

ISEE3D INC.
Management Discussion and Analysis
November 25, 2009 Update

This Report was written on November 25, 2009

Management's Responsibility for Financial Reporting

This discussion and analysis covers the Unaudited Interim Consolidated Financial Statements for the three months ended September 30, 2009 compared with the three months ended September 30, 2008. This information is current to November 23, 2009, but has not been reviewed by the Company's auditors. This Management Discussion and Analysis ('MD&A') should be read in conjunction with the Audited Financial Statements and Notes thereto for the year ended December 31, 2008, and the MD&A for the fiscal year ended December 31, 2008, (collectively the 'Financial Statements').

The accompanying financial statements have been prepared by management and are in accordance with Canadian Generally Accepted Accounting Principles. Other information contained in this document has also been prepared by management and is consistent with the data contained in the financial statements. Management maintains a system of disclosure controls and procedures designed to provide reasonable assurance that the assets are safeguarded and the financial and other factual information contained herein is timely, accurate and reliable. Further, management has evaluated these disclosure controls and procedures and determined that they are appropriate and effective in providing reasonable assurance that all material information relating to the Company's activities is reflected in this report to the date specified, and have so certified.

The Company's certifying officers are also responsible for establishing internal controls over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles. In the current year, there has been no change in the Company's internal control over financial reporting that has materially affected, or is likely to materially affect, the Company's overall internal control over financial reporting or the reliability of its financial reporting.

The Board of Directors approves the financial statements and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. The Company expressly disclaims any obligation to revise or update forward-looking statements in the event such materially different outcomes or results should occur. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made. See the Notes to the Company's Financial Statements regarding commitments, contingencies, legal matters, and other matters, which could materially affect the Company's future business, results of operations, financial position and liquidity.

All financial information is prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all amounts are expressed in Canadian dollars unless otherwise noted.

Overview

ISEE3D Inc. ("Isee3D") (TSX-V: ICT) owns certain patented technology which provides for the capture of stereoscopic (3D) images through a single lens. The Company's technology has broad application in several markets including the home entertainment industry, consumer electronics, and imaging devices of all sorts including microscopes, endoscopes as well as more sophisticated medical imaging systems.

The third quarter of 2009 has represented a very significant milestone in the Company's development, in that the Company has commenced a development program with the Battelle Institute of Columbus Ohio which represents a major milestone in the conversion of the Company's single lens 3D technology to an operating prototype through the conversion of a conventional HD2D video camera to 3D capability. This prototype will provide for real time HD3D image capture and display. On October 6, 2009, the Company announced that Battelle has successfully assembled the components for the first HD single lens, single 3D camera prototype and verified the camera's capability of capturing 3D video and still images. The agreement with Battelle also provides certain rights to ancillary technology as developed through this research and development program as well as rights for Battelle to introduce the Company's technology into any of their Government contracts which may be applicable, with licensing rights available to ISEE3D in the event of successful product introduction in that area of application.

The Battelle Institute is the world's largest non-profit independent research and development organization, providing innovative solutions to the world's most pressing needs through its four global businesses: Laboratory Management, National Security, Energy Technology, and Health and Life Sciences. It advances scientific discovery and application by conducting \$5.2 billion in global R&D annually through contract research, laboratory management and technology commercialization.

In addition to this development program, the Company has commenced business development effort utilizing its existing single lens conversion capability in the microscope industry working with clients for which 3D capability is of particular value in that sector.

Further the Company has commenced the expansion of its base of intellectual property through the conception and commencement of a program to reduce to patent of certain intellectual property related to the base technology of the Company.

The Company has continued on the improvement of its financial position through raising share capital during the quarter as follows:

During the period and to date, the Company has completed the strengthening and transition of the Board of Directors with the appointment of Mr. Joylon Burton to the Company's Board of

Directors. Mr. Burton's experience in the investment industry and working with public issuers will be a valuable asset as the Company continues to grow. The Company also announced the resignation of Alan Smith from the Company's Board of Directors.

Results of Operations:

For the Quarter ended September 30, 2009 compared to September 30, 2008;

The Company reports a net loss of \$551,345 or \$0.02 per share, compared to \$91,231 or \$0.01 per share in the quarter ended September 30, 2008. A significant component of this increase in costs is comprised of consulting and management fees, professional fees, investor relations, and research and development expenses of \$208,613 which did not exist in the prior year as the Company was not as active commercializing its business. In addition, the Company's growing group of management and directors received options in November 2008, April 2009, and August 2009 and the vesting of those options have resulted in a stock based compensation expense of \$127,833 booked during the quarter ended September 30, 2009. These options did not exist in the corresponding quarter of 2008. This increase in costs is expected to be maintained as the Company accelerates its business development initiatives, with a short-term view to the commencement of licensing revenues by the Company.

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

	Sep-09 Qtr 3	Jun-09 Qtr 2	Mar-09 Qtr 1	Dec-08 Qtr 4
Revenues	0.00	0.00	0.00	0.00
Net loss from continuing operations	(551,345)	(549,176)	(291,389)	(213,756)
Loss per share basic and diluted	(0.02)	(0.03)	(0.02)	(0.02)
Net Loss	(551,345)	(549,176)	(291,389)	(381,504)
Net loss per share basic and diluted	(0.02)	(0.03)	(0.02)	(0.02)

	Sept-08 Qtr 3	June-08 Qtr 2	Mar-08 Qtr 1	Dec-07 Qtr 4
Revenues	0.00	0.00	0.00	0.00
Net loss from continuing operations	(111,731)	(141,130)	(149,756)	(86,666)
Loss per share basic and diluted (i)	(0.01)	(0.02)	(0.01)	(0.01)
Net Loss	(91,231)	(141,130)	(107,124)	(86,666)
Net loss per share basic and diluted (i)	(0.01)	(0.02)	(0.01)	(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.

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

During the quarter ended September 30, 2009 the Company recorded stock based compensation of \$127,833. This stock based compensation is related to the granting of 1,375,000 options on November 19, 2008 and vesting of 192,148 options in the quarter; 75,000 options on April 17, 2009 and vesting of 18,058 options in this quarter; and 1,475,000 options on August 14, 2009 and vesting of 423,404 options in this quarter. These option agreements which vested over a period of 24 months in eight equal installments with one-eighth of the options vesting on the grant date, and each additional one-eighth of the options vesting quarterly thereafter.

On July 10, 2009, the Company settled a total of \$116,984 in outstanding debt through the issuance of 779,894 shares at a deemed price of \$0.15 per share.

On July 24, 2009, the Company issued an additional 60,000 finder's shares valued at \$14,400 in connection with monies raised under the private placement closed on May 12, 2009

On July 24, 2009, the Company settled a total of \$15,000 in outstanding debt through the issuance of 88,235 shares at a deemed price of \$0.17 per share to an officer of the Company.

During the quarter ended September 30, 2009, the Company issued 175,000 common shares at \$0.15 per share from the exercise of options for proceeds of \$26,250.

On August 25, 2009, the Company issued 1,000,000 common shares at a deemed price of \$0.22 per share to acquire a series of patent applications and proposed patent applications from a company owned and controlled by an officer and director of the Company. These shares are subject to a hold period of four months and one day from the date of issuance. In addition, these shares will be escrowed and released as follows; 400,000 shares upon the expiry of the hold period and a further 75,000 shares per month thereafter over a period of eight months.

During the quarter ended September 30, 2009, the Company issued 867,851 common shares at \$0.20 per share from the exercise of warrants for aggregate proceeds of \$173,570.

**Selected Annual Information
Four Year Data**

Period ended December 31,	2008	2007	2006	2005
Revenues	0	0	0	0
Loss from continuing operations	(720,989)	(721,169)	(116,870)	(652,444)
Loss per share basic & diluted (i)	(0.06)	(0.09)	(0.00)	(0.01)
Net loss	(720,989)	(721,169)	(116,870)	(652,444)
Net loss per share basic & diluted (i)	(0.06)	(0.09)	(0.00)	(0.01)
Total assets	90,756	77,201	8,100	22,575
Total financial liabilities	262,478	666,583	304,204	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 September 30, 2009 the Company had a net working capital of \$403,882 compared to a working capital of \$115,545 at September 30, 2008. Accordingly, the Company has moved into a positive working capital position subsequent to the period end.

Subsequent events:

- a) On October 6, 2009, the Company settled a total of \$15,000 in outstanding debt through issuing 21,429 shares at a deemed price of \$0.70 per share to an officer of the Company.
- b) On October 21, 2009, the Company entered into an agreement with a company for capital services. Under the term of the agreement, the Company will pay a monthly retainer fee of \$10,000 for a period of twelve months subject to a ninety-day review. The Company will also be issuing 200,000 stock options, exercisable for a period of five years at a price of \$0.90 per share. The issuance of the options is subject to regulatory approval.

- c) On November 13, 2009. The Company announced its intention to grant options to purchase an aggregate of up to 250,000 common shares at a price of \$0.48 per share, exercisable for a period of five years, to certain officers, employees and consultants of the Company. The issuance of the options is subject to regulatory approval.

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 quarter ended November 30, 2009 include the following related party transactions;

- a) Amounts paid or accrued to directors or officers of the Company, and companies with directors or officers in common or in which a director is a partner or associate are as follows:

	<u>2009</u>	<u>2008</u>
Consulting fees	\$ 299,548	\$ 46,262
Interest on notes payable	-	16,517
	<u>\$ 299,548</u>	<u>\$ 62,779</u>

- b) Included in accounts payable and accrued liabilities as of September 30, 2009 were \$15,000 (2008-nil) due to the CFO of the Company. In addition, on June 1, 2009, the Company signed an amending agreement with the CFO of the Company, increasing the monthly cash payment to \$3,000.
- c) On June 29, 2009, the Company signed a debt settlement agreement with a director to settle \$46,868.70 in debt by issuing 312,457 common shares. These shares were issued on July 10, 2009.

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 September 30, 2009 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 September 30, 2009, the Company had 30,662,029 common shares issued and outstanding and 6 preferred shares. In addition, the Company had issued 1,150,000 options to acquire common shares at \$0.15 per share and 1,475,000 options to acquire common shares at \$0.27 per share of which 365,625 were exercisable at September 30, 2009. The Company also had warrants issued and outstanding to purchase 8,065,384 common shares of the Company at \$0.20 per share at September 30, 2009.