures:

The following table summarizes the Company's general and administrative expenditures for the three and six months ended December 31, 2016 and 2015:

	Three months ended December 31		Six months ended December 31	
	2016	2015	**2016**	2015
Advertising, promotion and other expenses	**$ 34,605**	$ 3,063	**$ 36,356**	$ 6,814
Investor relations	**419,051**	1,083	**550,702**	11,074
Office	**54,849**	10,260	**146,514**	24,286
Professional development	**30,920**	21,070	**70,920**	28,570
Professional fees	**321,713**	18,450	**463,504**	35,672
Salaries, wages, and benefits	**223,793**	57,535	**448,299**	115,823
Stock-based compensation	**220,202**	102,022	**831,921**	174,395
Stock exchange expenses	**32,461**	-	**32,461**	-
Travel	**47,378**	13,250	**84,621**	33,133
	$ 1,384,972	$ 226,733	**$ 2,665,298**	$ 429,767

General and administration expenditures increased by $1,158,239 to $1,384,972 from $226,733 for the three months ended December 31, 2016 when compared to the three months ended December 31, 2015 and by $2,235,531 to $2,665,298 from $429,767 for the six months ended December 31, 2016 when compared to the six months ended December 31, 2015. The increase is due to increases in salaries, wages and benefits and stock-based compensation as a result of additional employees hired, including the new CEO, as well as Board, BAB and CSAB appointments. Additional increases in professional fees and investor relations costs are the result of 3DS becoming a publicly traded company in September of 2016.

LIQUIDITY AND CAPITAL RESOURCES

In September 2016, 3DS closed the Qualifying Transaction with proceeds from investors of $5.4 million. These funds have been used to provide working capital for operations, repay loans and decrease accounts payable.

On December 16, 2016, 3DS announced the closing of a private placement for 5,187,618 units ("**Unit**" or "**Units**") at $0.75 per unit for gross proceeds of $3,890,714, including the partial exercise of an over-allotment option.

On December 22, 2016, 3DS announced that it had issued an additional 215,300 Units pursuant to the second tranche of the private placement, at $0.75 per Unit for gross proceeds of $161,475 pursuant to the partial exercise of the over-allotment option.

Subsequent to December 31, 2016, on January 6, 2017, 3DS announced that it had issued an additional 597,082 Units pursuant to the third tranche of the private placement, at $0.75 per Unit for gross proceeds of $447,800 pursuant to a further partial exercise of the over-allotment option

In order to continue the development and commercialization of its products, the Company will require additional funds. It is expected that these funds may come from the issuance of shares from treasury, or alternative sources of financing, however, there can be no assurance that 3DS will successfully raise funds to continue the development and commercialization of products and operational activities.

Sources and Uses of Cash

	For the 6 months ended December 31, 2016
Cash (used in) operating activities	(5,081,165)
Cash provided by financing activities	8,666,855
Cash (used in) investing activities	(10,983)
Net increase in cash and cash equivalents	3,574,707

Cash used in operating activities for the six months ended December 31, 2016, of $5,081,165 is primarily the result of the net loss incurred by the Company of $4,976,684, as well as prepayments made on several consulting contracts.

Cash used in investing activities for the six months ended December 31, 2016, of $10,983 is the result of purchases of intangible assets of $115,802 and purchases of equipment of $35,135, partially offset by cash assumed by 3DS in acquisition of Plicit Capital Corp. of $139,954.

Cash from financing activities for the six months ended December 31, 2016, of $8,666,855 is the result of proceeds from the issuance of common shares, net of cash share issuance costs, totaling $8,665,469, proceeds from the exercise of stock options of $34,990, partially offset by net cash repayments of notes payable of $33,604.

OUTSTANDING SHARE CAPITAL

On December 16, 2016, 3DS announced the closing of a private placement for 5,187,618 units ("**Unit**" or "**Units**") $0.75 per Unit for gross proceeds of $3,890,714, including the partial exercise of an over-allotment option.

On December 22, 2016, 3DS announced that it had issued an additional 215,300 Units pursuant to the second tranche of the private placement, at $0.75 per Unit for gross proceeds of $161,475 pursuant to the partial exercise of the over-allotment option.

Subsequent to December 31, 2016, on January 6, 2017, 3DS announced that it had issued an additional 597,082 Units pursuant to the third tranche of the private placement, at $0.75 per Unit for gross proceeds of $447,800 pursuant to a further partial exercise of the over-allotment option.

Each Unit issued pursuant to the private placement consists of one common share and one common share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.92 until December 16, 2018. In the event that at any time after June 16, 2017, the closing price of the Company's common shares for a period of 20 consecutive trading days exceeds $1.35, the Company may accelerate the expiry date of the Warrants to that date that is 30 days following the date on which the Company sends notice to the holders of the Warrants of the new expiry date.

The private placement was brokered by a syndicate of agents (the "**Agents**") that in connection with the initial closing of the private placement were paid an aggregate cash commission of $311,257, equal to 8% of the gross proceeds raised under the private placement and were also issued 415,009 broker warrants equal to 8% of the Units sold pursuant to the private placement. The Agents were paid an aggregate cash commission of $12,918, equal to 8% of the gross proceeds raised under the second tranche, and were also issued 17,224 broker warrants equal to 8% of the Units sold pursuant to the second tranche of the private

placement. The Agents were paid an aggregate cash commission of $35,824, equal to 8% of the gross proceeds raised under the third tranche, and were also issued 47,766 broker warrants equal to 8% of the Units sold pursuant to the third tranche of the private placement. Each broker warrant entitles the holder thereof to purchase one common share at a price of $0.75 until December 16, 2018.

The Company intends to use the net proceeds from the private placement to fund clinical trials and for working capital and general corporate purposes.

On October 27, 2016, the Company granted 320,000 incentive stock options ("**ISOs**") to directors, officers and employees of the Company at an exercise price of $0.52, which are exercisable for a ten year period and vested immediately.

On December 9, 2016, the Company granted 210,000 ISOs to directors, contractors and employees of the Company at an exercise price of $0.76, which are exercisable for a ten year period and vest over 2 years.

Subsequent to December 31, 2016, on January 6, 2017, the Company granted 220,000 ISOs to the CBO at an exercise price of $0.75, which are exercisable for a ten year period from the date of grant following vesting and vest in tranches from July 7, 2017, to July 7, 2019. Additionally, on January 17, 2017, the Company granted 253,125 ISOs to Jason Flowerday, the Company's CEO and a Director of 3DS at an exercise price of $0.79, which are exercisable for a ten year period from the date of grant following vesting and vest in four tranches of 63,281 every six months from October 1, 2017, to April 1, 2019.

As of December 31, 2016, there are 52,130,749 common shares issued and outstanding, and 4,647,956 common shares issuable upon the exercise of outstanding stock options and 7,080,914 common shares issuable upon the exercise of warrants.

As of March 1, 2017, there are 52,828,756 common shares issued and outstanding, and 5,121,081 common shares issuable upon the exercise of outstanding stock options and 7,624,838 common shares issuable upon the exercise of warrants.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As of March 1, 2017, and in the normal course of business, 3DS does not have any material obligations to make future payments, other than an office lease for 5 years with minimum annual payments of $12,600 per year.

RELATED PARTY TRANSACTIONS

3DS has no related party transactions that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a result of the Company's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. The Company has recently hired additional accounting and finance staff through a consulting agreement to address this potential weakness. To help mitigate the impact of this, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), and as such has not completed such an evaluation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed consolidated 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 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 completion of a Qualifying Transaction as described in Note 5 to the condensed consolidated interim financial statements for the three and six months ended December 31, 2016.

The condensed consolidated interim financial statements for the three and six months ended December 31, 2016, 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. The condensed consolidated interim 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.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The Company's principal accounting policies are outlined in the Company's annual audited financial statements for the year ended June 30, 2016, and have been applied consistently to all periods presented in the unaudited condensed consolidated interim financial statements for the three and six months ended December 31, 2016.

New 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 December 31, 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 International Accounting Standard ("**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*, International Financial Reporting Interpretations Committee ("**IFRIC**") 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers,* and Standard Interpretations Committee ("**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.

OFF-BALANCE SHEET ARRANGEMENTS

3DS has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

PROPOSED TRANSACTIONS

There are no proposed transactions.

FINANCIAL INSTRUMENTS AND RISKS

The Company classifies its financial assets as (i) financial assets at fair value through profit or loss ("**FVTPL**"), (ii) loans and receivables or (iii) available-for-sale, and its financial liabilities as either (i) financial liabilities at FVTPL or (ii) other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the statement of financial position.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets at FVTPL include financial assets held-for-trading and financial assets designated upon initial recognition as FVTPL. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at FVTPL are carried in the statement of financial position at fair value with changes in the fair value recognized in the statement of comprehensive income. Transaction costs on FVTPL are expensed as incurred.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held-for-trading. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

RISKS AND UNCERTAINTIES

For a comprehensive discussion on the risks and uncertainties affecting the Company, please refer to the AIF filed on January 31, 2017.

ADDITIONAL INFORMATION

Additional information relating to the Company, including its AIF, can be found on SEDAR at www.sedar.com.