

ISEE3D INC.
Management Discussion and Analysis
December 31, 2008 Update

This Report was written on April 28, 2009

Overall performance

The Company has focused in the past year and in the first quarter of 2009 on the commercialization of the Company's patented single lens stereoscopic (three-dimensional) imaging technology. The Company owns a portfolio of patents, patent applications and specialized know how which are fundamental to providing a unique and cost effective means for the capture of broadcast quality stereoscopic (3D) images through a single lens. The Company's technology has broad application in a great number of markets including the home entertainment industry, consumer electronics and imaging devices including microscopes, endoscopes and sophisticated medical imaging systems.

In the first three quarters of the year the Company embarked upon an effort towards commercialization through a multi-focused approach which involving the recapitalization of the Company, its operating systems and the development of a management and consulting team capable of taking the Company's technology from patents to fully developed product ready for broad based commercialization. This effort has resulted in several significant successes as follows;

During the year the Company settled some \$983,152 of debt for common shares in the Company's capital stock. In addition the Company raised \$175,500 during the year, and \$260,356 subsequent to year end as well as having in process an addition equity financing aggregating \$900,000.

On November 10, 2008 the TSX Venture Exchange granted approval for ISee3D's application to graduate from the NEX, to the TSX Venture Exchange. At that time ISee3D's shares commence trading on Tier 2 of the TSX Venture Exchange under the symbol "ICT". This reactivation onto the TSX Venture Exchange represents a significant milestone in the Company's recent developments in that it had re-established the listing requirements of the TSX Venture Exchange, and the Company can now bring focus to its efforts onto the global commercialization of its proprietary 3D technology.

On February 19, 2009 the Company announced the appointment of Mr. Thomas Mitchell to the Board of Directors and office of Chief Technology Officer of the Company. Mr. Mitchell, a senior corporate executive, is a registered Professional Engineer with a degree in Electrical Engineering and minor in the Management Science program. He was the founder of ISEE3D Inc. (formerly International Telepresence) which provided specialized imaging systems to notable clients such as NASA, the Canadian Space Agency, Caterpillar and developing Military systems for more than a decade prior to the invention and patenting of ISee3D Inc.'s core technology, "*the capture of 3D imaging through a single lens*". The Company is very pleased to have Mr. Mitchell and his

decades of experience brought back to the commercialization of this technology which has come of age.

On April 1, 2009 the Company entered into an agreement with The Battelle Institute of Columbus Ohio, for the development of a “state of the art” 3D capture and display system which converts a conventional 2D HD video camera to 3D capability utilizing the ISEE3D patented single lens 3D capture technology. The Battelle Institute is the largest not for profit Research and Development facility in the world, conducting \$5.2 Billion USD in global R&D annually. This partnership not only provides critical infrastructure support to the Company to secure an effective commercialization program but also adds significant credibility to the presentation of the operational characteristics and potential of the Company’s core technology. The program serves as a catalyst to access certain markets which could not be accessed by the Company alone, and also provided to the Company critical scalability as it expands the commercialization of the technology into numerous market sectors.

The Company has also improved and rationalized its financial and administrative systems and capability. On March 25, 2009, the Company appointed Bal Bhullar as its Chief Financial Officer. Ms. Bhullar is a Certified General Accountant and holds a Canadian Risk Management designation from Simon Fraser University. Ms. Bhullar's experience in the role of Chief Financial Officer and handling corporate governance for public issuers will be a valuable asset to the management team as the Company continues to grow.

The Company has commenced demonstration of its technology to potential clients and is in the position to progress licensing and commercialization agreements as a result of the foregoing developments.

Results of Operations:

For the Year ended December 31, 2008 compared to December 31, 2007;

The Company reports a net loss and comprehensive income of \$720,989 or \$0.06 per share, compared to \$721,169 or \$0.09 per share in the year ended December 31, 2007. The Company’s relative consistency of operating costs is reflective of the fact that their efforts during the year were much the same in cleaning up liquidity issues and organizing efforts for the commercialization of its technology. This effort met success near the end of the fiscal year with the reactivate the Company to TIER II on the TSX. This reactivation will bring to a conclusion the Company’s extraordinary reactivation costs of \$129,749 in the current year and \$211,961 in the prior fiscal year. The Company can now expect to incur development costs in replacement of reactivation fees as focus is brought to the Company’s commercialization efforts.

For each of the eight (8) most recently completed quarters:

	Dec-08 Qtr 4	Sept-08 Qtr 2	June-08 Qtr 2	Mar-07 Qtr 1
Revenues	0.00	0.00	0.00	0.00
Net loss from continuing operations	(213,756)	(111,731)	(141,130)	(149,756)
Loss per share basic and diluted	(0.02)	(0.01)	(0.02)	(0.01)
Net Loss	(323,004)	(111,731)	(141,130)	(145,124)
Net loss per share basic and diluted	(0.02)	(0.01)	(0.02)	(0.01)

	Dec-07 Qtr 4	Sept-07 Qtr 3	June-07 Qtr 2	Mar-07 Qtr 1
Revenues	0.00	0.00	0.00	0.00
Net loss from continuing operations	(86,666)	(466,782)	(168,207)	(149,314)
Loss per share basic and diluted (i)	(0.01)	(0.06)	(0.02)	(0.01)
Net Loss	(86,666)	(466,782)	(168,207)	(149,314)
Net loss per share basic and diluted (i)	(0.01)	(0.06)	(0.02)	(0.01)

- (i) Basic and Diluted loss per share are based upon a number of shares adjusted for a 1:15 share consolidation approved by shareholders on April 2, 2007 applied retroactively.

In the year ended December 31, 2008, the Company recorded stock based compensation of \$42,479 comprised of share purchase options provided to officers, employees and consultants to the Company during the period.

The fair value of the stock options were determined using the Black Scholes pricing model with the following assumptions.

Risk-free interest rate	1.50%
Volatility	210%
Expected life in years	5 years
Strike price	\$0.15
Black Scholes fair market value	\$0.088

Revenues remain at zero since revenue generating activities have yet to be realized.

**Selected Annual Information
Three Year Data**

Period ended December 31,	2007	2006	2005	2004
Revenues	0	0	0	0
Loss from continuing operations	720,989	721,169	116,870	652,444
Loss per share basic & diluted (i)	.06	.10	.02	.11
Net loss	720,989	721,169	116,870	652,444
Net loss per share basic & diluted (i)	.06	.10	.02	.11
Total assets	90,756	77,201	8,100	22,575
Total financial liabilities	262,478	666,583	310,635	434,164
Dividends paid per share	0	0	0	0

- (i) Basic and Diluted loss per share are based upon a number of shares adjusted for a 1:15 share consolidation approved by shareholders on April 2, 2007 applied retroactively

Liquidity and Solvency:

At December 31, 2008 the Company had a working capital deficit of \$220,040, compared to a working capital deficiency of \$637,158 at December 31, 2007. Subsequent to year end the Company raised \$260,356. In addition the Company is in the process of closing on an addition equity financing aggregating \$900,000.

Further, the Company is progressing plans to proceed with further debt and equity financings in the upcoming months to meet its increasing working capital requirements.

Subsequent events:

On February 19, 2009, the Company announced that it will issue up to 3,333,333 units of shares at \$0.15 per share for gross proceeds of up to \$500,000.00 under a private placement. Each unit consists of one common share and one-half of one warrant. One full warrant entitles the holder to acquire an additional common share at a price of \$0.20 for a period of six months from the closing date.

On March 4, 2009, the Company closed the first tranche of the above announced private placement for proceeds of \$94,950.00 by issuance of 633,000 units at a price of \$0.15 per unit. The Company paid a finders fee of \$4,500.00 in connection with monies raised in the private placement,

On March 25, 2009, the Company closed the final tranche of the above announced private placement for proceeds of \$165,406.00 by issuance of 1,102,706 units at a price of \$0.15 per unit. The Company paid aggregate finders fees in the amount of \$7,770 and issued an aggregate of 51,800 finder's shares at a deemed price of \$0.15 per share in connection with monies raised under the final tranche of the private placement.

On April 2, 2009, the Company announced that it will issue up to 6,000,000 units of shares at \$0.15 per share for gross proceeds of up to \$900,000.00 under a private placement. Each unit consists of one common share and one warrant. One full warrant entitles the holder to acquire an additional common share at a price of \$0.20 for a period of twenty-four months from the closing date.

On April 1, 2009 the Company entered into an agreement with The Battelle Institute of Columbus Ohio, for the development of a "state of the art" 3D capture and display system which converts a conventional 2D HD video camera to 3D capability utilizing the ISEE3D patented single lens 3D capture technology. The Battelle Institute is the largest not for profit Research and Development facility in the world, conducting \$5.2 Billion USD in global R&D annually.

Capital resources and commitments

The Company has no commitments other than those in the ordinary course of business and reported in the Company's financial statements.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Transactions with Related Parties

The financial results for the year ended December 31, 2008 and December 31, 2007 report the following Related Party Transactions;

During the year, the Company has transactions and balances with related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and are summarized as follows:

	<u>2008</u>	<u>2007</u>
Consulting fees	\$ 78,000	\$ 213,750
Reactivation expenses	50,000	-
Interest	-	5,750
Rent expense	-	7,500
Debt settlement	273,800	-
Balance due to director – included in accounts payable subject to normal trade loans	8,075	-
Promissory notes payable	-	\$150,000

Disclosure Controls:

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures. The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as of December 31, 2008 have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company would have been known to them.

Other MD&A Requirements:

Additional information about the Company can be seen on SEDAR @ www.sedar.com. MD&A should be read jointly with the Company's audited financial statements for the fiscal year ended December 31, 2008.

Disclosure of outstanding share capital data:

At December 31, 2008, the Company had 16,406,939 common shares issued and outstanding and 6 preferred shares. In addition, the Company had 1,375,000 options to acquire common shares exercisable at \$0.15 per share outstanding to employees, Directors and consultants of the Company. These options vest evenly over a period of

two years commencing November 19, 2008. The Company also had warrants issued and outstanding to purchase 1,415,000 common shares in the Company at a price of \$0.15 per share.