

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2017

This management discussion and analysis ("MD&A") of 3D Signatures Inc. (the "Company" or "3DS") for the year ended June 30, 2017 is as of October 23, 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 audited consolidated financial statements for the year ended June 30, 2017 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"). 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.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and information in this MD&A contain forward-looking statements or forward-looking information under applicable Canadian securities legislation that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "ongoing", "could", "would", "seek", "target" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- the initiation, timing, cost, progress and success of our research and development programs;
- our ability to advance product candidates into, and successfully complete, clinical trials;
- the timing of, our decision to seek, and our ability to achieve regulatory approval for our current and future diagnostic and prognostic tests (the "Tests") being developed;
- our ability to achieve profitability;
- the Company's ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise, and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our estimates of the size of the potential markets for our Tests;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- the therapeutic benefits, effectiveness and safety of our Tests;
- the rate and degree of market acceptance and clinical utility of our future products, if any;

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- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business; and
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing.

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by 3DS as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance, achievements, prospects or opportunities to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) assumptions regarding general business and economic conditions; (iv) the Company's ability to successfully develop the Tests; (v) that our current positive relationships with third parties will be maintained; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to attract and retain skilled staff; (viii) assumptions regarding market competition; (ix) the products and technology offered by the Company's competitors; and (x) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined in this MD&A under the heading "*Risks and Uncertainties*". Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

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 (the "**Telomere Technology**"). 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 2,000 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. See below for details on the Company's intellectual property.

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 research and development. In the short history of the Company, 3DS has assembled a team with successful track records in the biomedical market, has begun the development of Laboratory Developed Tests ("**LDTs**") 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

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for its Tests, the Company is seeking to engage biopharma companies in collaborations geared towards improving their drug-screening capabilities and developing companion diagnostics based on 3DS’ platform.

3DS’ registered office is located at 605-815 Hornby Street, Vancouver, British Columbia V6Z 1T9 and its head office is located at the MaRS Centre, South Tower, 101 College Street, Suite 200 Toronto, ON M5G 1L7.

Intellectual Property

The Company seeks intellectual property protection in various jurisdictions around the world and owns patents and patent applications relating to technologies in the United States, Canada and EU. The scope and duration of 3DS’s intellectual property rights vary from country to country depending on the nature and extent of its intellectual property filings, the applicable statutory provisions governing the intellectual property and the nature and extent of its legal rights. The Company will continue to seek intellectual property protection as appropriate.

Even though the patent positions of biotechnology companies may be uncertain and involve complex legal and factual issues, the Company believes that patents and other proprietary rights are of significant value. The Company holds a patents portfolio of 16 patent applications related to the Telomere Technology (the “**Telomere Patents**”). Six of those applications seek to protect the core of 3DS’s Telomere Technology and the associated parameters that allow the TeloView™ software platform to perform its designed function. These six applications include Canada 2515792, U.S. 10/546152 7801682, Europe 04713499.4/1594990, Canada 2775315, U.S. 13/869797 and U.S. 62/527,201. These applications correspond to HL, prostate cancer, multiple myeloma and Alzheimer Disease. The rest of the portfolio is comprised of specialized patent applications that seek to protect specific technology applications related to a particular disease or group of diseases. The portfolio seeks technology protection in Canada, the U.S. and several European countries. Out of the Telomere Patents, seven have been issued or granted. The core technology patents seek to provide intellectual property protection until 2025; however, the special application patents are designed to extend the intellectual property protection until 2034. 3DS also holds a trademark over its TeloView™ software.

The following tables set out both the Telomere Patents and validation applications. These tables include patents validated, and applications for validation, in individual count in the European Union (“**EU**”) as independent patents, as well as “traditional” patents and patent applications. In the EU, a patent application is first submitted to the EU patent office where the application is scrutinized and examined. Once the EU accepts the application and grants the patent, the inventors still need to validate the granted patent with the patent office of each country of interest in the EU. The patent rights are only protected in the individual countries where the owner validates them.

METHOD OF MONITORING GENOMIC INSTABILITY USING 3DS MICROSCOPY AND ANALYSIS

Country	Application No./ Patent No.	Status
Canada	2515792	Pending
U.S.	10/546152 7801682	Granted

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Country	Application No./ Patent No.	Status
Europe	04713499.4 1594990	Granted
France	04713499.4 1594990	Validated
Germany	DE60 2004 048 302.8	Validated
Spain	ES2567199	Validated
United Kingdom	04713499.4 1594990	Validated

METHODS OF DETECTING AND MONITORING CANCER USING 3DS ANALYSIS OF CENTROMERES

Country	Application No./ Patent No.	Status
Canada	2665100	Pending
U.S.	12/443781 8,849,579	Granted
France	04713499.4 1594990	Validated
Germany	DE60 2004 048 302.8	Validated
Spain	ES2567199	Validated
United Kingdom	04713499.4 1594990	Validated

DIAGNOSTIC METHODS FOR HEMATOLOGICAL DISORDERS

Country	Application No./ Patent No.	Filing date	Status
Canada	2760873	Dec 2, 2011	Pending
U.S.	13/692645	Dec 3, 2012	Pending

METHODS FOR DIAGNOSING ALZHEIMER'S DISEASE

Country	Application No./ Patent No.	Status
Canada	2,771,621	Pending
U.S.	14/365141	Pending
Europe	12857141.1	Pending
Canada	2895211	Pending

METHODS FOR EVALUATING ALZHEIMER'S DISEASE AND DISEASE SEVERITY

Country	Application No./ Patent No.	Status
U.S.	9,758,830	Granted
Canada	2856419	Pending

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METHODS FOR CHARACTERIZING AND ISOLATING CIRCULATING TUMOR CELLS SUBPOPULATIONS

Country	Application No./ Patent No.	Status
Canada	2775315	Pending
U.S.	13/869797	Pending

DIAGNOSTIC METHODS USING GRANULOMETRY

Country	Application No./ Patent No.	Status
U.S.	9,784,666	Granted

METHODS FOR IDENTIFYING MUTATIONS OF CIRCULATING TUMOR CELLS

Country	Application No./ Patent No.	Status
U.S.	62/527,201	Pending

Corporate Developments for the year ended June 30, 2017:

- On September 8, 2016, 3DS (formerly Plicit Capital Corp. ("**Plicit**")) announced the completion of its qualifying transaction (the "**Qualifying Transaction**") and reverse takeover, as that term is defined in the policies of the TSX Venture Exchange ("**TSXV**"), approved by the TSXV. The shareholders of the acquired company, 3D Signatures Inc., received 4.0376 shares of 3DS for each one of Plicit's shares.
- On September 8, 2016, 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 TSXV under the symbol DXD.V.
- On September 27, 2016, 3DS appointed Jason Flowerday, B.Sc, MBA as the Company's Chief Executive Officer ("**CEO**") and concurrent appointment to the Company's board of directors (the "**Board of Directors**"), to lead the Company's commercialization efforts and capital markets strategy.

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- On October 19, 2016, 3DS announced its participation in a major clinical trial for prostate cancer diagnosis and management known as PRECISE (“**PRECISE**”).
- On October 27, 2016, the Company introduced the Company’s Business Advisory Board (“**BAB**”) consisting of senior biotech executives as members of the Company’s BAB.
- On November 14, 2016, the Company introduced the Company’s Clinical and Scientific Advisory Board (“**CSAB**”), comprised of physicians and researchers.
- On December 5, 2016, the Company announced the appointment of Mr. Nigel Terrett to the BAB.
- On December 6, 2016, 3DS presented the preliminary results of an important collaborative initiative between the Company and the Institut universitaire de cardiologie et de pneumologie de Quebec (“**IUCPQ**”) exploring the possibility of identifying a biological marker to distinguish between two forms of lung cancer.
- 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 Board of Directors replacing Dr. Ian Smith, who stepped down from the Board of Directors and joined the 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 the over-allotment option, granted in connection with the private placement.
- 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.
- On December 22, 2016, 3DS also announced that it had retained Kilmer Lucas Inc. to provide Canadian and U.S. investor relations and strategic advisory services.
- On January 4, 2017, 3DS announced that its common shares (the “**Common Shares**”) had 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.
- On January 6, 2017, 3DS announced the issuance of an additional 597,082 units pursuant to the third tranche of the Company’s previously discussed private placement, which were sold at \$0.75 per unit for gross proceeds to the Company of \$447,812 pursuant to a further partial exercise of the over-allotment option.
- On January 6, 2017, the Company 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 February 21, 2017, 3DS’ co-founder and principle inventor, Dr. Sabine Mai, presented at the 24th International Molecular Medicine Tri-Conference in San Francisco, CA, on the results of a prospective blood-based prostate cancer pilot study using its TeloView™ software platform. Based on blinded blood samples, TeloView™ correctly predicted the stability and aggressiveness of disease for each of the study’s 50 intermediate risk prostate cancer patients.
- On February 23, 2017, 3DS announced that the validation program for its Hodgkin’s Lymphoma (“**HL**”) test (“**Telo-HL**”), a five-stage program aimed at the development of a commercially marketable LDT within the next twelve months, is underway. On March 29, 2017, the Company announced the successful internal analytical assay validation, referred to as Stage 2 of the validation program.
- On March 14, 2017, 3DS announced that it had made the final payment to CancerCare Manitoba (“**CCBM**”) for the purchase of intellectual property. CCBM previously assigned this intellectual

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property to 3DS on June 26, 2014. CCMB retains a 1.5% royalty on all gross revenues derived from the commercialization of these patent rights and related products.

- On March 21, 2017, 3DS announced the clinical study results which confirm that based on a swab of a patient's cheek, the Company's TeloView™ software platform has the ability to identify patients with Alzheimer's disease and distinguish between mild, moderate, and severe forms of the disease. The results of this study have been accepted for publication in the peer-reviewed Journal of Alzheimer's Disease.
- On April 11, 2017, the Company announced the appointment of Dr. Kevin Little as its Chief Scientific Officer ("**CSO**"). Dr. Little provides the Company with a successful track record of clinical and executive experience with life sciences firms, including those who are focused on growth.
- On April 18, 2017, the Company announced the relocation of its corporate office to the MaRS Discovery District ("**MaRS**") located in Toronto. Management completed the relocation on April 30, 2017.
- On April 27, 2017, the Company announced that it had received the first batch of blood samples for PRECISE. The samples were received for processing and analysis at the Company's laboratory.
- On May 5, 2017, the Company announced the resignation of Ferenc Somogyvari from the Board of Directors. Mr. Somogyvari joined the Company's CSAB.
- On June 8, 2017, the Company announced the commencement of the clinical trial component of the Telo-HL validation program. The process is Stage 3 of the validation program.

Corporate Developments subsequent to June 30, 2017

- On July 19, 2017, the Company announced that it has entered into an agreement with a syndicate of agents, to sell by way of a short for prospectus, on a best efforts agency basis, up to 12,500,000 Common Shares at a price of \$0.40 per Common Share, for aggregate gross proceeds of up to \$5,000,000 (the "**2017 Offering**"). In addition, the Company granted the agents an option to purchase up to an additional 1,875,000 Common Shares at \$0.40 per Common Share to cover over-allotments, if any. The Company agreed to pay a cash commission to the agents, equal to 8.0% of the gross proceeds of the 2017 Offering, except in respect of any subscriptions by eligible purchasers on a list provided by the Company (the "**President's List**") and accepted by the agents, for which a commission equal to 2.0% of the gross proceeds from the 2017 Offering raised from such purchasers. The Company has also agreed to reimburse the agents for reasonable expenses incurred, including reasonable legal fees to a maximum of \$50,000 plus disbursements and taxes. Additionally, the Company agreed to pay to the agents a corporate finance fee of \$40,000 plus tax, as well as issue to the agents broker warrants, exercisable at the price of the securities issued in the 2017 Offering as is equal to 8.0% of the aggregate number of Common Shares issued in the 2017 Offering not on the President's List and 2.0% of the aggregate number of Common Shares issued in the 2017 Offering to purchasers on the President's List. Each broker warrant shall be exercisable into one common share at any time prior to the date that is 24 months after the closing date.
- On August 11, 2017, the Company announced the resignation of Helen Stevenson from the Board of Directors.
- On October 3, 2017, the Company announced a non-brokered private placement of 2,000,000 Common Shares at a price of \$0.25 per Common Share for gross proceeds to the Company of \$500,000 (the "**ScreenCell Private Placement**") with ScreenCell SA, a strategic partner to the Company, who supplies the Company with a screening system for the capture and isolation of circulating tumor cells from blood samples.
- On October 4, 2017, the Company announced the closing of the ScreenCell Private Placement.
- On October 10, 2017, the Company announced the resignation of Bruce Colwill from the Board of Directors.

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- On October 10, 2017, the Company announced the completion of the clinical trial component, or Stage 3 of its Telo-HL validation program. Additionally, the Company announced the concurrent submission of the resulting clinical trial data to the Company's statistics consulting partner, BioStat Solutions Inc. to carry out the statistical evaluation of the data and develop a scoring model to distinguish patients with non-aggressive disease from those with aggressive disease who may relapse within 12 months of treatment with standard first-line chemotherapy.
- On October 18, 2017, the Company announced the addition of Keith Cassidy to the Board of Directors and the Company's audit committee. The Company also announced that it appointed Jason Flowerday to the Company's audit committee and Gordon McCauley as the new chair of the audit committee.

OVERALL PERFORMANCE

3DS has accumulated a deficit of \$12,106,522 as at June 30, 2017 compared to a deficit of \$2,193,121 as at June 30, 2016. The Company expects its operating losses to continue into the next fiscal year as it develops its TeloView™ Tests.

The Company has funded its operations with proceeds from the Qualifying Transaction Private Placement (as defined below), the 2016 Private Placement (as defined below) and the ScreenCell Private Placement, and expects to seek additional funding through equity financings and partnership collaborations to finance its test development and the possible commercial launch of its Tests. If the Company's test development and commercial activities do not show positive progress, or if capital market conditions in general or with respect to development stage companies such as 3DS are unfavourable, its ability to obtain additional funding may be adversely affected.

SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30	2017	2016	2015
Total revenue	-	-	-
Net loss for the fiscal year	(9,913,401)	(1,758,719)	(434,402)
Loss per share, basic and fully diluted ⁽¹⁾	(0.21)	(0.07)	(0.02)
Total assets	3,112,767	899,219	587,520
Total non-current financial liabilities	16,997	-	81,319
Distribution of cash dividend per share	-	-	-

⁽¹⁾ Loss per share for the years ended June 30, 2016 and June 30, 2015 are adjusted for the Exchange Ratio

Net Loss

The Company recorded a net loss of \$9,913,401 (\$0.21 per Common Share) in the year ended June 30, 2017 ("**FY 2017**") and \$1,758,719 (\$0.07 per Common Share) in the year ended June 30, 2016 ("**FY 2016**"). In the three months ended June 30, 2017 ("**Q4 2017**"), net loss was \$2,764,895 (\$0.05 per Common Share) as compared to \$510,877 (\$0.02 per Common Share) in the three months ended June 30, 2016 ("**Q4 2016**"). The increase in the net loss was primarily due to an increased wage expense for both clinical staff and management. Stock based compensation, costs associated with the listing of the Company's stock on the TSXV and ongoing expenses relating to the Company's operations as a reporting issuer also contributed to the increased net loss. However, with additional clinical staff, the Company was able to advance the development work for its HL test.

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Intangible Assets

For the year ended June 30	2017	2016	(Decrease)
	\$ -	\$ 650,012	\$ (650,012)
	\$ -	\$ 650,012	\$ (650,012)

Intangible assets consist of software paid for and capitalized and expensed costs of patents paid for and capitalized. Since these intangible assets have no value if the Company does not complete the development of its Tests and the Company currently does not have the requisite amount of working capital to develop its Tests, the Company is required to write-down the value of these assets for FY 2017. As a result, the value of the Company's intangible assets has been decreased by \$650,012.

Research and Development Expenditures:

Set out below are the Company's research and development expenditures for the years ended June 30, 2017 and 2016:

For the year ended June 30	2017	2016	Increase
Advertising, promotion and other expenses	\$ 46,260	\$ 19,387	\$ 26,873
Amortization and depreciation	110,358	74,088	36,270
Laboratory costs	182,953	97,053	85,900
Professional fees & consulting	112,770	29,891	82,879
Sponsorships	50,000	-	50,000
Salaries, wages & benefits	453,774	243,731	210,043
Toronto moving costs	44,610	-	44,610
Travel and conferences	119,436	38,039	81,397
	\$ 1,120,161	\$ 502,189	\$ 617,972

Research and development expenditures were \$1,120,161 for the year ended June 30, 2017 compared to \$502,189 for the year ended June 30, 2016. Factors contributing to the increased research and development costs for the FY 2017 compared to FY 2016 include:

- Increases in advertising, promotion and other expenses due to the commencement of the Company's lease of laboratories at MaRS, beginning in April 2017. The commencement of this lease has also resulted in the moving costs incurred during FY 2017.
- Increases in amortization and depreciation due to acquisitions of equipment and intangible assets to be used in the Company's research and development activities.
- Increase in laboratory costs mainly due to increased consumption of laboratory supplies from an increased headcount of technicians involved with the Company's research and development activities. Other contributing factors included coverage of costs of a partner lab assisting with the Company's research and development activities as well as acquisitions of samples to be used in the development of Telo-HL.
- Increase in professional and consulting fees associated with the Company's advances in its development programs towards clinical trials, particularly relating to costs associated with CSAB, which was launched in November 2016.
- Sponsorships related to the Company's participation in the PRECISE clinical trial.
- Increases in salaries, wages & benefits due to the hiring of the Company's CSO, Dr. Kevin Little, during the fourth quarter of FY 2017 and the hiring of three additional laboratory technicians during the third and fourth quarter of FY 2017, supporting the Company's current clinical trials.
- Increased travel costs as a result of attendance at industry related conventions to promote the Company's TeloView™ technology.

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General and Administration Expenditures:

Set out below is the Company's general and administrative expenditures for the years ended June 30, 2017 and 2016:

For the year ended June 30	2017	2016	Increase
Advertising, promotion and other expenses	\$ 127,945	\$ 51,178	\$ 76,767
Investor relations	66,555	27,491	39,064
Media	1,261,326	21,607	1,239,719
Professional fees & consulting	2,511,560	170,296	2,341,264
Salaries, wages and benefits	865,421	397,598	467,823
Stock based compensation	1,134,106	393,072	741,034
Stock exchange fees	34,231	-	34,231
Travel and conferences	319,966	161,487	158,479
	\$ 6,321,110	\$ 1,222,729	\$ 5,098,381

General and administration expenditures were \$6,321,110 for the year ended June 30, 2017 compared to \$1,222,729 for the year ended June 30, 2016. Factors contributing to the increase in general and administration expenses during FY 2017 compared to FY 2016 include the following:

- Increases in advertising, promotion and other expenses due to increases in insurance and general office expenses as a result of the Company's expanding operations and assuming status as a publicly traded Company. Also contributing to the increase in advertising, promotion and other expenses were costs attributed to the development of an IT network for the Company.
- Increases in investor relations expenses due to two new investor relations service providers during FY 2017.
- Increases in media expenses due to the Company's efforts in promotion of the Company's TeloView™ technology through the use of email marketing, online advertising and the development of animation media of the Company's TeloView™ technology. Additionally, the Company incurred expenses relating to the development of a video presentation that showcases the Company's technology in addition to a print publication showcasing this technology.
- Increases in professional fees and consulting due to additional professional fees incurred as a result of becoming a public company during FY 2017, as well as various consulting engagements entered into relating to the Company's analysis of target markets and introductions to potential investors. Additionally contributing to the increase was fees paid to members of the BAB, launched during FY 2017.
- Increases in salaries and wages expense due to the hiring of the Company's CEO, Jason Flowerday, during the first quarter of FY 2017 and the hiring of the Company's CBO, Joost van der Mark, during the third quarter of FY 2017. Additionally, compensation increases were granted to employees and contractors from the amounts earned in the prior year
- Increases in stock-based compensation as a result of greater volume of stock options granted to employees, consultants and directors of the Company.
- Stock exchange fees incurred during FY 2017 as a result of the Company listing on three stock exchanges during FY 2017.
- Increases in travel and conference expenses associated with attendance at events related to the Company's pursuit of capital, business development expenses and investor relations activities.

Listing costs:

For the year ended June 30	2017	2016	Increase
Listing costs	\$ 1,859,107	\$ -	\$ 1,859,107
	\$ 1,859,107	\$ -	\$ 1,859,107

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The Company's listing costs for FY 2017 were \$1,859,107 compared to nil for FY 2016. Listing costs include \$1,310,946, which represents the value of the share-based payment made by the Company's subsidiary, 3D Signatures Holdings Inc., in excess of the value of the assets acquired by the Company immediately prior to the completion of the Qualifying Transaction. Listing costs also include \$175,000 representing the value of shares issued as a finder's fee and \$373,161 in professional fees, both of which are associated with the Qualifying Transaction.

Impairment loss:

For the year ended June 30	2017	2016	Increase
Impairment loss	\$ 604,485	\$ -	\$ 604,485
	\$ 604,485	\$ -	\$ 604,485

The Company recorded an impairment loss of \$604,485 for FY 2017, a provision that was not made in FY 2016. The Company has recorded this amount due to management's assessment of uncertainty relating to the Company's ability to generate sufficient capital to complete the commercialization and realization of the value of the Company's intangible assets relating to the Company's software and patents developed.

Finance expense, net:

For the year ended June 30	2017	2016	Increase (Decrease)
Interest on note payable to CCBM	\$ 5,777	\$ 28,937	\$ (23,160)
Foreign exchange, net	6,434	4,103	2,331
Other interest (income) expense, net	(3,673)	761	(4,434)
	\$ 8,538	\$ 33,801	\$ (25,263)

The Company's finance expense for FY 2017 was \$8,538 compared to \$33,801 for FY 2016. The main reason for the decrease in finance expense for FY 2017 was the maturity of the note payable to CCBM during March 2017, as well as a reduction of the related accretion expense from the prior year.

DISCUSSION OF OPERATIONS

3DS is continuing 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 believes that it can offer these organizations significant insight into the efficacy of their compounds and possibly provide information on dose dependent response, as well as the toxicity related to each compound. 3DS has completed and published both in vitro and ex vivo studies for one such organization. 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.

During FY 2017 and following the Qualifying Transaction in September 2016, the Company made necessary changes to its management team. A new CEO, Jason Flowerday, was recruited to lead the Company's commercialization efforts and capital markets strategies. Mr. Flowerday joined the Company as CEO in September 2016, following the Company's listing on the TSXV, to replace the former CEO, Ferenc Somogyvari. Mr. Somogyvari remained on the Board of Directors until May 2017 when he resigned as a director and joined the CSAB.



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On October 19, 2016, 3DS announced its participation in the PRECISE trial. This trial marks the Company's first step toward validation and approval of clinical risk assessment tests for prostate cancer. The trial work started in the first quarter of 2017 and is estimated to cost approximately \$1.4 million.

On October 27, 2016, 3DS announced the following appointment of the senior biotech executives as members of the BAB: Jonathan Goodman, Director & CEO, Knight Therapeutics Inc.; Dr. Heiner Dreismann, past President & CEO, Roche Molecular Diagnostics; and John Lindsay, Founder, SciPartners. On December 5, 2016, the Company announced the addition of Nigel Terrett to the BAB. Mr. Terrett has commercial lab experience, including executive roles with several commercial labs and electronic health record companies such as Excelleris Technologies, Lifelabs Inc. and MDS Diagnostics Inc. On February 15, 2017, the Company announced the appointment of Harry Glorikian to the BAB. Mr. Glorikian provides extensive experience in the biomedical and life sciences industry working with both private and publicly traded companies. Mr. Glorikian currently serves on the advisory board of Nucleix and Evidation Health and is a co-founder and an advisory board member of DrawBridge Health.

On November 14, 2016, the Company introduced its 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. Dr. Ian Smith joined the CSAB in December 2016 and Ferenc Somogyvari joined the CSAB in May 2017. The CSAB serves as a resource to the Board of Directors and the CEO and helps guide the planned clinical development of 3DS' proprietary genomic analysis software from research to validation and regulatory approval. During FY 2017, the CSAB's current focus is HL, prostate cancer, Multiple Myeloma, Lung Cancer and Alzheimer's disease.

On December 7, 2016, the Company presented the preliminary results of an important collaborative initiative between the Company and 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. 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' TeloView™ technology. A poster was presented at the International Association for the Study of Lung Cancer 17th World Conference on Lung Cancer which took place in Vienna, Austria from December 4 to December 7, 2016.

The Company was successful in securing funding through a private placement of 6,000,000 units at \$0.75 per unit for gross proceeds of \$4,500,000. This brokered private placement closed in three tranches between December 2016 and January 2017 (the "**2016 Private Placement**") and afforded the Company the necessary capital to advance its research and development programs as well as the required working capital for general and administrative expenses.

The Company expects that additional capital will be necessary to commercialize its Tests and fund its ongoing general and administrative costs. Management is taking prudent actions to limit costs and avoid unnecessary expenses where possible, however a guarantee of ongoing funding from new or current investors is never a certainty.

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 Board of Directors replacing Dr. Ian Smith, who stepped down from the Board of Directors and joined the CSAB. Ms. Stevenson subsequently resigned from the Board of Directors on August 11, 2017.

On January 6, 2017, 3DS announced it had hired Joost van der Mark as CBO. Mr. van der Mark brings more than two decades of executive experience to 3DS, having worked with several international healthcare companies, as well as earlier stage biotechnology and healthcare firms. His accomplished

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

On April 11, 2017, the Company announced the hiring of Dr. Kevin Little as CSO. Dr. Little joined the Company after several years providing strategic advisory services in the facilitation of collaboration in the life sciences and research related ecosystems. Some of Dr. Little's past clients include Thomson Reuters, Illumina, Janssen, McGill University and the Global Alliance for Genomics and Health. Dr. Little's experience also includes a leadership role relating to the PERFORM Centre, where he served as Chief Administrative Officer. Additionally, Dr. Little held a role with the government of New Zealand where he served in a role tasked with building strategic investment relationships with biotechnological firms.

On April 18 2017, the Company announced that it was relocating its corporate offices to MaRS in Toronto. Following a screening process, 3DS was selected by MaRS Venture Services to join a growing list of promising Canadian healthcare companies that are moving to one of the world's largest innovation hubs. MaRS supports promising companies tackling key challenges in the health, cleantech, finance and commerce industries, as well as work and learning sectors, as they start, grow and scale.

Development Program and Timeline

Hodgkin's Lymphoma (Telo-HL)

During FY 2017, 3DS commenced a clinical trial for validation and preliminary approval of Telo-HL. 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. Before initiating the clinical trial, the Company completed the assay development and analytical validation steps, which represent the first and second of five stages in the validation and commercialization process for Telo-HL.

The Telo-HL clinical trial commenced in April 2017, the third of the five steps. 3DS aims to develop a commercially marketable LDT by the end of March of 2018. Stage 3 of the Telo-HL validation program included the analysis of over 400 retrospective HL cases to generate a quality controlled data set of patients. The analysis comprised performing a wet lab co-immuno-telomeres FISH assay, 3-dimensional imaging, Hodgkin and Reed-Sternberg cell selection and TeloView™ software analysis. The assay was performed on the diagnostic lymph node tissue from HL patients. A minimum of 30 Hodgkin's cells and 30 Reed-Sternberg cells were analyzed from each of the patient specimens. The clinical trial was multicenter with HL tissue sourced from three national and international university hospitals. Subsequent to FY 2017, on October 10, 2017, the Company announced that it had completed this third stage of the Telo-HL validation program.

The final stages of the program will consist of validating the scoring model and analytical validation by a College of American Pathologists and Clinical Laboratory Improvement Amendments certified clinical laboratory. Previously, in the Company's Q3 MD&A, the Company had disclosed an estimate of \$1,500,000 as being the costs of its HL trials. Subsequently, the Company's clinical management team reviewed the latest trial practices and revised the plan for the Company's HL trials. The Company's clinical management team found that lower technician time is required for the HL trials than previously anticipated. As a result, the estimated costs of the Company's HL trials were decreased to \$1,300,000. Along with associated clinical wages and laboratory expenses related to the HL trials and the Company's operations until the end of the current fiscal year, the total cost of these trials is expected to be \$2,200,000. Approximately \$950,000 has been spent to date on preliminary work related to Telo-HL. The Company projects the remaining costs to be in relation to the following: samples, technician wages, statisticians, the use of the U.S. CLIA Lab and overhead. Please see "*Liquidity and Capital Resources – Funding Requirements*" for disclosure on capital resources required to maintain capacity.

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The Company is currently developing its plan to commercially launch the Telo-HL test as an LDT in the United States, and is considering between entering into a strategic partnership for the purposes of launching this test or launching this test on its own. If a laboratory partner with all of the necessary federal certifications and licenses is chosen to launch Telo-HL, this partner will be required to complete a small analytical validation study on approximately 40-60 retrospective HL patient samples. This study is expected to include processing patient samples in duplicate or triplicate with different operators to confirm the reproducibility of the assay in a certified clinical laboratory setting. Discussions are underway with a potential partner. Also, a detailed work-back plan with contingencies has been established for completing the required validation work prior to marketing Telo-HL as an LDT.

Prostate Cancer (Telo-PC)

In addition, 3DS is participating in the PRECISE trial that will seek to predict the most effective treatment plan for the individual patient. The PRECISE trial is the first randomized, multicenter study focused on biopsy naive patients (approximately 450 men) with clinical suspicion of prostate cancer. The 24-month prospective study is principally designed to compare cancer detection rates and monitoring efficacy of trans-rectal ultrasound guided biopsy versus MRI targeted biopsy, two existing surgical tools employed in the diagnosis and monitoring of prostate cancer patients. The PRECISE trial will incorporate the Company's blood-based tests into the original biopsy focused investigation as a correlative biomarker. The Company's participation seeks to establish a baseline of genomic instability for prostate cancer patients, provide follow-up monitoring information and provide essential data for developing several blood-based clinical tests for the personalized assessment and treatment of prostate cancer patients. The Company seeks 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; and
- reduce the economic burden of diagnosing and treating prostate cancer.

The estimated total cost of the PRECISE trial is \$1.4 million. Approximately \$100,000 has been spent to date on the PRECISE program. The Company is currently prioritizing its cash on hand towards the development of Telo-HL. As a result, the development of Telo-PC is being delayed until the Company has funding to complete its development, at which time the development of Telo-PC will be resumed.

3DS has executed a Clinical Trial Collaboration Agreement with the Canadian Urology Research Consortium ("**CURC**") at Sunnybrook Health Sciences Centre in Toronto. The purpose of the collaboration is to evaluate the clinical utility of the three dimensional telomeres technology testing as a correlative biomarker for the prognosis and risk assessment of prostate cancer patients at different stages of the disease. In this collaboration CURC will provide 3DS with patient samples including peripheral blood and/or biopsy tissue sections from all patients recruited in the PRECISE trial. 3DS has agreed to compensate CURC for the cost of collecting and shipping the samples to 3DS. The estimated cost of the samples is \$330,000. 3DS has agreed to support the PRECISE trial by providing a sponsorship fee of \$100,000 to CURC, of which the first installment of \$50,000 was paid to CURC at the end of 2016. The second installment is expected to be paid during fiscal 2018.

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Multiple Myeloma (Telo-MM)

If there are sufficient laboratory resources and funds available, the Company may perform exploratory studies involving the TeloView™ platform's application to the myeloma disease. These pilot studies will be run on retrospective bone aspirate samples from newly diagnosed patients with either smouldering myeloma or multiple myeloma. The aim of these studies will be to determine if 3DS's TeloView™ platform can accurately predict which patients have an aggressive form of either disease, and whether those patients should be considered for earlier, and possibly more targeted, pharmacological treatment. By using retrospective patient samples, 3DS intends to compare the results of its studies to actual patient data which it hopes will indicate how the disease progressed or did not progress and whether the patient responded to treatment or did not. If the results are positive from these pilot studies, the Company may pursue additional, larger trials involving the myeloma disease, with the longer-term objective of developing a prognostic test based on its TeloView™ platform. At this time, the Company is unable to provide an accurate forecast of the cost of these trials or the sources of funding to complete these additional studies. Further, the Company has not spent any funds to date on Telo-MM.

Lung Cancer (Telo-LC)

Again subject to laboratory resources and funding, 3DS may advance its research involving lung cancer. The Company may study a combination of retrospective biopsy and circulating tumor cell samples from lung cancer patients and compare its results to existing follow-up data on these patients, in an effort to determine whether the TeloView™ platform can better stratify these patients or predict which patients will respond favourably to pharmacological treatment. If the results are positive from this pilot study, which is expected to be conducted over the next twelve months, the Company may pursue additional, larger trials involving lung cancer, with the longer-term objective of developing a new test based on the TeloView™ platform. At this time, the Company is unable to provide an accurate forecast of the cost of these trials or the sources of funding to complete these additional studies. Further, the Company has not spent any funds to date on Telo-LC.

Regulatory Process

The Company's participation in clinical trials is not impacted by a single regulatory process, but rather the Company and its collaborators must secure various ethics approvals and patient consents. The Company is currently committed to making Telo-HL commercially available as a LDT through partner facility in the United States. Federal regulations issued by the Centers for Medicare & Medicaid Services govern the laboratory requirements for standards and certifications, including marketing LDTs. In general terms, the clinical laboratory improvements amendments regulations establish quality standards for laboratory testing performed on specimens from humans, such as blood, body fluid and tissue, for the purpose of diagnosis, prevention, or treatment of disease, or assessment of health.

The commercialization of Tests as In-vitro Diagnostic Devices ("IVDD's") would require the Company to seek regulatory approval from Health Canada, the FDA and other national oversight bodies if the Company elects to market its Tests as IVDDs. At this point in time, the Company has not decided whether it will seek IVDD status and regulatory approval from Health Canada and the FDA for any of its Tests.

Historic Use of Proceeds

Qualifying Transaction Private Placement

In connection with the Qualifying Transaction, the Company completed a private placement of 15,572,038 Common Shares at a price of \$0.35 per Common Share for gross proceeds of \$5,450,213 (the "**Qualifying Transaction Private Placement**"). Below is a comparison of the Company's available funds, as disclosed in the Company's filing statement dated August 22, 2016 (the "**Filing Statement**") to the



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actual use of these funds since the Filing Statement prepared in connection with the Qualifying Transaction.

	Proposed Use of Available Funds ¹	Approximates Actual Use of Available Funds
Costs of the 2016 Financing and the Qualifying Transaction	\$350,000	\$375,000
Clinical trials payments to lab partner	\$1,032,000	\$100,000
Wages	\$602,000	\$930,000
Patent administration and application	\$91,000	\$30,000
Equipment	\$231,000	\$0
Legal and regulatory	\$160,000	\$250,000
General and Administrative Expenses	\$544,000	\$1,855,000
Unallocated Working Capital	\$117,611	\$1,807
Total	\$3,127,611	\$3,540,000

Notes:

1. The proposed use of available funds, as disclosed in the Filing Statement, was based on the total estimated available funds as at the completion of the Qualifying Transaction. The available funds included the estimated working capital of Plicit and 3D Signatures Inc. as at June 30, 2016 and the estimated net proceeds from the Qualifying Transaction Private Placement (estimated to be \$4,600,000) less funds held by the Company as restricted cash. After paying the agents' commission in respect of the Qualifying Transaction Private Placement, the actual net proceeds received from the Qualifying Transaction Private Placement were \$5,014,196, which resulted in the Company having available funds of \$3,541,807 after factoring in the estimated working capital of Plicit and 3D Signatures Inc., as well as the funds held by the Company as restricted cash. As such, the actual use of available funds, as set out above, varies from the estimate set out in the Filing Statement.

The Company used the net proceeds received from the Qualifying Transaction Private Placement as set forth in the table above over the period of September 8, 2016 to the end of December, 2016, at which point the Company completed the 2016 Private Placement to finance its clinical trials and ongoing working capital expenditures.

The decrease in the anticipated clinical trial payment was a result of the Company determining that the preferred strategy to conduct the HL clinical trial work was to complete this work in the Company's lab using internal clinical resources as opposed to outsourcing this work to a clinical lab partner. Moreover, by December 2016, the Company had received and processed fewer patient samples than anticipated, resulting in much lower costs for the anticipated clinical work. Additional costs for wages were incurred as a result of the Company's payment of previously incurred wage costs out of the proceeds from the Qualifying Transaction. Patent administration and application costs decreased as a result of these costs only being incurred over three months, as opposed to the projected 12 month period in the Filing Statement. Expected equipment costs were not incurred prior to January 2017 as a result of the purchase of a microscope for the Company's operations being delayed by the Company. General and administrative expenditures were greater than anticipated in the Filing Statement as a result of increased costs associated with the Company becoming a listed issuer, and unforeseen costs incurred as a result of the Company being required to raise additional capital earlier than anticipated. This increase in general and administrative expenditures included costs associated with capital markets and business strategy services designed to increase the investor following of the Company, online marketing programs

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designed to increase investor exposure to the Company’s website and news releases, marketing and media expenditures, the development of the BAB, certain consulting fees associated with product development, licensing and management services, legal and accounting fees related to the Company becoming a public issuer and being subject to public disclosure requirements, investor relations expenditures and travel and conference expenditures.

As a result of the increased expenditures of the Company, as described above, the Company has focused its available funds on the development of Telo-HL, resulting in the focused development of this test as opposed to a broader development of the applicability of the Company’s technology to other diseases, such as prostate cancer, multiple myeloma and lung cancer.

2016 Private Placement

In January 2017, the Company completed a brokered private placement of 6,000,000 units at a price of \$0.75 per unit for total gross proceeds of \$4,500,000. Each unit consists of one Common Share and one Common Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share until December 16, 2018 at an exercise price of \$0.92 per Common Share. The Warrants are subject to an acceleration clause (the “**Acceleration Clause**”) that allows the Company to accelerate the expiry date of the Warrants in the event that any time after June 16, 2017, the closing price of the Common Shares on the TSXV for a period of 20 consecutive days exceeds \$1.35. Pursuant to the Acceleration Clause, 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 2016 Private Placement was brokered by a syndicate of agents that in connection with the initial closing of the 2016 Private Placement were paid an aggregate cash commission of \$311,257, equal to 8% of the gross proceeds raised under the 2016 Private Placement and were also issued 415,009 broker warrants equal to 8% of the units sold pursuant to the 2016 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 following table sets out a comparison of the stated use of proceeds for the 2016 Private Placement and how the Company actually used the proceeds from the 2016 Private Placement.

Intended Use of Proceeds	Actual Use of Proceeds
To fund clinical trials and for working capital and general corporate purposes.	<p>The proceeds have been used as intended to further the Company’s clinical trials while meeting the Company’s general administrative requirements.</p> <p>As at FY 2017, the Company had not fully-expended the funds raised in the 2016 Private Placement.</p>

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QUARTERLY FINANCIAL INFORMATION

3DS has not earned revenues as of October 23, 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 June 30, 2017 has been derived from the consolidated financial statements and accompanying notes, in each case prepared in accordance with IFRS. The selected financial information provided below is derived from the Company's unaudited quarterly condensed consolidated interim financial statements and consolidated financial statements for FY 2017 and FY 2016 for each of the last eight quarters. Certain comparative figures have been reclassified to conform with the current period presentation. These historic results may not be indicative of 3DS' future performance.

	Three Months Ended			
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Revenue	\$ -	\$ -	\$ -	\$ -
Research and development	479,102	234,636	229,016	177,407
General and administration	1,687,364	1,928,733	1,377,186	1,327,827
Impairment loss	604,485	-	-	-
Listing costs	-	-	-	1,859,107
Finance (income) expense, net	(6,056)	8,453	391	5,750
Net loss	(2,764,895)	(2,171,822)	(1,606,593)	(3,370,091)
Basic and fully diluted loss per share (Prior quarters restated)	(0.05)	(0.04)	(0.03)	(0.11)

	Three Months Ended			
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Revenue	\$ -	\$ -	\$ -	\$ -
Research and development	129,478	124,376	109,909	138,426
General and administration	363,930	438,294	222,034	198,471
Listing costs	-	-	-	-
Finance expense, net	17,469	7,779	5,878	2,675
Net loss	(510,877)	(570,449)	(337,821)	(339,572)
Basic and fully diluted loss per share (Prior quarters restated)	(0.02)	(0.02)	(0.01)	(0.02)

Variations in the Company's net losses and expenses for the periods above resulted primarily from the following factors:

- Revenue. The Company has not earned revenue to date as it is in the pre-revenue research and development stage.
- Research and development expenses have been trending upwards since three months ended September 2015 as the Company set up laboratory operations, recruited technicians and clinical managers and increased its activity level.
- General and administration expenses increased over the period from June 30, 2015 to June 30, 2017 as the Company engaged more staff and disbursed funds for administrative operations. A significant increase in costs occurred in the first quarter of FY 2017 as the Company began to list

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its shares on three stock exchanges and had more reporting obligations as a result of becoming a reporting issuer in Canada.

- Impairment loss of \$604,485 was recorded in the fourth quarter of FY 2017 as the Company wrote down intangible assets, software and patents. These intangible assets were written down as they have no value if the Company does not complete the development of its Tests.
- Listing costs in the first quarter of FY 2017 were directly association with the Qualifying Transaction and the Qualifying Transaction Private Placement.

FOURTH QUARTER

3DS recorded a net loss of \$2,764,895 in the fourth quarter of FY 2017 compared to a net loss of \$510,877 for the fourth quarter of FY 2016. This increase of \$2,254,018 in net loss was attributable to an increase in operational expenses.

Research and development expenses increased by about \$350,000 due to hiring additional lab technicians when the Company relocated to the MaRS lab, lab supply costs, the cost of moving the Company's operations to the MaRS lab and attendance at industry related conventions.

General and administrative expenses increased in the fourth quarter of FY 2017 as compared to the fourth quarter of FY 2016 by about \$1,300,000 due primarily to public company operating expenses, higher salaries, wages and benefits due to new administrative leadership, stock-based compensation and professional fees.

LIQUIDITY AND CAPITAL RESOURCES

The Company's Tests are at an early stage of development, and, accordingly, the Company does not generate cash from operations and finances its operations by raising capital through equity issuances and other means.

Sources and Uses of Cash

As at June 30, 2017, the Company had cash resources of \$1,200,395 compared to \$38,663 as at June 30, 2016. As at June 30, 2017 the Company had working capital of \$1,329,408 compared to negative working capital of \$978,634 as at June 30, 2016. This increase in cash and cash equivalents was due to the Company completing two financings in this period, the Qualifying Transaction Private Placement and the 2016 Private Placement. As a result of the completion of these two financings, the Company was able to sustain expanded operating activities during this period.

For the year ended June 30	2017	2016
Cash (used in) operating activities	(7,899,863)	(839,308)
Cash provided by financing activities	9,200,854	977,351
Cash (used in) investing activities	(139,259)	(360,797)
Net increase in cash and cash equivalents	1,161,732	(222,754)

Cash used in operating activities for FY 2017 was \$7,899,863 compared to \$839,308 for FY 2016, an increase of \$7,060,555. The increase from the prior year is primarily the result of the net loss incurred by the Company of \$9,913,401 compared to \$1,758,719 in the prior year, as well as prepayments made on several consulting contracts under which the Company had not yet received performance as at June 30, 2017.

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Cash used in investing activities for the year ended June 30, 2017 was \$139,259 compared to \$360,797 for the year ended June 30, 2016, a decrease of \$221,538 from the prior year. This is the result of purchases of intangible assets of \$223,694 and purchases of equipment of \$254,025, partially offset by cash assumed by 3DS in the acquisition of Plicit of \$139,954 and government assistance received of \$198,506. During the year ended June 30, 2016, the Company used cash in investing activities of \$360,797, which was the result of purchases of equipment of \$144,584 and intangible assets of \$266,173 offset by government assistance received of \$49,960.

Cash from financing activities for FY 2017, of \$9,200,854, an increase of \$8,223,503 from the prior year is the result of proceeds from the equity of the Company, net of cash share issuance costs, totaling \$8,994,839, proceeds from the exercise of stock options of \$34,990, proceeds from the exercise of warrants of \$238,332, and advances of notes payable of \$33,800 partially offset by net cash repayments of notes payable of \$101,107. Cash from financing activities for FY 2016 was the result of proceeds of issuance of Common Shares, net of cash share issuance costs of \$863,500, proceeds from the exercise of stock options of \$123, and advances of notes payable of \$250,000 offset by repayment of notes payable of \$136,272.

Funding Requirements

As the Company does not currently earn revenue, it is required to finance its operating expenditures and capital costs. Operational activities during FY 2017 were financed mainly by proceeds from two equity financings: the Qualifying Transaction Private Placement and the 2016 Private Placement. During FY 2017, the liquidity of the Company varied significantly due to the increase in cash as a result of the Qualifying Transaction Private Placement and the 2016 Private Placement.

The Company expects to finance its development costs by issuing equity to prospective investors that have expressed an interest in becoming shareholders of the Company and is currently in discussions with such investors. The Company will consider investments through public or private financings. The Company's development programs are modular and can be scaled to accommodate the Company's financing strategy and timing.

Working Capital

The Company had working capital of \$1,329,408 at June 30, 2017, compared to working capital of \$(978,634) at June 30, 2016. This increase in working capital can be attributed to an increase in cash as a result of the 2016 Private Placement and the Qualifying Transaction Private Placement. This increase is also attributable to an increase in the Company's goods and services receivable and an increase in prepaid expenses. The increase in the Company's goods and services receivable is due to the timing of the Company's claim of input tax credits and the Company's receipt of payment therefor from the Canada Revenue Agency. The prepaid expenditures incurred were as a result of business advisory services fees paid to Knight Therapeutics Inc. and the pre-payment of certain business consulting contracts. During this period, the Company's note payable was paid back with proceeds from the 2016 Private Placement and Qualifying Transaction Private Placement.

Contractual Obligations

The Company has entered into an operating lease for office space in Winnipeg (the "**Winnipeg Lease**") and a license agreement for lab and office space in Toronto (the "**Toronto Lease**"). The term of the Winnipeg Lease is five years commencing on June 20, 2016 and the term of the Toronto Lease is one year and 16 days commencing on April 15, 2017. Both agreements have the option to extend at the lessee's request; however, the Toronto Lease also requires the lessor's prior written approval before it can be extended. Included within the Winnipeg Lease is an early termination option (the "**Option to**

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Terminate) allowing for, upon six (6) months written notice, the ability to terminate the lease after the conclusion of the third year of the lease. The monthly expenditure for the Toronto Lease is \$5,550 plus applicable taxes and the monthly expenditure for the Winnipeg Lease is \$1,050 plus applicable taxes for years 1-3 and \$1,093.75 in years 4-5 plus applicable taxes, should the Company not utilize its Option to Terminate.

Liquidity Risk

The Company manages liquidity risk through maintaining sufficient cash to finance its operations and seeking financing from existing shareholders and outside investors as required. The Company may have a working capital deficiency in the next twelve months if it is unable to raise enough cash to finance its planned business operations. The Company intends to satisfy its continuing operating expenditures through existing cash on hand, the proceeds raised in the ScreenCell Private Placement and under future equity offerings. Using the proceeds from the ScreenCell Private Placement and future equity offerings, the Company will work toward the commercialization of its Telo-HL test as an LDT, and may undertake additional studies involving multiple myeloma and lung cancer. The Company will continue to be dependent on raising capital through equity issuances and other means as required until and unless it achieves the commercialization of its Tests and generates profit from its operations.

OUTSTANDING SHARE CAPITAL

On September 8, 2016, 3DS completed a private placement which included the issuance of 15,572,038 Common Shares at \$0.35 per Common Share for gross proceeds of \$5,450,213.

On December 16, 2016, 3DS announced the closing of a private placement for 5,187,618 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.

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 \$447,812 pursuant to a further partial exercise of the over-allotment option. See "*Discussion of Operations – Historic Use of Proceeds*" for more details on the December 16, 2016, December 22, 2016 and this tranche of the 2016 Private Placement.

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 two years.

On January 6, 2017, the Company granted 220,000 ISOs to Joost van der Mark, the newly appointed 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.

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.

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On April 11, 2017, the Company granted 25,000 ISOs to Dr. Kevin Little, the newly appointed CSO of 3DS at an exercise price of \$0.74 per share. The options vest in two tranches, 10,000 on April 10, 2018 and 15,000 on April 10, 2019. Additionally, 3DS also granted 23,000 ISOs to newly hired employees at an exercise price of \$0.74 per share, with 16,500 shares vesting in each of April 2018 and April 2019

On June 27, 2017, the Company granted 10,000 ISOs to an employee at an exercise price of \$0.50 per share. The options vest in two tranches of 5,000 ISOs on each of April 8, 2018 and April 8, 2019.

As of June 30, 2017, there were 53,408,780 Common Shares issued and outstanding; 5,189,081 Common Shares issuable upon the exercise of outstanding stock options; and 7,044,814 Common Shares issuable upon the exercise of warrants.

As of October 23, 2017, there are 55,408,780 Common Shares issued and outstanding; 5,116,081 options issued and outstanding and 5,116,081 Common Shares issuable upon the exercise of the outstanding stock options; and 7,044,814 warrants issued and outstanding and 7,044,814 Common Shares issuable upon the exercise of warrants.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at June 30, 2017, in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed as follows:

	Total	2018	2019	2020	2021	Thereafter
Accounts payable and accrued liabilities	864,899	864,899	-	-	-	-
Lease of office space	89,175	75,945	13,230	-	-	-
Purchase agreement commitments	40,289	40,289	-	-	-	-
	994,363	981,133	13,230	-	-	-

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, CEO, Chief Financial Officer, VP Finance, and beginning January 1, 2017 and April 1, 2017, the CBO and CSO, respectively, are key management personnel.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan. The following table details the compensation paid to key management personnel:

For the year ended June 30	2017	2016
Salaries, fees and short-term benefits	\$ 839,895	\$ 403,385
Stock-based compensation	1,072,000	115,442
	\$ 1,911,895	\$ 518,827

Directors and key management personnel control 29% of the voting shares of the Company as at June 30, 2017 (2016 – 66%). As at June 30, 2017, the Company has \$63,146 (2016 - \$277,041) recorded within accounts payable and accrued liabilities relating to amounts payable to key management personnel.

Included within stock-based compensation during FY 2017 is \$178,432 representing the fair value of stock options to be issued to a member of key management personnel at a future date.

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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 consolidated 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.

Information about key assumptions and estimation uncertainties that have a risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- Estimates of inputs into valuation of stock based compensation
- Measurement and period of use of intangible assets
- Estimates of future enacted corporate tax rates
- Recognition of government assistance

Management has used judgment in its assessment that Plicit, a capital pool company, did not constitute a business at the time of the completion of a Qualifying Transaction as described in Note 6 to the consolidated financial statements for FY 2017.

The consolidated financial statements for FY 2017, 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 consolidated 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.

Management's Discussion and Analysis

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The Company's principal accounting policies are outlined in the Company's annual audited financial statements for FY 2017. The Company is currently reviewing its accounting policies and is determining the method the Company expects to use to adopt them and the impact of these accounting policies on its business.

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 June 30, 2017, 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 2, Share-based payment

In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments will apply on after January 1, 2018 for the Company. The Company is currently evaluating the impact of the amendments to IFRS 2 on its consolidated financial statements.

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.

IAS 12 Recognition of deferred tax assets for unrealized losses

Amendments to IAS 12 require entities to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Additional guidance is provided on estimation of future taxable profits and the circumstances in which taxable profit may reduce the recovery of some assets for more than their carrying amount. The new standard is

Management’s Discussion and Analysis

effective for annual periods beginning on or after January 1, 2017 to be applied retrospectively. Early adoption of the standard is permitted. The Company is currently evaluating the impact of the above amendments 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

At present, there are no proposed asset or business acquisitions or dispositions that the Board of Directors, or senior management believe that confirmation of the decision by the Board of Directors is probable, has decided to proceed with.

FINANCIAL INSTRUMENTS AND RISKS

The Company’s financial instruments at June 30, 2017 and 2016 consist of the following:

For the year ended June 30	2017	2016
<i>Financial Assets</i>		
Cash and cash equivalents	\$ 1,200,395	\$ 1,163,812
Amounts receivable	332,551	94,309
<i>Financial Liabilities</i>		
Accounts payable and accrued liabilities	869,254	1,145,077

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.

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RISKS AND UNCERTAINTIES

Early Stage Development and Scientific Uncertainty

3DS's Tests are at an early stage of development. Significant additional investment in research and development, test validation, technology transfer to manufacturing, production scale-up, manufacturing, clinical testing and regulatory submissions of such Tests is required prior to commercialization. There can be no assurance that any such Tests will actually be approved. The development and regulatory processes may require access to inputs and resources or the achievement of certain outcomes which may not be available to the Company in sufficient amounts or in a timely fashion to allow the Company to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if the Company is to complete the development of any Test or process. It is not known whether any of these Test or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, whether such Tests can be produced in commercial quantities at reasonable costs and be successfully marketed or if the Company's investment in any such Tests will be recovered through sales or royalties.

No Assurance of Successful Deployment of Tests

The Company must demonstrate each Test's safety and efficacy in humans through extensive clinical testing. Safety in humans is not an issue or concern in the case of the current Tests because they are non-invasive and performed on blood or tissue samples provided by patients. Questions about general safety must be addressed in any and every application for approval. One of the principle objectives of clinical trials is to show efficacy; that a Test reliably provides accurate and useful information. The Company may experience numerous unforeseen events during, or as a result of, the testing process that could delay or prevent the commercialization of any Tests, including the following: decreased demand for the Tests; impairment of business reputation; withdrawal of clinical trial participants; costs of related litigation and substantial monetary awards to patients or other claimants; loss of revenues; and the inability to commercialize the Tests.

Negative Cash Flow from Operations

The Company had negative cash flow from operations of \$7,899,863 for the year ended June 30, 2017, and \$839,308 for the year ended June 30, 2016. The Company anticipates having negative cash flows in future periods and, accordingly, the Company may be required to raise additional funds through the issuance of additional securities to satisfy the Company's general working capital requirements.

The Company expects to continue to incur net losses unless and until such time as one or more of its Tests enter into commercial production and generate sufficient revenue to fund continuing operations, or until such time as the Company is able to offset its expenses against the sale of one or more of its Tests, if applicable. The development of the Company's Tests to commercialization will require the commitment of substantial financial resources. The amount and timing of such expenditures will depend on a number of factors, including the results of the Company's current and future studies and clinical trials, the ability of the Company to receive third party and regulatory approvals of its Tests, the rate at which operating losses are incurred and the execution of any sale or licensing agreements with strategic partners, some of which are beyond the Company's control. There is no assurance that the Company will be profitable in the future.

Expense Reduction Efforts

The Company intends to implement certain expense reduction measures to reduce general and administrative expenditures with the goal of increasing efficiencies across its organization. There can be no assurance that these expense reduction efforts will be achieved or will be otherwise successful. As a

Management's Discussion and Analysis

result, the Company may need to implement further cost reduction efforts across its operations, including suspending or curtailing planned programs and activities, which could materially affect its business, results of operations and future prospects, or complete future equity financings, which may result in dilution to existing shareholders.

Dependence on Collaborative Partners, Licensors and Others

The Company's activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing and commercialization of its Tests. 3DS intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that the Company will be able to establish such additional collaborations on favourable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for the provision of its Tests to patients may result in the Company incurring substantial clinical testing, manufacturing and commercialization costs prior to realizing any revenue from test sales or result in delays or program discontinuance if funds are not available in sufficient quantities.

Should any collaborative partner fail to develop, manufacture or commercialize successfully any Test to which it has rights, or any partner's Test to which the Company may have rights, the Company's business may be adversely affected. The failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of Tests generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative tests, either alone or in collaboration with others, including the Company's competitors, as a means for developing treatments for the diseases targeted by the Company's programs.

Clinical Trials Recruitment

Clinical trials for 3DS's Tests require that 3DS identify and procure patient samples for retrospective analysis or enroll patients with the disease under investigation. 3DS may not be able to access sufficient patient samples for retrospective analysis or enroll a sufficient number of patients to complete the clinical trials in a timely manner. Procuring samples and patient enrollment is a function of many factors including, but not limited to, design of the study protocol, size of the patient population, eligibility criteria for the study, the perceived risks and benefits of the therapy under study, the patient referral practices of physicians and the availability of clinical trial sites. If 3DS has difficulty procuring patient samples or enrolling a sufficient number of patients to conduct the clinical trials as planned, 3DS may need to delay or terminate ongoing clinical trials.

Uncertainties Related to Clinical Trials and Test Development

There is no assurance that the Company's R&D programs will result in commercially viable Tests and in the commercially viable provision of Tests to patients. To achieve profitable operations, 3DS must successfully develop, out-license, gain regulatory approval and market its proposed Tests. To obtain regulatory approvals for the Tests being developed and to achieve commercial success, clinical trials must demonstrate that the Tests are reliable for human use and that they demonstrate reproducible outcomes in terms of accuracy and specificity. The Company can make no assurances that any future Tests or clinical trials, if undertaken, will yield favorable results.

Development Costs and Timing

The Company may be unable to initiate or complete the development of its Tests on the Company's currently expected timeline, or at all. The timing for the completion of the studies for the Company's Tests will depend on the Company's ability to secure funding for these studies and Tests, which, in the case of

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the Company's myeloma and lung cancer studies, will require funding beyond the Company's existing cash and cash equivalents and the net proceeds from any future equity offerings. In addition, if regulatory authorities require additional time or studies to assess the safety or efficacy of the Tests, the Company may not have or be able to obtain adequate funding to complete the necessary steps for the approval of its Tests. Additional delays may result if regulatory authorities recommend non-approval or place restrictions on approval. Moreover, the Company may experience delays, or be unable to commence clinical trials or studies, as a result of delays in obtaining approvals from applicable hospital ethics committees and internal review boards, or the failure of such bodies to provide such approvals.

Studies required to demonstrate the safety and efficacy of the Company's Tests are time consuming, expensive and together take many years to complete. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of the Tests' clinical development and may vary among jurisdictions. The Company has not obtained regulatory approval for its Tests and it is possible that none of its Tests or any test it seeks to develop in the future will ever obtain regulatory approval. Delays in regulatory approvals or rejections of applications for regulatory approval in Canada, the United States, Europe and other markets may result from a number of factors, many of which are outside the Company's control.

The lengthy and unpredictable approval process, as well as the unpredictability of future clinical trial results, may result in the Company's failure to obtain regulatory approval to market any of its Tests, which would significantly harm the Company's business, results of operations and prospects.

Lack of Demand

A failure in the demand for 3DS's Tests to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Additional Financing Requirements and Access to Capital

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by ongoing global economic risks. The Company will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, the establishment of manufacturing capabilities and, if necessary, the marketing and sale of its Tests. The Company may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other therapeutic companies, government grants or other sources. There can be no assurance that additional funding or partnerships will be available on terms acceptable to the Company and which would foster the successful commercialization of the Company's Tests. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of the Company's Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail or discontinue operations.

Reliance on Key Personnel

The Company is dependent on certain members of its management and scientific staff as well as consultants and contractors, the loss of services of one or more of whom could adversely affect the Company. The contributions of the existing management team to the immediate and near term operations of the Company are likely to be of central importance. In addition, the Company's ability to manage

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growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that the Company will be able to successfully attract and retain skilled and experienced personnel. In addition, an inability to hire, or the increased costs, of new personnel including members of executive management, could have a material adverse effect on the Company's business, financial condition and results of operations.

Use of Proceeds

Although the Company has set out its intended use of proceeds in its press releases, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Competition

The biotechnology industry is highly competitive, and includes companies with significantly greater financial, technical, human, research and development and marketing resources than 3DS. There are companies that compete with 3DS's efforts to discover, validate and commercialize diagnostic and prognostic Tests. 3DS's competitors may discover and develop products in advance of 3DS or products that are more effective than those developed by 3DS. As a consequence, 3DS's current and future technologies and Tests may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability. Potential competitors of the Company have or may develop product development capabilities or financial, scientific, marketing and human resources exceeding those of the Company.

The Company believes that its ability to compete effectively depends upon many factors both within and beyond the Company's control, including:

- the usefulness, ease of use, performance and reliability of 3DS's Tests compared to its competitors;
- the timing and market acceptance of 3DS's Tests, including developments and enhancements to 3DS's Tests;
- 3DS's ability to monetize its Tests;
- the selection of licensing partners for its Tests with the necessary skills and resources to drive uptake;
- 3DS's marketing and selling efforts;
- 3DS's financial condition and results of operations;
- changes mandated by legislation, regulatory authorities or litigation;
- acquisitions or consolidations within 3DS's industry, which may result in more formidable competitors;
- 3DS's ability to attract, retain and motivate talented employees;
- 3DS's ability to cost-effectively manage and grow its operations; and

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- 3DS's reputation and brand strength relative to that of its competitors.

Slow Acceptance of Tests

The marketplace may be slow to accept or understand the significance of the Company's technology due to its unique nature and the competitive landscape. If the Company is unable to promote, market and sell its Tests and secure relationships with partners and purchasers, the Company's business and financial condition will be adversely affected.

Lack of Test Revenues and History of Losses

To date, 3DS has not recorded any revenues. 3DS expects to incur additional losses during the periods of research and development, clinical testing and application for regulatory approval of its proposed Tests. The Company will incur losses unless and until such time as payments from corporate collaborations, Test sales or royalty payments generate sufficient revenues to fund its continuing operations.

Limited Operating History

The Company has a limited operating history and, in particular, no history of revenue generation. The Company was incorporated on May 25, 2011 and has yet to generate a profit from its operating activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. Although the Company anticipates earning revenue in the future, it will also incur substantial expenses in the establishment of its business. To the extent that such expenses do not result in revenue gains that are adequate to sustain and expand its business, the Company's long-term viability may be materially and adversely affected.

Government Regulations

Biotechnology companies operate in a high-risk regulatory environment. The development and sale of diagnostic and prognostic tests is governed by numerous statutes and regulations in the United States, Canada and other countries where the Company intends to market its Tests. The subject matter of such legislation includes controlled research and testing procedures, the production of preclinical and clinical data prior to marketing approval as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to utilize its technology, thereby adversely affecting operations. There is no assurance that the Company will be able to timely and profitably provide its Tests while complying with all of the applicable regulatory requirements.

Rapid Technological Change

The biotechnology industry is characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render the Company's proposed Tests or technologies noncompetitive, or that the Company will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive tests. In addition, alternative forms of diagnosis and prognosis may be competitive with the Company's Tests.

Management's Discussion and Analysis

Profitability

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Software

The Company's Tests incorporate software that is highly technical and complex. The Company's software may now or in the future contain undetected errors, bugs or vulnerabilities. Some errors in the Company's software codes may only be discovered after the codes have been released. Any errors, bugs or vulnerabilities discovered in the Company's codes after release could result in damage to the Company's reputation, loss of users, loss of revenue or liability for damages, any of which could adversely affect the Company's business and financial results.

Risks Associated with International Operations

The Company intends to market and distribute its Tests and services in Canada and the United States and may distribute its Tests and services in other markets. There are inherent risks in operating in different geographic markets including but not limited to (i) differing laws governing the importation, sale, marketing and distribution of the Company's Tests or services; (ii) risks associated with exchange rate differentials across the Company's markets, which can lead to fluctuations in demand, revenue and net income; and (iii) differing levels of consumer, business and overall market acceptance of the Company's brand, Tests or services and the demand for the foregoing. The foregoing risks could have an adverse effect on the operations, strategy, business and profitability of the Company.

No Assurance of Active Trading Market

There can be no assurances that an active trading market in the Company's Common Shares on the markets through which the Common Shares trade will be sustained.

Value of Securities

The value of the Company's Common Shares may be reduced for a number of reasons, many of which are outside the control of the Company, including:

- general economic and political conditions in Canada, the United States and globally;
- governmental regulation of the biotechnology, health care and pharmaceutical industries;
- the failure to achieve desired outcomes by the Company or its collaborators;
- the failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market conditions;
- competition for, among other things, capital and skilled personnel;
- the need to obtain required approvals from regulatory authorities;

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- revenue and operating results failing to meet expectations in any particular period;
- investor perception of the biotechnology, health care and pharmaceutical industries;
- limited trading volume of the Company's Common Shares;
- announcements relating to the Company's business or the businesses of the Company's competitors; and
- the Company's ability or inability to raise additional funds.

Dilution to Shareholders

3DS has granted in the past, and may grant in the future, to some or all directors, officers, employees and consultants, options to purchase Common Shares and other stock-based awards as non-cash incentives to those persons, and has issued, and may issue in the future, Common Share purchase warrants in the course of financings. The issuance of Common Shares upon the exercise of the Company's outstanding stock options and Common Share purchase warrants will result in dilution to the interests of shareholders, and may reduce the trading price of the Common Shares. Moreover, the issuance of additional stock options or Common Share purchase warrants, and the exercise of these securities for Common Shares, may have an adverse effect on the interests of shareholders and the market price of the Common Shares.

Any additional issuance of Common Shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per Common Share depending on the price at which such securities are sold. Such issuances may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's Common Shares.

Litigation

The Company or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Protection of Intellectual Property Rights

There is no guarantee that 3DS's patent rights comprise all of the rights that the Company needs to be entitled to freely use and commercialize its Tests. If third party patents or patent applications contain claims infringed by the Company's technology and these claims are valid, 3DS may be unable to obtain licenses to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licenses cannot be obtained at a reasonable cost, the business could be significantly impacted. Further, the enforceability of the patents owned by the Company may be challenged and the Company's patents could be partially or wholly invalidated following challenges by third parties.

If a third party accuses the Company of infringing its intellectual property rights, or if a third party commences litigation against the Company for the infringement of patent or other intellectual property

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rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation in the pharmaceutical and biotechnology industry is expensive. Costs that the Company incurs in defending third party infringement actions would also include the diversion of management's and technical personnel's time. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing discoveries or commercializing its Tests. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, it could encounter delays in Test introductions and the loss of substantial resources while it attempts to develop alternative Tests. Defense of any lawsuit or failure to obtain any of these licenses could prevent the Company or its partners from commercializing available Tests and could cause it to incur substantial expenditure.

The Company also relies on its trade secrets, which include information relating to the manufacture, development and administration of its Tests. The protective measures that the Company employs may not provide adequate protection for its trade secrets. This could erode the Company's competitive advantage and materially harm its business. The Company cannot be certain that others will not independently develop the same or similar technologies on their own, gain access to trade secrets, disclose such technology or that the Company will be able to meaningfully protect its trade secrets and unpatented knowhow and keep them secret.

Reliance on Third Parties

The Company will rely on independent clinical investigators, contract research organizations and other third-party service providers to assist it in managing, monitoring and otherwise carrying out clinical trials. 3DS is reliant on or has contracted with, and plans to continue to contract with, certain third parties to provide certain services, including site selection, enrolment, monitoring and data management services. Although 3DS depends heavily on these parties, 3DS does not control them and, therefore, cannot be assured that these third parties will adequately perform all of their contractual obligations to 3DS. If 3DS's third-party service providers cannot adequately fulfill their obligations to 3DS on a timely and satisfactory basis, if the quality or accuracy of clinical trial data is compromised due to failure by third parties to adhere to 3DS's protocols or regulatory requirement or if such third parties otherwise fail to meet deadlines, 3DS's development plans may be delayed or terminated.

No Sales, Marketing or Distribution Experience

3DS has limited sales, marketing or distribution experience. The Company intends to rely heavily on third parties to launch and market its Tests, if approved. However, if the Company elects to develop internal sales, distribution and marketing capabilities, it will need to invest significant financial and management resources. For Tests where the Company decides to perform sales, marketing and distribution functions itself, the Company could face a number of additional risks, including: (i) that it may not be able to attract and build a significant marketing or sales force; (ii) that the cost of establishing a marketing or sales force may not be justifiable in light of the revenues generated by any particular Test; and (iii) that direct sales and marketing efforts may not be successful. If the Company is unable to develop its own sales, marketing and distribution capabilities, it will not be able to successfully commercialize its Tests, if approved, without reliance on third parties.

Potential Product Liability

There is no assurance that unforeseen adverse events or defects will not arise in the Company's Tests. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of the regulatory approval for the relevant Tests or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage.

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Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of biotechnology companies, including diagnostic and prognostic product companies, have historically been highly volatile. Factors such as the fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or its competitors, results of clinical testing, regulatory actions or public concern over the safety of therapeutic products and other factors could have a significant effect on the share price or trading volumes for the Company's Common Shares. 3DS has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest

Certain of the directors and senior officers of the Company may, from time to time, be employed by or affiliated with organizations which have entered into agreements or will enter into agreements with 3DS. As disputes may arise between these organizations and 3DS, or certain of these organizations may undertake or have undertaken research with competitors of 3DS, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving 3DS will be made in accordance with his or her duties and obligations to deal fairly and in good faith with 3DS and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

Reporting Issuer Status

As a reporting issuer, the Company is subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements increases legal and financial compliance costs, makes some activities more difficult, time consuming and costly and increases demand on existing Company systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Use and Storage of Personal Information and Compliance with Privacy Laws

The Company may receive, store and process personal information and other customer or patient data, including addresses, telephone numbers and images of government identification. As a result, the Company must comply with the numerous federal, provincial and local laws in Canada and abroad relating to the collection, use, disclosure, storage and safeguarding of personal information. Any failure or perceived failure by the Company to comply with its privacy policies, privacy-related obligations to customers or other third parties or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines or litigation.

Forward-Looking Statements may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or

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projections will prove to be materially inaccurate. See "*Caution Regarding Forward Looking Statements and Risk Factors*".

ADDITIONAL INFORMATION

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