



NEPTUNE DIGITAL ASSETS CORP.
(formerly Neptune Dash Technologies Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS
For the three month period ended November 30, 2020

Containing information up to and including January 25, 2021

Form 51-102F1
Management's Discussion & Analysis for
NEPTUNE DIGITAL ASSETS CORP.
(the "Company")
Containing information up to and including January 25, 2021

NOTICE

This Management Discussion and Analysis ("MD&A") is intended to help the reader understand the consolidated financial statements of Neptune Digital Assets Corp. (formerly known as Neptune Dash Technologies Corp.) and includes its wholly owned subsidiary Neptune Stake Technologies Corp. The information provided herein should be read in conjunction with the Company's condensed consolidated interim financial statements for the period ended November 30, 2020 and with the consolidated audited financial statements for the year ended August 31, 2020 (the "**Financial Statements**"). The following comments may contain estimates of anticipated future trends, activities or results made by management of the Company ("**Management**"). These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond the control of Management.

Management is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the Financial Statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

Additional information related to the Company is available for view on SEDAR and on the Company's website at www.neptunedash.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its digital currency assets;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing and pricing of proposed financings, if applicable;
- the anticipated completion of financings;
- the anticipated receipt of regulatory approval or acceptance of financings;
- the anticipated use of the proceeds from the financings;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to predict future cryptocurrency asset pricing, the ability to determine the results of voting decisions made by cryptocurrency networks to determine how these blockchains perform network upgrades over time, and other variables that are disclosed under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the prices for cryptocurrencies, specifically the Dash and Cosmos ATOM blockchains;
- general business and economic conditions;
- the timing and amount of Dash masternode and ATOM delegated revenue earned over time;
- conditions in the financial and cryptocurrency markets generally, and with respect to the prospects for the supply and demand of the Dash and ATOM cryptocurrency specifically;
- the hashing power and general integrity of the Dash and ATOM blockchains with respect to vulnerability from a malicious third party, or 51% Attack;
- the number of Dash masternodes that are operational at any given time;
- regulatory developments within Canada and internationally that affect cryptocurrencies as an asset class both directly and indirectly;
- tax developments directed at cryptocurrency assets that may be enacted into legislation over time;
- governance decisions made by the Dash masternode operators and Cosmos ATOM community that affect the rewards payout allocation;

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the cryptocurrency markets and global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

BUSINESS SUMMARY

Neptune Digital Assets Corp. (Formerly Neptune Dash Technologies Corp.) is an early stage technology company, listed on the TSX Venture Exchange (“TSXV”), trading under the symbol DASH, the Company was incorporated on October 31, 2017 and invests exclusively in and operates blockchain infrastructure assets and related technologies. The Company’s primary objective is to construct and operate masternodes that assist the Dash blockchain to facilitate payment processing on the Dash blockchain network and take part in the Cosmos ATOM community through delegation of ATOM tokens. The Company also plans to accumulate, hold and stake if possible, viable crypto assets which they deem as potentially valuable over the long term. The Company also plans to actively evaluate technology companies that are currently operating within the blockchain ecosystem, with the intention of acquiring, investing in or building blockchain infrastructure technologies.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise funds in the future.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

Highlights for the three months ended November 30, 2020 and up to January 25, 2021

- On December 3, 2020 the Company issued 1,875,000 units at a price of \$0.08 per unit and 1,428,571 units at a price of \$0.105, with each unit consisting of one common share and one transferable common share purchase warrant entitling the holder to purchase one common share at a price of \$0.13 and \$0.175 respectively, for a period of three years from the issue date. The securities will be subject to a four-month-and-one-day hold period.
- On December 17, 2020, the Company changed its name to Neptune Digital Assets Corp.
- On January 21, 2021, the Company issued six million stock options to directors, officers and consultants with an exercise price of \$0.20 and expiring after 10 years.

SUMMARY OF QUARTERLY RESULTS

The table below sets out the quarterly results from the last two years.

	Quarter Ended November 30, 2020	Quarter Ended August 31, 2020	Quarter Ended May 31, 2020	Quarter Ended February 29, 2020
Financial Results	\$	\$	\$	\$
Revenue	29,616	34,300	35,442	39,908
Operating Expenses	(115,424)	(183,873)	(124,260)	3,558
Net comprehensive income (loss) for the period	246,810	837,799	(402,880)	622,764
Net income (loss) per share (basic and diluted)	\$0.00	\$0.01	\$0.00	\$0.01
Total Assets	4,116,916	3,798,958	2,876,240	3,045,945
Total Long-term Liabilities	-	-	-	-
Weighted average shares outstanding for the period	85,869,178	85,869,178	83,896,665	80,942,962
Cash dividends declared	-	-	-	-

	Quarter Ended November 30, 2019	Quarter Ended August 31, 2019	Quarter Ended May 31, 2019	Quarter Ended February 28, 2019
Financial Results	\$	\$	\$	\$
Revenue	39,421	51,956	48,077	32,459
Operating Expenses	(160,971)	(178,662)	(242,977)	(288,216)
Net comprehensive income (loss) for the period	(400,434)	(2,527,836)	2,203,469	(561,417)
Net income (loss) per share (basic and diluted)	\$(0.00)	\$(0.03)	\$0.03	\$(0.01)
Total Assets	2,474,701	2,814,916	5,384,065	3,021,328
Total Long-term Liabilities	-	-	-	-
Weighted average shares outstanding for the period	80,709,995	80,709,995	80,709,995	80,405,736
Cash dividends declared	-	-	-	-

	Quarter Ended November 30, 2020	Quarter Ended August 31, 2020	Quarter Ended May 31, 2020	Quarter Ended February 29, 2020
Operating Results				
Opening Dash Token Balance:	9,084	15,454	15,204	16,197
Dash Token Purchases:	-	-	-	-
Dash Production Earned from Masternodes:	100	177	250	238
Dash Earned from Neptune Pooling Fees & Rewards	-	-	-	-
Dash Dispositions	(3,119)	(6,547)	-	(1,231)
Closing Dash Token Balance:	6,065	9,084	15,454	15,204
\$CAD Dash Price (rounded)*	\$135	\$116	\$105	\$115
\$CAD Dash Tokens Owned:	\$819,903	\$1,057,294	\$1,627,385	\$1,745,896

- Rates obtained from the \$CAD closing price on www.cryptocompare.com

	Quarter Ended November 30, 2019	Quarter Ended August 31, 2019	Quarter Ended May 31, 2019	Quarter Ended February 28, 2019
Operating Results				
Opening Dash Token Balance:	16,382	18,790	19,453	19,144
Dash Token Purchases:	-	-	-	-
Dash Production Earned from Masternodes:	245	233	278	288
Dash Earned from Neptune Pooling Fees & Rewards	-	40	34	21
Dash Dispositions	(430)	(2,681)	(975)	-
Closing Dash Token Balance:	16,197	16,382	18,790	19,453
\$CAD Dash Price*	\$74	\$107	\$223	\$108
\$CAD Dash Tokens Owned:	\$1,191,578	\$1,741,120	\$4,204,706	\$2,099,937

DISCUSSION OF RESULTS

Results for the three month period ended November 30, 2020 compared to the three months ended November 30, 2019

The following analysis discusses the Company's operating results.

- Inclusive of Neptune Digital Assets Corp. and Neptune Pooling operations (discontinued August 2019), the Company earned a total of 100 Dash and gross dash revenues of \$9,651 during the period ended November 30, 2020 (2019 - \$23,145 and 245 Dash). This differential is the result of a volatile Dash price and a larger balance of Dash on which revenues were being earned in comparable period. To add to this the Company has divested in Dash holdings in order to accumulate Cosmos ATOM which earn additional revenue as discussed below.
- During the three month period ended November 30, 2020, the Company had an average of six (2019 – 16) Dash masternodes that were operational resulting in Dash tokens produced of 100 (2019 – 245),

monthly Dash production of 33 (2019 – 82) Dash tokens, with each masternode producing an average of 5.50 (2019 – 5.10) Dash tokens per month.

- The Company owned a total 6,065 Dash tokens as at November 30, 2020 (2019 – 16,197) inclusive of fees earned from Neptune Pooling.
- During the period, the fair market value of the Dash digital tokens held recovered value as at November 30, 2020 resulting in an unrealized gain of \$19,504 (unrealized loss of 2019 - \$277,809), associated with the Company's digital currency owned.
- As a result of delegating to the Cosmos Validator Node, the Company earned 2,930 ATOM (2019 – 1,654), valued at \$19,965 (2019 - \$16,276), in rewards during the three month period ended November 30, 2020. At period end the Company held 137,692 ATOM (August 31, 2020 – 134,762 ATOM) and recognized an unrealized loss of \$291,586 (2019 – unrealized gain of \$288,936) during the three months ended November 30, 2020.
- The Company continues to reduce expenses, which total \$115,424 (2019 - \$160,971) for the three month period ended November 30, 2020, of which only \$74,072 were cash expenses (2019 - \$106,952). This is mainly due to a reduction in consulting fees, marketing costs, professional fees, office costs and travel.
- Exclusive of the ATOM purchase and delegation described earlier, Neptune Stake's portfolio of digital currencies had a fair value of \$1,440,381 (August 31, 2020 - \$1,179,046). During the period the Company recognized a decrease in fair value of \$54,977 (2019 – Decrease of \$49,284) based on the period end value of each digital currency.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2020 the Company held six masternodes which earn Dash revenues and has delegated 167,692 ATOM which also earn rewards. The Company commenced earning revenues during November 2017, however it has limited history and no assurances that historical performance will be indicative of future performance. The Company has positive working capital, but may be reliant on external financing to take advantage of growth opportunities. The Company's ability to continue as a going concern is dependent on the Company's ability to earn digital tokens, and if necessary, liquidate digital tokens, or on its ability to raise external financing.

As at November 30, 2020 the Company had a working capital balance of \$1,386,926. Significant items included cash of \$43,486, short-term investments of \$248,211, and loan receivable (BTC) of \$1,281,824. The Company currently has sufficient cash and cash equivalents to meet its current operating and administrative costs for the next 12 months.

The net change and use of proceeds for the Company during the three month period ended November 30, 2020 is as follows:

- Cash used in operating activities was \$74,072. The majority of this was used to fund office costs, listing fees, and maintaining IT infrastructure.

The Company has no commitments for capital expenditures at the date of this report.

OUTSTANDING SHARE DATA

As at November 30, 2020, the Company's share capital was \$25,171,684 representing 85,869,178 common shares without par value. The comprehensive income for the three month period ended November 30, 2020 was \$246,810 and total shareholders equity was \$3,822,366.

Subsequent to November 30, 2020 and as at January 25, 2021 the Company's equity structure is disclosed below:

	# of Shares	Exercise Price	Expiry Date (Vest Date)
Issued and Outstanding Common Shares	90,354,948		
Warrants	1,250,000	\$0.13	May 26, 2023
	1,875,000	\$0.13	December 3, 2023
	1,428,571	\$0.175	December 3, 2023
Stock Options	6,000,000	\$0.20	January 21, 2031
Fully Diluted as at January 25, 2021	100,908,519		

RISK FACTORS

The Company is in the business of the construction and operation of blockchain infrastructure assets. Due to the high growth of, and maturing marketplace around, blockchain technologies and cryptocurrency markets in general, and the nature of the Company's proposed business plan, the following risk factors, among others, will apply:

Cryptocurrency Assets Are Highly Volatile And Speculative In Nature: Masternodes and validators are paid by the blockchain network in exchange for the capital and operating costs associated with their construction and operation. Given the highly volatile nature of cryptocurrencies with respect to pricing, hashing power, and block reward, the Company cannot guarantee that the net asset value of a Dash blockchain masternode, or the block reward associated with Dash or ATOM will remain at current levels or rise in the future.

Fluctuation of Cryptocurrency Prices: Cryptocurrency market technology is a development stage technology and cryptocurrency assets are a class of assets that not widely held, difficult to purchase and store securely and not fully regulated. As result of these variables, the pricing of cryptocurrency assets is highly volatile which will affect the value of staked digital assets and block reward payouts over time.

Blockchain Technology: The Dash and Cosmos blockchain network is a development stage ecosystem with many stakeholders including miners, investors, nodes and/or masternodes, and other ecosystem participants. Due to the decentralised and development stage nature of blockchains, the Company cannot forecast what changes will occur to the structure of these blockchains over time, and how protocol upgrades will affect the valuation of the Company's hardware infrastructure assets and underlying crypto currencies.

Collusion and Third Party Attacks: By its very nature blockchain technologies are decentralized and subject to possible manipulation. This includes the risk of a 51% attack on a blockchain's mining network hashing power, where a malicious third party is able to reverse transactions on the blockchain through centralised control of an entire blockchain's mining power. Although considered remote, a 51% attack, and other malicious attempts to control, attack, or manipulate a particular blockchain is outside of the Management's control.

Security Risks: Given the immutable nature of blockchain technologies, a risk exists that a malicious third party could attempt to hack or steal the Company's Dash tokens or other digital assets and the Company may be unable to recover them.

Financing Risks: The Company has limited financial resources, has no source of operating cashflow and has no assurance that additional funding will be available for it to invest and purchase blockchain infrastructure assets. Failure to raise additional financing could result in a delay or indefinite postponement of further technological investment in the blockchain ecosystem.

Insufficient Financial Resources: The Company may not have sufficient financial resources or crypto revenues to pay operating expenses.

Dilution to the Company's Existing Shareholders: The Company may require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of Common Shares or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Increased Costs: Management anticipates the costs to setup and operate Dash masternodes could increase over time if demand for Dash tokens increases. This will result in increased capital costs to purchase sufficient Dash tokens.

Government Regulation: Blockchain technology assets are a new and emerging asset class of which the regulatory and taxation policies related to the purchase, sale, trading, and ownership of digital tokens may change over time, and as a result may have a direct impact on the Company's assets and operating cashflows.

No Assurance of Profitability: The Company has limited history of positive operating earnings and, due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its Common Shares or, possibly, from the sale of its cryptocurrency assets. The Company is highly dependent on Dash, ATOM and other tokens maintaining their price at current levels and not materially declining over time.

Uninsured or Uninsurable Risks: The Company's blockchain assets are uninsured and are susceptible to total loss in the event of a theft, security breach, employee error or IT malfunction. The Company takes every available precaution to reduce the risk of blockchain asset losses due to theft, security breach, employee error or IT malfunction.

OFF-BALANCE SHEET ARRANGEMENTS

As at November 30, 2020 and as at the date of this report the Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into certain transactions with related parties during the three month period ended November 30, 2020. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company’s Board of Directors and corporate officers.

A description of the transactions with Key Management Personnel are:

Name	Name	Relationship	Purpose of Transaction	Amount
Spartan Pacific Financial Ltd.	Cale Moodie	CEO & Director	Consulting Fees ⁽¹⁾	\$40,000
Major Big Consulting Corp.	Kalle Radage	COO & interim CFO	Consulting Fees ⁽³⁾	\$31,250

- 1) The Company has a consulting agreement (the “**Spartan Agreement**”) with Spartan Pacific Financial Ltd. (“**Spartan**”), a company owned by Cale Moodie, the Chief Executive Officer, pursuant to which Spartan agreed to provide management consulting services to the Company. The Company will pay Spartan a monthly fee of \$13,333 per month. The Company has the right to terminate the Spartan Agreement by providing 24 months’ notice or paying the equivalent of 24 months in fees.
- 2) The Company has a consulting agreement (the “**Major Big Agreement**”) with Major Big Consulting Corp. (“**Major Big**”), a company owned by Kalle Radage, the Chief Operating Officer, pursuant to which Major Big agreed to provide consulting services to the Company. The Company will pay Major Big \$10,417 per month. The Company has the right to terminate the Major Big Agreement by providing 12 months notice or paying the equivalent of 12 months in fees.

In addition to the transactions above:

- The Company paid or accrued director fees of \$13,500 (2019 - \$10,500) to independent directors during the three month period ended November 30, 2020.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Significant accounting judgments and estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards (“**IFRS**”) requires management to make judgments, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Significant judgments:

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the evaluation of the Company’s ability to continue as a going concern.

Functional currency:

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company’s digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital

currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency

Digital currency valuation:

The Company's Dash masternode cryptocurrency assets are included in long term assets. The Company has evaluated its use of cryptocurrency assets and determined that its Dash masternode assets be treated as intangible assets under IAS 38. The Company's Dash masternode assets are recognized at the lower of cost and fair market value (determined by the spot rate based on the hourly volume weighted average from www.cryptocompare.com). The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. The Company has a portfolio of cryptocurrency assets which it holds within Neptune Stake Technologies Corp., these cryptocurrency assets are recognized as current assets and are valued at fair market value.

Share based compensation:

The Company utilizes the Black-Scholes Option Pricing Model ("**Black-Scholes**") to estimate the fair value of stock options granted to directors, employees, and consultants. The use of Black Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share based compensation calculation value, however the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has had limited history and is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

Significant accounting policies

Revenue recognition:

The Company recognizes revenue from the provision of masternode server operations within digital currency networks, commonly termed "masternode hosting". As consideration for these services, the Company receives digital currency from each specific network in which it participates. Revenue is measured based on the fair value of the Dash received. The fair value is determined using the spot price of Dash on the date of receipt. A Dash is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured. Digital tokens

Digital tokens are recorded on the statement of financial position as digital currencies at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of any Digital tokens for traditional currencies are included in profit and loss.

Shared-based payments:

Share-based payments include option and stock grants granted to directors, employees and consultants. The Company accounts for share-based compensation using a fair value based method with respect to all share-based payments measured and recognized, to directors, employees and consultants. For directors and employees, the fair value of the options and stock grants is measured at the date of grant. For consultants, the fair value of the options and stock are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. For directors, employees and consultants, the fair

value of the options and stock grants is accrued and charged to operations, with the offsetting credit to share based payment reserve for options, and commitment to issue shares for stock grants over the vesting period. If and when the stock options are exercised, the applicable amounts are transferred from share-based payment reserve to share capital. When the stock grants are issued, the applicable fair value is transferred from commitment to issue shares to share capital. Option based compensation awards are calculated using the Black-Scholes while stock grants are valued at the fair value on the date of grant.

The Company has granted certain directors and consultants restricted share units (“RSUs”) to be settled in shares of the Corporation. The fair value of the estimated number of RSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the RSUs is estimated using the market value of the underlying shares as well as assumptions related to the market and non-market conditions at the grant date

Financial instruments:

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit or loss (“FVTPL”) - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in profit and loss.

Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit and loss.

Amortized cost: This category includes accounts payables and accrued liabilities, which are recognized at amortized cost.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED

There were no new standards adopted for the period ended November 30, 2020.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF CAPITAL

Fair values in the condensed consolidated interim balance sheet

The carrying amounts reported in the audited consolidated balance sheet for the current financial assets and liabilities, which includes accounts payable and accrued liabilities approximate fair values due to the immediate or short-term maturities of these financial instruments.

	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
Cash	43,486	-	-
Shorter-term investments	-	248,211	-
Total financial assets	43,486	248,211	-

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash and accounts payable approximates their fair values due to their short terms to maturity.

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company’s credit risk is primarily attributable to its liquid financial assets of cash. The carrying value of these instruments represents the Company’s maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company’s interest-bearing financial assets are comprised of cash. The Company is not exposed to material interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign currency rates. The Company’s functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company’s assets, liabilities and the amount of shareholders’ equity. The Company’s main risks are associated with fluctuations in the US dollar and assets and liabilities are translated based on the foreign currency translated method described in the Financial Statements. The Company

does not enter into any foreign exchange hedging contracts. In order to mitigate this risk, the Company maintains a portion of its cash in US dollar-denominated bank accounts.

Digital Currency Valuation

The Company measures its digital currencies holdings at level one fair value determined by taking the closing rate of each day from www.cryptocompare.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange listings, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of Dash; in addition, the Company may not be able to liquidate all of its inventory of digital currency at its desired price if required. A decline in the market prices for Dash could negatively impact the Company's future operations.

Dash Coin Holdings:

	November 30, 2020
Dash Digital Currency Tokens held	6,065
Closing Dash Price (\$CAD)	\$ 135.19
Digital Currency Value	\$ 819,903

ATOM and Other Coin Holdings:

	Holdings, November 30, 2020	Fair Value, November 30, 2020	Holdings, August 31, 2020	Fair Value, August 31, 2020
ATOM	137,692	995,059	134,762	1,266,680
Bitcoin	20	519,618	5	76,584
Ethereum	67	53,416	67	37,935
Fantom	1,440,922	37,252	-	-
Litecoin	38	4,352	38	3,048
Stellar	12,784	3,357	12,784	1,622
NEO	44	1,048	44	1,164
Dash	6	844	6	651
Dash – nodes	6,065	819,903	9,084	1,057,294
OMG	77	392	77	518
QTUM	52	199	52	230
Balance		\$ 2,435,440		\$ 2,445,726

*An additional 52 BTC are held with arms length parties earning revenues as interest and option revenue.

RECENT DEVELOPMENTS AND OUTLOOK

The Company expects to obtain financing in the future primarily through further equity and/or debt financing, and to receive payments from the Dash blockchain network in exchange for providing Dash masternode services and payments from the Cosmos blockchain for delegating ATOM. The Company also now receives revenues from investing BTC into short term loans and option trades.

PROPOSED TRANSACTION:

Except as disclosed elsewhere in this document there were no proposed transactions as at November 30, 2020 or at the date of this report.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

HEAD OFFICE

Neptune Digital Assets Corp.
#310 – 36 Water Street
Vancouver, British Columbia
V6B 0B7

DIRECTORS & OFFICERS

Cale J. Moodie, BSF, CPA, CA
Chief Executive Officer, Chairman and Director

Dario Meli
Independent Director

Carmen To, CPA, CA
Independent Director

Kalle Radage
*Chief Operating Officer, Director and
Interim Chief Financial Officer*

Mitchell Demeter
Independent Director

CAPITALIZATION

(as at January 25, 2021)

Shares Authorized: Unlimited Number of
Common Shares

Shares Issued: 90,354,948

REGISTRAR & TRANSFER AGENT

TSX Trust Company
301 – 100 Adelaide St. West
Toronto, ON M5H 4H1

AUDITOR

Manning Elliot LLP
17th Floor, 1030 West Georgia Street
Vancouver, British Columbia
V6E 2Y3

LEGAL COUNSEL

DLA Piper (Canada) LLP
666 Burrard Street,
Vancouver, British Columbia
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