

3DX Industries, Inc.
Form 10-Q
January 17, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2017

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 333-156594

3DX INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Nevada 46-4485465
(State of incorporation) (I.R.S. Employer Identification No.)

6920 Salashan Parkway, Suite D-101
Ferndale, WA 98248
(Address of principal executive offices)

360-366-8858

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No (Not required)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Edgar Filing: 3DX Industries, Inc. - Form 10-Q

Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of January 31, 2017 there were 43,461,409 shares of the registrant's \$0.001 par value common stock issued and outstanding.

3DX INDUSTRIES, INC.
TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
ITEM 1. FINANCIAL STATEMENTS	3
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	20
ITEM 4. CONTROLS AND PROCEDURES	20
PART II. OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS	21
ITEM 1A. RISK FACTORS	21
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	21
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	21
ITEM 4. [MINE SAFETY DISCLOSURES]	21
ITEM 5. OTHER INFORMATION	21
ITEM 6. EXHIBITS	22

Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of 3DX Industries, Inc. (the "Company"), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

*Please note that throughout this Quarterly Report, and unless otherwise noted, the words "we," "our," "us," the "Company," or "DDD" refers to 3DX Industries, Inc.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

3DX Industries Inc.
Financial Statements
For Three Months Ended January 31, 2017 and 2016
(Unaudited)

Contents

	Page
Financial Statements:	
Balance Sheets as of January 31, 2017, and October 31, 2016 (Unaudited)	4
Statements of Operations for the three months ended January 31, 2017 and 2016 (Unaudited)	5
Statements of Cash Flows for the three months ended January 31, 2017 and 2016 (Unaudited)	6
Notes to Financial Statements (Unaudited)	7 to 16

3DX INDUSTRIES, INC.

Balance Sheets

(Unaudited)

	January 31, 2017	October 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$25,928	\$16,471
Accounts receivable	32,677	41,363
Total current assets	58,605	57,834
Property and equipment		
Manufacturing equipment	661,776	1,392,981
Furniture and fixtures	638	638
Computer equipment	1,005	1,005
Less accumulated depreciation	(230,904)	(459,603)
Total property and equipment	432,515	935,021
Other assets		
Website development (net of accumulated amortization of \$3,544 and \$2,889)	174	358
Security deposit	4,275	4,275
Total other assets	4,449	4,633
Total assets	\$495,569	\$997,488
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable and accrued expenses	\$1,093,745	\$1,053,123
Payables to related parties	479,555	448,130
Equipment purchase payable	-	678,266
Accrued compensation - convertible	174,000	174,000
Notes payable - unrelated party	746,113	647,073
Convertible notes payable - unrelated party	340,097	345,527
Total current liabilities	2,833,510	3,346,119
Long-term liabilities		
Convertible notes payable - related party	500,000	500,000
Total long-term liabilities	500,000	500,000
Total liabilities	3,333,510	3,846,119
Stockholders' equity		
Preferred stock, \$.001 par value, 10,000,000 shares authorized, none outstanding	-	-
Common stock, 175,000,000 shares authorized, \$.001 par value, 43,461,409 and 43,461,409 shares issued at January 31, 2017 and at October 31, 2016, respectively	43,461	37,461
Additional paid-in capital	15,081,532	14,931,530
Accumulated deficit	(17,962,934)	(17,817,622)
Total stockholders' deficit	(2,837,941)	(2,848,631)
Total liabilities and stockholders' deficit	\$495,569	\$997,488

The accompanying notes are an integral part to these unaudited financial statements.

4

3DX INDUSTRIES, INC.
 Statements of Operations
 (Unaudited)

	For the Three Months Ended January 31,	
	2017	2016
Revenue	\$100,751	\$88,062
Cost of goods sold	1,698	9,397
Gross profit	99,053	78,665
Operating expenses		
Depreciation and amortization	30,599	50,074
Professional services	10,133	27,866
General and administrative expenses	232,131	217,295
Total operating expenses	272,863	295,235
Other income (expense)		
Interest expense	(170,450)	(27,163)
Gain on disposal and settlement of equipment	198,948	-
Total other income (expense)	28,498	(27,163)
Net loss	\$(145,312)	\$(243,733)
Net loss per common share - basic and diluted	\$(0.003)	\$(0.006)
Weighted average number of common shares outstanding	39,504,887	37,461,409

The accompanying notes are an integral part to these unaudited financial statements.

3DX INDUSTRIES, INC.
 Statements of Cash Flows
 (Unaudited)

	For the Three Months Ended January 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	\$(145,312)	\$(243,733)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	30,599	50,074
Amortization of debt discount	150,000	-
(Gain) on disposal and settlement of equipment	(198,948)	-
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	8,686	10,563
Increase (decrease) in accounts payable	28,557	114,157
Increase (decrease) in accounts payable - related party	31,425	40,080
Increase (decrease) in accrued interest	20,450	24,964
Net cash used in operating activities	(74,543)	(3,895)
Cash flows from investing activities:		
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Proceeds from third party borrowing	100,000	-
Repayments on third party borrowing	(16,000)	-
Net cash provided by financing activities	84,000	-
Increase (decrease) in cash	9,457	(3,895)
Cash - beginning of period	16,471	19,951
Cash - end of period	\$25,928	\$16,056
Supplemental disclosures of cash flow information:		
Interest paid	\$-	\$2,500
Income taxes paid	\$-	\$-
Non-Cash Investing and Financing Activities:		
Disposal of equipment: cost	\$731,205	\$-
Disposal of equipment: accumulated depreciation	(259,114)	-
Settlement of equipment purchase payable and accrued interest	(671,039)	-
	\$(198,948)	\$-

The accompanying notes are an integral part to these unaudited financial statements.

3DX INDUSTRIES, INC.

Notes to Unaudited Financial Statements

January 31, 2017

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

3DX Industries, Inc. (the "Company") was incorporated in the state of Nevada on October 23, 2008. The Company's principal activity presently is manufacturing and our head office is located near Bellingham WA, USA. The Company manufactures consumer and corporate products using an additive manufacturing method through 3D Metal printing technology and conventional precision manufacturing processes.

Going Concern

The Company has incurred net losses since inception, and as of January 31, 2017 had a combined accumulated deficit of \$17,962,934 and had negative working capital of \$2,774,905. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that the Company must generate additional funds to enable it to continue operating. Management intends to raise additional financing through debt and or equity financing and by other means that it deems necessary, with the goal of moving forward and sustaining a prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital. Further, even if the company raises additional capital, there can be no assurance that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity date of three months or less, when purchased, to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed. At the time property and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

In June 2014, the Company commenced testing its equipment and began producing prototypes. Depreciation expense classified to operations for the three month periods ended January 31, 2017 and 2016 amounted \$30,599 and \$50,074, respectively.

Long-Lived Assets

The Company accounts for its long-lived assets in accordance with Accounting Standards Codification ("ASC") Topic 360-10-05, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that

long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value.

7

3DX INDUSTRIES, INC.
Notes to Unaudited Financial Statements
January 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Pursuant to ASC No. 820, "Fair Value Measurements and Disclosures," the Company is required to estimate the fair value of all financial instruments included on its balance sheet as of January 31, 2017. The Company's financial instruments consist of accounts payables and notes and loans payable. The Company considers the carrying value of such amounts in the financial statements to approximate their fair value due to the short-term nature of the respective instrument.

Loss Per Share of Common Stock

The company follows the provisions of ASC Topic 260, Earnings per Share. Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Basic and diluted losses per share are the same as all potentially dilutive securities are anti-dilutive.

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock or conversion of notes into shares of the company's common stock that could increase the number of shares outstanding and lower the earnings per share of the company's common stock. This calculation is not done for periods in a loss position as this would be antidilutive. For the three month periods ended January 31, 2017 and 2016, respectively, the Company has recorded a net loss and therefore we have not presented diluted earnings per share.

Convertible Debt Instruments

If the conversion features of conventional debt instruments provides for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature ("BCF"). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 "Debt with Conversion and Other Options." In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and the Company amortizes the discount to operations over the life of the debt using the effective interest method. The Company was required to record BCF of \$150,000 on the convertible debt it issued during the three months ended January 31, 2017.

Issuances Involving Non-Cash Consideration

All issuances of the Company's stock for non-cash consideration have been assigned a dollar amount equaling the market value of the shares issued on the date the shares were issued for such services. The non-cash consideration received pertains to officer's compensation and consulting services.

3DX INDUSTRIES, INC.
Notes to Unaudited Financial Statements
January 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

The Company accounts for stock-based compensation under Accounting Standard Codification Topic 505-50, "Equity-Based Payments to Non-Employees." This topic defines a fair-value-based method of accounting for stock-based compensation. In accordance with the Topic, the cost of stock-based compensation is measured at the grant date based on the value of the award and is recognized over the vesting period. The value of the stock-based award is determined using Binomial or Black-Scholes option-pricing models, whereby compensation cost is the excess of the fair value of the award as determined by the pricing model at the grant date or other measurement date over the amount that must be paid to acquire the stock. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are reported at the invoiced amount less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a combination of specific customer circumstances and credit conditions taking into account the history of write-offs and collections. A receivable is considered past due if payment has not been received within the period agreed upon in the invoice. Accounts receivable are written off after all collection efforts have been exhausted. Recoveries of trade receivables previously written off are recorded when received.

Revenue recognition

The Company recognizes revenue when it is realized or realizable and earned when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Revenue is recognized upon transfer of title and risk of loss, which is generally upon the shipment of finished goods. Freight billed to customers is included in revenues, and all freight expenses paid by the Company are included in cost of revenue.

Recent Accounting Pronouncements

The Company's management has evaluated all recent accounting pronouncements since the last audit through the issuance date of these financial statements. In the Company's opinion, none of the recent accounting pronouncements will have a material effect on the financial statements.

NOTE 3 - MINING CLAIMS

McNeil Claims, Canada

On March 24, 2011 the Company signed an agreement with Warrior Ventures, Inc. ("Warrior"), a private company, to acquire 100% of the McNeil Gold Property. The McNeil property is located within the Abitibi Greenstone belt, approximately 30 miles southeast of Timmins, Ontario, Canada and approximately 35 miles west of Kirkland Lake, Ontario, Canada. On October 8, 2013, the Company entered into an agreement with Trio Gold Corp. ("Trio") to assign 100% of its claims in the McNeil property, subject to a 5% net smelter royalty, to Trio once Trio has incurred exploration and administrative costs totaling \$5,000,000 (CDN) based upon the following schedule:

On or before December 31, 2015 \$ 500,000

On or before December 31, 2017 \$2,000,000

On or before December 31, 2019 \$2,500,000

Trio failed to perform under the terms of our agreement and the assignment agreement was terminated.

9

3DX INDUSTRIES, INC.
Notes to Unaudited Financial Statements
January 31, 2017

NOTE 3 - MINING CLAIMS (continued)

McNeil Claims, Canada (continued)

During fiscal 2016 the Company was required to make a minimum lease payment on the McNeil Claims. As a result of failure to meet minimum expenditure requirements on the property, the claims are currently in default.

Rodeo Creek Project, Nevada

On February 22, 2010, the Company entered into an agreement with Carlin Gold Resources, Inc., ("Carlin") in which Carlin assigned the Company all of its rights, title, and interest in an exploration agreement between it and Trio. The assigned exploration agreement was dated January 28, 2010. Trio leased and had an option to purchase a 100% interest in 29 unpatented lode mining claims located in Nevada within the Carlin Gold Trend (the "Claims"). The Claims are subject to a 1.5% net smelter return ("NSR").

In December 2014, the Company notified Trio of its intent to terminate its agreement on the Rodeo Creek Property. The Company will have no further interest in this project. The Company has earned a 2% Net Smelter Royalty on the property, however such NSR has not been formally recorded as at the date of this report.

NOTE 4 - RELATED PARTY TRANSACTIONS

On December 18, 2013, the Company purchased various equipment relating to its 3D metal printing operation from Mr. Janssen for \$500,000. The \$500,000 is evidenced by a promissory note assessed interest at an annual rate of 1.64%. Accrued interest is payable quarterly with the Principal balance and any unpaid accrued interest fully due and payable on December 15, 2018. Mr. Janssen has the right to convert any outstanding principal and accrued interest into restricted shares of the of the Company's common stock at a conversion price of \$0.50 per share. The balance due Mr. Janssen at January 31, 2017 totaled \$526,261 (October 31, 2016 - \$524,095) of which the accrued interest of \$26,261 was classified as a short-term liability and the \$500,000 was classified as a long-term liability. During the three months ended January 31, 2017, the accrued interest of \$2,166 (\$2,131 – January 31, 2016) was charged to operations. The Company has not paid any accrued interest.

NOTE 5 - EQUIPMENT

(1) Equipment Purchased from Mr. Janssen

By way of agreement concurrent with Mr. Janssen's appointment to the Board of Directors and entry into an Employment Agreement (see Note 6 – Commitments and Contingencies below) and executed on December 18, 2013, the Company purchased various equipment relating to the post production processes for its 3D metal printing operation from Mr. Janssen, our sole officer and a director, for \$500,000 which amount has been capitalized on our balance sheet.

(2) Equipment Purchased from the ExOne Company

On December 23, 2013, the Company purchased equipment from an unrelated third party for \$750,000 of which \$75,000 was paid on purchase. The remaining \$675,000 is payable in two installments: \$375,000 due June 1, 2014 and \$300,000 due on September 1, 2014. The terms of the installment payments do not include a stated interest rate, therefore, the Company accounted for the purchase under ASC Topic 835-30-25 "Imputation of Interest" discounting

the purchase price of the equipment by \$18,795 for imputed interest using an interest rate of 5% per annum. The total gross capitalized value of this equipment was \$731,205.

10

3DX INDUSTRIES, INC.
Notes to Unaudited Financial Statements
January 31, 2017

NOTE 5 – EQUIPMENT (continued)

(2) Equipment Purchased from the ExOne Company (continued)

The Company failed to make the required installment payments when they became due and on October 23, 2014, the Company and the seller agreed to modify the terms of the obligation due. Under the modified terms, the balance of the note as of October 23, 2014 increased to \$675,000, which is evidenced by a promissory note which is assessed interest at an annual rate of 5% per annum. Principal and accrued interest are paid in monthly installments of \$20,230 commencing on December 1, 2014.

During the fiscal year ended October 31, 2015, the Company paid \$60,461, of which \$52,472 was applied to the principal and \$7,989 applied to interest. The Company has met its payment obligations up to February 2015 and is in default of its current payment obligations. The Company has entered into negotiations with the third party to revise the payment schedule with respect to the purchase, however the loan is presently in default and is currently payable in full as at November 23, 2016 in the total remaining amount of \$681,039 (October 31, 2016 - \$678,265).

On November 23, 2016, the Company and ExOne entered into a title transfer, conditional release and equipment lease agreement where under the Company, notified of its default under the original terms of the agreement and amendments thereto effective January 11, 2017, agreed to transfer title of the equipment back to ExOne, agreed to a lump sum payment of \$10,000 and agreed to enter into a 24 month lease for the equipment under the following terms:

- a) Months 1-3: \$5,000.00 per month
- b) Months 4-6: \$7,500.00 per month
- c) Months 7-24: \$10,000.00 per month

With each payment being due on the first date of the respective month and subject to a 5% late fee when unpaid within 10 (ten) days of the due date. Further under the terms of the agreement ExOne has provided a conditional release of all amounts due under the original agreement and amendments thereto.

The Company treated this transaction as disposal of equipment and recorded gain on disposal of \$198,948 as follows:

Disposal equipment at cost	\$731,205
Accumulated depreciation	(259,114)
Loss on carry value on disposal equipment	(472,091)
Settlement of equipment purchase payable and accrued interest	681,039
Lumpsum payment	(10,000)
Gain of debt settlement	671,039
Net on disposal	\$198,948

(3) Additional Equipment Purchased

During the year ended October 31, 2014 in connection with the aforementioned equipment purchase, the Company capitalized an additional \$23,366 in respect of installation costs.

In addition, the Company purchased additional equipment with a total value of \$138,410 during the three months ended July 31, 2015 which has been capitalized on the Company's balance sheets. Of this amount a total of \$122,465 is subject to an equipment finance agreement as more fully described in Note 6(6) below.

11

3DX INDUSTRIES, INC.
 Notes to Unaudited Financial Statements
 January 31, 2017

NOTE 5 – EQUIPMENT (continued)

Capitalized manufacturing equipment (gross) at January 31, 2017 totaled \$661,776 and October 31, 2016 totaled \$1,392,981.

NOTE 6 - NOTES PAYABLE – UNRELATED PARTY

(1) Third party convertible promissory notes

An unrelated third party advanced \$25,000 to the Company on February 14, 2015. The \$25,000 is evidenced by an unsecured promissory note bearing interest at a rate of 10%. The interest shall be accrued beginning on August 1, 2015. Outstanding principal and accrued interest is fully due and payable on December 31, 2016. The holder has the right to convert any or all of the outstanding principal and accrued interest into shares of the Company's common stock at a conversion rate of \$0.10 per share. Upon conversion, the holder has certain registration rights. The Company is obligated to bear all costs associated with the registration of the shares. During the three months ended January 31, 2017, the Company paid \$5,000 in cash. The outstanding balance at January 31, 2017 amounted to \$23,666 (October 31, 2016 - \$28,137). As per the terms of the agreement, the Company accrued interest of \$529 during the three months ended January 31, 2017 which was charged to operation.

An unrelated third party advanced \$17,500 to the Company on September 7, 2016. The \$17,500 is evidenced by an unsecured promissory note bearing interest at a rate of 8%. The interest shall be accrued beginning on January 1, 2017. Outstanding principal and accrued interest is fully due and payable on December 31, 2017. The outstanding balance at January 31, 2017 and October 31, 2016 amounted to \$17,500. As per the terms of the agreement, the Company accrued interest of \$115 during the three months ended January 31, 2017 which was charged to operation.

(2) The ExOne Company

As further detailed above in Note 5(2) – Equipment, on October 23, 2014 the Company entered into a Secured Promissory Note, Loan and Security Agreement (the "Note") in the principal amount of \$675,000 with interest accruing at a rate of 5% per annum. Under the terms of the Note, principal and accrued interest are paid in monthly installments of \$20,230 commencing on December 1, 2014. The note is secured by a lien on the purchased equipment. During the fiscal year ended October 31, 2015, the Company paid \$60,461, of which \$52,472 was applied to the principal and \$7,989 applied to interest. The Company met its payment obligations up to February 2015 and thereafter was in default of its payment obligations. On November 23, 2016, the Company and ExOne entered into a title transfer, conditional release and equipment lease agreement where under the Company, notified of its default under the original terms of the agreement and amendments thereto effective January 11, 2017, agreed to transfer title of the equipment back to ExOne, agreed to a lump sum payment of \$10,000 and agreed to enter into a 24 month lease for the equipment

(3) Lender 1

a. 5% various notes payable

Balance, October 31, 2015	\$278,353
Additional: Principal	20,500
Accrued interest:	14,089
Balance, October 31, 2016	312,942

Accrued interest:	3,725
Balance, January 31, 2017	\$316,667

12

3DX INDUSTRIES, INC.
 Notes to Unaudited Financial Statements
 January 31, 2017

NOTE 6 - NOTES PAYABLE – UNRELATED PARTY

(3)Lender 1 (continued)

a.5% various notes payable (continued)

During the fiscal year ended October 31, 2016, the Company received an additional \$20,500 in loans from the aforementioned party which is assessed interest 5% per annum and mature at various dates through July 1, 2018. During the three months ended January 31, 2017 the Company accrued a further \$3,725 in interest.

b.5% convertible note

In addition to the loans indicated above, the same lender advanced \$150,000 to the Company on November 5, 2013. The \$150,000 is evidenced by an unsecured promissory note bearing interest at a rate of 5%. Outstanding principal and accrued interest is fully due and payable on December 31, 2015. Effective January 1, 2015, the holder has the right to convert any or all of the outstanding principal and accrued interest into shares of the Company's common stock at a conversion rate of \$0.10 per share. Upon conversion, the holder has certain registration rights. The Company is obligated to bear all costs associated with the registration of the shares. The outstanding balance at October 31, 2016 amounted to \$172,562 (October 31, 2015 - \$165,041). Accrued interest charged to operation for the twelve months ended October 31, 2016 and 2015 totaled \$7,521 and \$7,500, respectively.

On December 20, 2016, the Company and the promissory note holder entered into an amendment to the terms of that certain note and accrued interest whereby, among other considerations, the conversion price was reduced from \$0.10 per share to \$0.001 per share.

The Company recognized the intrinsic value of the embedded beneficial conversion feature ("BCF") for the convertible note on the date of the repricing, and recorded the beneficial conversion feature as additional paid-in capital reducing the carrying value of the convertible note from \$150,000 to \$nil on December 20, 2016.

Further, the lender assigned a total of \$40,000 of its principal debt to an arm's length third party who converted a total of \$6,000 in principal to 6,000,000 shares of common stock during the three months ended January 31, 2017.

(4)Lender 2

Balance, October 31, 2015	\$71,105
Accrued interest	3,259
Balance, October 31, 2016	74,364
Accrued interest	819
Balance, January 31, 2017	\$75,183

On September 9, 2013, the Company borrowed \$30,000 from a third party. The loan is evidenced by an unsecured promissory note. The loan is assessed interest at an annual rate of 5% per annum with principal and accrued interest fully due and payable on May 1, 2014. The outstanding balance was not paid on its due date.

On March 7, 2014, the Company borrowed an additional \$35,000 from the same party noted above. The loan is evidenced by an unsecured promissory note. The loan is assessed interest at an annual rate of 5% per annum with principal and accrued interest fully due and payable on December 31, 2014.

Accrued interest charged to operations for the three months ended January 31, 2017 totaled \$819.
13

3DX INDUSTRIES, INC.
Notes to Unaudited Financial Statements
January 31, 2017

NOTE 6 - NOTES PAYABLE – UNRELATED PARTY (continued)

(5)Lender 3

On November 18, 2014, the Company borrowed \$25,000 from a third party (Note 1). The \$25,000 is evidenced by an unsecured promissory note bearing interest at a rate of 10% beginning April 1, 2015. Outstanding principal and accrued interest is fully due and payable on December 01, 2015. The holder has the right to convert any or all of the outstanding principal and accrued interest into shares of the Company's common stock at a conversion rate of \$0.30 per share.

On December 10, 2014, the Company further borrowed \$100,000 from a third party (Note 2). The \$100,000 is evidenced by an unsecured promissory note bearing interest at a rate of 10% beginning April 1, 2015. Outstanding principal and accrued interest is fully due and payable on December 31, 2016. The holder has the right to convert any or all of the outstanding principal and accrued interest into shares of the Company's common stock at a conversion rate of \$0.15 per share.

Pursuant to ASC Topic 470-20, "Debt with Conversion and Other Options," there is no beneficial conversion feature associated with these promissory notes because the conversion rate is equal or greater than the fair market value on the issuance date.

	Note 1	Note 2
Balance, October 31, 2015	\$26,459	\$105,836
Accrued interest	2,507	10,027
Balance, October 31, 2016	28,966	115,863
Accrued interest	630	2,520
Balance, January 31, 2017	\$29,596	\$118,383

(6)Equipment Finance Agreement

On March 25, 2015, the Company entered into an Equipment Finance Agreement ("EFA") with Global Finance Group, Inc. to borrow up to \$275,000. Under the EFA the Company received cash proceeds of \$90,000, \$5,000 was paid directly to a third party to reduce certain outstanding loans and a further \$122,465 was expended by Global to purchase equipment on behalf of the Company. The EFA is secured by the purchased equipment, and is assessed interest at a rate of 12% per annum. Principal and accrued interest are paid in monthly installments of \$7,243 commencing on May 1, 2015. It was agreed between the parties that the first 4 months of payments will be reduced by \$5,000 per payment, and thereafter, commencing September 1, 2015 payments of the full installment value will commence.

During the fiscal year ended October 31, 2015, the Company paid \$11,472, of which \$8,972 was applied to the principal and \$2,500 applied to interest. The Company met its payment obligations up to August 2015 and is currently in default of its current payment obligations.

During the three months ended January 31, 2017, the Company paid \$11,000 which was applied to the principal balance.

The balance due on this obligation January 31, 2017 is \$236,648 (October 31, 2016 - \$242,267).

During the fiscal year ended October 31, 2015 in connection with the aforementioned equipment purchase, the Company capitalized the equipment (gross) at October 31, 2015 in an amount totaling \$122,465. The EFA is personally guaranteed by the Company's President, Mr. Roger Janssen.

3DX INDUSTRIES, INC.

Notes to Unaudited Financial Statements

January 31, 2017

NOTE 7 - STOCKHOLDERS' EQUITY

For the three months ended January 31, 2017

On December 21, 2016, a note holder converted \$4,000 of outstanding principal into a total of 4,000,000 shares of the Company's common stock at \$0.001 per share.

On January 19, 2017, a note holder converted \$2,000 of outstanding principal into a total of 2,000,000 shares of the Company's common stock at \$0.001 per share.

For the fiscal years ended October 31, 2016

No Shares were issued during the period.

There were a total of 43,461,409 and 37,461,409 shares issued and outstanding as of January 31, 2017 and October 31, 2016, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Effective November 23, 2013, the Company entered into an employment agreement with its President and Chief Executive Officer, Roger Janssen. Under the terms of the agreement, Mr. Janssen will receive a base salary of \$15,000 a month over the three-year term of the agreement. At the sole discretion of the board of directors, Mr. Janssen may be granted performance bonuses and may also participate in any incentive plans that the Company may establish. In addition, Mr. Janssen received 30,000,000 shares of the Company's restricted common stock as a signing bonus. The shares were valued at \$4,800,000 based upon the trading price of the shares on the date of grant. Officer's compensation for the year ended October 31, 2014 amounted to \$4,887,449 including the indicated stock based compensation of \$4,800,000. Accrued compensation due Mr. Janssen as of January 31, 2017, amounted to \$479,555 (October 31, 2016 - \$448,130), which is included in the balance of other payables – related parties as reflected in the accompanying balance sheet. The \$479,555 is net of \$13,575 that was actually paid to Mr. Janssen during the three month period ended January 31, 2017.

On March 30, 2015, the Company entered into an equipment rental agreement with Santeo Financial Corp. with respect to certain manufacturing equipment. The term of rental is 24 months, with an option to purchase the equipment at any time up to the end of the rental agreement. Under the terms of the agreement the Company shall pay a security deposit of \$700 and agreed to a monthly rental fee of \$350 with the first month payable upon signing. The Company did not make any payments under this agreement in the period ended January 31, 2017 and October 31, 2016 and has accrued a total of \$8,330 and \$7,175, respectively, as due and payable.

On February 29, 2016, the Company extended a lease agreement originally entered into in January 2014 for a term of five years expiring February 28, 2021. Minimum annual lease payments under the extended lease are as follows:

Year ending October 31, 2017: \$39,420

Year ending October 31, 2018: \$53,420

Year ending October 31, 2019: \$54,452

Year ending October 31, 2020: \$55,484

Year ending October 31, 2021: \$9,276

15

3DX INDUSTRIES, INC.
Notes to Unaudited Financial Statements
January 31, 2017

NOTE 9 - SUBSEQUENT EVENTS

On December 20, 2016, a lender of a convertible note with a principal balance of \$150,000 (the "Original Note") (refer to Note 6(3)(b)) entered into an amendment to the terms of that certain note and accrued interest whereby, among other considerations, the conversion price was reduced from \$0.10 per share to \$0.001 per share.

- (a) Subsequently, the lender assigned a total of \$40,000 of its principal debt to an arm's length third party who converted a total of \$6,000 in principal to 6,000,000 shares of common stock. The assignee entered into a waiver and release agreement with the Company for the balance of the assigned convertible note payable in the amount of \$34,000 on May 30, 2017.

The Company received conversion notices totaling \$5,000 in respect of the balance still held under the aforementioned Original Note by the original lender and issued a total of 5,000,000 shares leaving a total balance payable, not including accrued interest, of \$105,000 on this note.

- (b) On March 15, 2017, the Company and Santeo entered into a letter agreement to revise the terms of the original March 30, 2015 equipment lease (ref: Note 9 above). Under the terms of the letter agreement, the Company will purchase the manufacturing equipment for a total of \$18,000 no later than December 31, 2017, which amount shall also include all accrued and unpaid rental payments, and any interest thereon up to December 31, 2017. Should the Company be unable to make the required payment as at December 31, 2017, interest of 12% per annum shall apply to any balance outstanding.

- (c) On April 28, 2017, a third-party lender with various amounts outstanding agreed to release and waive a total of \$367,170, inclusive of accrued interest thereon, with no further consideration payable.

- (d) On June 15, 2017, a total of 3,000,000 shares originally issued to settle part of convertible note in the amount of \$3,000 as discussed in Note 9(c) above were returned to treasury and canceled.

- (e) During the month of June 2017, the Company and the original stakeholder of the McNeil Claims referenced in Note 3 above entered into an assignment agreement whereby the stakeholder acquired the defaulted claims.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We may use words such as "anticipate," "expect," "intend," "plan," "believe," "foresee," "estimate" and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. The forward looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

RESULTS OF OPERATIONS

Plan of Operation

As of January 31, 2017, we had \$25,928 of cash on hand. We incurred operating expenses in the amount of \$272,863 during the three months ended January 31, 2017. These operating expenses were comprised of general and administrative expenses, professional fees, management salaries, consulting fees, and other miscellaneous expenses.

The Company commenced revenue generating operations from its primary business in the manufacturing sector during fiscal 2015. During the three month period we generated gross revenues of \$100,751 as compared to \$88,062 in the prior comparative period. While we expect to see an increase in revenues as we secure additional customers, we are not presently generating enough revenue to meet our operational overhead. Management cannot guarantee that the Company will be successful in its existing business operations and the Company's business is subject to risks inherent in the operation of a business enterprise with limited revenue generating operations, including limited capital resources and ongoing operational shortfalls

Our current cash holdings are not yet sufficient to satisfy our liquidity requirements and we will require additional financing to pursue our planned business activities. We are in the process of seeking equity and or debt financing to fund the shortfall in our operations over the next 12 months; however, management provides no assurance that future financing will be available to the Company on acceptable terms. If financing is not available on satisfactory terms, the Company may be unable to continue operations, develop, or expand its existing operations. Equity financing could result in additional dilution to the Company's existing shareholders.

For the three month periods ended January 31, 2017, as compared to the same periods ended January 31, 2016.

Revenues

The Company generated \$100,751 and \$88,062 in revenues from operations and \$1,698 and \$9,397 in cost of goods sold for the three months ended January 31, 2017 and 2016, respectively. Revenues were slightly increased over the respective periods.

Expenses

For the three months ended January 31, 2017 and 2016 total operating expenses were \$272,863 and \$295,235, respectively. The slight decrease in expenditures for the three months ended January 31, 2017 as compared to the same three month period in 2016 relates reduction in depreciation and amortization over the respective periods, as well as a substantive decrease in professional fees. During the respective comparative periods, the Company expensed \$30,599 and \$50,074 as depreciation and amortization expense. Professional fees were reduced from \$27,866 in fiscal 2016 to only \$10,133 in the current three month period of fiscal 2017. General and administrative expenses were slightly increased from \$217,295 in 2016 to \$232,131 in the three months ended January 31, 2017. Interest expenses increased period over period due to the fact that holders of certain convertible notes and the Company renegotiated the conversion terms during the period ended January 31, 2017. As a result the Company recorded \$150,000 relative to the amortization of the debt discount as interest expenses in the period, with no similar expense in the prior comparative three month period. Further there was a one time gain on disposal of equipment in the current period of \$198,948, again with no similar comparative entry in fiscal 2016. The Company recorded net losses of \$145,312 and \$243,733 for the three months ended January 31, 2017 and 2016.

Working Capital

	January 31, 2017	October 31, 2016	Difference
Current Assets	\$58,605	\$57,834	\$771
Current Liabilities	\$2,833,510	3,346,119	\$(512,609)
Working Capital	\$(2,774,905)	\$(3,288,285)	\$513,380

Cash Flows

	Three Months Ended January 31, 2017	Three Months Ended January 31, 2016
Net Cash (Used) in Operating Activities	\$(74,543)	\$(3,895)
Net Cash (Used) in Investing Activities	-	-
Net Cash Provided by Financing Activities	84,000	-
Net Increase (Decrease) in Cash During the Period	\$9,457	\$(3,895)

Interest Expense

Interest expense for the three months ended January 31, 2017 \$170,450 as compared to \$27,163 for the three months ended January 31, 2016. Interest expense in the current three month period includes a one time amortization of debt discount relative to the repricing of certain convertible notes in the amount of \$150,000.

Liquidity and Capital Resources

Growth of our operations will be based on our ability to internally finance from operating cash flows, and the ability to raise funds through equity and/or debt financing to increase sales and production. Our primary sources of liquidity are: (i) investor loans; and (ii) financing activities. Our cash balance as of January 31, 2017 is \$25,928.

Our Company has funded some of its operations through debt financing with related and non-related party transactions.

The Company is not aware of any known trends, events or uncertainties which may affect its future liquidity.

Critical Accounting Estimates

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare for financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Going Concern

The Company has incurred net losses since inception, and as of January 31, 2017 had a combined accumulated deficit of \$17,962,934 and had negative working capital of \$2,774,905. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that the Company must generate additional funds to enable it to continue operating. Management intends to raise additional financing through debt and or equity financing and by other means that it deems necessary, with the goal of moving forward and sustaining a prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital. Further, even if the company raises additional capital, there can be no assurance that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

Future Financing

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

Inflation

The amounts presented in the financial statements do not provide for the effect of inflation on our operations or financial position. The net operating losses shown would be greater than reported if the effects of inflation were reflected either by charging operations with amounts that represent replacement costs or by using other inflation adjustments.

Off-Balance Sheet Arrangements

As of January 31, 2017 we had no off-balance sheet transactions that have had, or are reasonably likely to have, a current or future effect on our financial condition, changes in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Recently Issued Accounting Pronouncements

The Company's management has evaluated all recent accounting pronouncements since the last financial report and through the issuance date of these financial statements. In the Company's opinion, none of the recent accounting pronouncements will have a material effect on the financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act").

Based on this evaluation, our Principal Executive and Principal Financial and Accounting Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were not effective as of January 31, 2017.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our director, officer or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

1. Quarterly Issuances:

On December 21, 2016, a note holder converted \$4,000 of outstanding principal into a total of 4,000,000 shares of the Company's common stock at \$0.001 per share.

On January 19, 2017, a note holder converted \$2,000 of outstanding principal into a total of 2,000,000 shares of the Company's common stock at \$0.001 per share.

2. Subsequent Issuances:

A lender holding a convertible note with a principal balance of \$150,000 (the "Original Note") (refer to Note 6(3)(b)) provided conversion notices totaling \$5,000 in respect of the balance still held under the aforementioned Original Note by the original lender and was issued a total of 5,000,000 shares.

On June 15, 2017, a total of 3,000,000 shares originally issued to settle part of convertible note in the amount of \$3,000 as discussed in Note 9(c) above were returned to treasury and canceled.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following Exhibits, as required by Item 601 of Regulation S-K, are attached or incorporated by reference, as stated below.

Number Description

Filing

Edgar Filing: 3DX Industries, Inc. - Form 10-Q

- | | | |
|------|--|-----------------|
| 31.1 | Certification of Principal Executive Officer Pursuant to Rule 13a-14 | Filed herewith. |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rule 13a-14 | Filed herewith. |
| 32.1 | CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act | Filed herewith. |
| 32.2 | CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act | Filed herewith. |

21

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

3DX INDUSTRIES,
INC.

Date: January 17, 2018 By: /s/ Roger Janssen
Name: Roger Janssen
Principal
Executive Officer
Principal
Title: Accounting
Officer
President, and
CEO

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

Date: January 17, 2018 By: /s/ Roger Janssen
Name: Roger Janssen
Title: Director

Date: January 17, 2018 By: /s/ Earl W. Abbott
Name: Earl W. Abbot
Title: Director