NEPTUNE DIGITAL ASSETS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine-month period ended May 31, 2021

Containing information up to and including July 29, 2021

Form 51-102F1
Management's Discussion & Analysis for
NEPTUNE DIGITAL ASSETS CORP.
(the "Company")
Containing information up to and including July 29, 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 May 31, 2021 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 Bitcoin, Cosmos ATOM, Ethereum and Dash blockchains;
- Economics of mining cryptocurrencies
- 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 Bitcoin, Ethereum, ATOM and Dash cryptocurrencies specifically;
- the hashing power and general integrity of the Bitcoin, Dash and ATOM blockchains with respect to vulnerability from a malicious third party, or 51% Attack;
- 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, Cosmos ATOM and other proof-of-stake 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. (the "Company" or "Neptune") (formerly Neptune Dash Technologies Corp.) was incorporated on October 31, 2017 under the laws of the province of British Columbia. On December 17, 2020, the Company changed its name to Neptune Digital Assets Corp. The Company's shares are listed on the TSX Venture Exchange (TSX-V) under the symbol **NDA**. The head office, registered and records office of the Company is located in Vancouver, BC. The Company's primary objective is to grow a large scale revenue generating portfolio made up of investments in Bitcoin mining and proof-of-stake DeFi based tokens and their associated ecosystems. 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 nine months ended May 31, 2021 and up to July 29, 2021

- Subsequent to May 31, 2021, The Company paid back the $750,000 USD loan to a third party and exercised a number of put options resulting in a gain of $158,000 USD.

- Subsequent to May 31, 2021 the Company purchased a number of Bitcoin mining machines for USD$1.55 million.

- In May 2021, the Company commenced BTC mining operations with 300 miners it acquired in April 2021. Up to May 31, 2021, the Company had recognized $54,347 in revenue from mining operations.

- In April 2021, the Company issued an aggregate of 27,500,000 Tether in short term loans with a fair value of CAD $34,418,783. The loans bear interest between 11% and 11.25% per annum.

- On April 16, 2021, the Company completed a private placement by issuing 29,630,002 units at a price of $1.35 per unit for gross proceeds of $40,000,503. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at a price of $1.75 per common share for a period of three years. Of the proceeds, $5,037,100 was allocated to warrant reserves using the residual value method. The Company paid a finder's fee of $2,800,035 and issued 2,222,250 non-transferrable finder's warrants exercisable for a period of three years at a price of $1.6875 per warrant.

- On March 30, 2021, the Company completed a non-brokered private placement by issuing 625,000 units at a price of $0.80 per unit for gross proceeds of $500,000. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at a price of $1.00 per common share for a period of three years.

- On March 4, 2021, Neptune entered into a partnership with Link Global to acquire 1,500 ASIC miners and run these units at Link facilities under agreed upon power purchase agreement and services arrangement with Link.

- On March 3, 2021, the Company assumed $750,000 USD debt with a third party at zero percent interest rate secured against 20 BTC. The loan comes due on July 30, 2021.

- On March 2, 2021, the Company closed a non-brokered private placement by issuing 923,076 units at a price of $0.325 per unit for gross proceeds of $300,000. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at a price of $0.40 per common share for a period of three years.

- On February 16, 2021, the Company completed a non-brokered private placement by issuing 1,500,000 units at a price of $0.175 per unit for gross proceeds of $262,500. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of $0.294 for a period of three years.

- 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.

- On January 19, 2021, the Company issued 557,199 common shares relating to 250,000 restricted share units (“RSU’s) vested and 307,199 RSU’s granted during the period as described below.

- On January 6, 2021, the Company granted 307,199 RSU’s to certain consultants, officers, and directors. The RSU’s vested immediately, and shares were issued concurrent with the final tranche of vested RSU’s as discussed above. The new RSU’s were valued at $0.325 per RSU and $105,627 was recognized directly to share-based compensation.

- On December 30, 2020, the Company issued 625,000 common shares on the exercise of warrants at $0.13 for gross proceeds of $81,250.

- 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 for gross proceeds of $300,000, 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.

SUMMARY OF QUARTERLY RESULTS

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

Financial Results	Quarter Ended May 31, 2021 $	Quarter Ended February 28, 2021 $	Quarter Ended November 30, 2020 $	Quarter Ended August 31, 2020 $
Revenue	-	-	-	34,300
Operating Expenses	(4,537,638)	(1,481,636)	(115,424)	(183,873)
Net comprehensive income (loss) for the period	(7,843,106)	6,068,946	246,810	837,799
Net income (loss) per share - basic	($0.06)	$0.04	$0.00	$0.01
Net income (loss) per share - diluted	($0.07)	$0.03	$0.00	$0.01
Total Assets	47,136,543	12,109,398	4,116,916	3,798,958
Total Long-term Liabilities	-	-	-	-
Weighted average shares outstanding for the period - basic	108,814,460	89,926,941	85,869,178	85,869,178
Weighted average shares outstanding for the period - diluted	108,814,460	94,356,334	85,869,178	85,869,178
Cash dividends declared	-	-	-	-

Financial Results	Quarter Ended May 31, 2020 $	Quarter Ended February 29, 2020 $	Quarter Ended November 30, 2019 $	Quarter Ended August 31, 2019 $
Revenue	35,442	39,908	39,421	51,956
Operating Expenses	(124,260)	3,558	(160,971)	(178,662)
Net comprehensive income (loss) for the period	(402,880)	622,764	(400,434)	(2,527,836)
Net income (loss) per share - basic	$0.00	$0.01	$(0.00)	$(0.03)
Net income (loss) per share - diluted	$0.00	$0.01	$(0.00)	$(0.03)
Total Assets	2,876,240	3,045,945	2,474,701	2,814,916
Total Long-term Liabilities	-	-	-	-
Weighted average shares outstanding for the period - basic	83,896,665	80,942,962	80,709,995	80,709,995
Weighted average shares outstanding for the period – diluted	83,896,665	80,942,962	80,709,995	80,709,995
Cash dividends declared	-	-	-	-

DISCUSSION OF RESULTS

Results for the nine months ended May 31, 2021 compared to the nine months ended May 31, 2020

The following analysis discusses the Company's operating results.

- During the nine-month period ended May 31, 2021, the Company had an average of 4 (2020 – 15) Dash masternodes that were operational resulting in Dash tokens produced of 189 (2020 – 733), monthly Dash production of 21 (2020 – 81) Dash tokens, with each masternode producing an average of 5.25 (2020 – 5.42) Dash tokens per month. Earnings of $29,383 (2020 – $74,057) from Dash production were included within other income for the period ended May 31, 2021. The Company owned a total 2,054 Dash tokens as at May 31, 2021 (August 31, 2020 – 9,084).

- As a result of delegating to the Cosmos Validator Node, the Company earned 9,602 ATOM (2020 – 8,707), valued at $146,934 (2020 - $40,714), in rewards during the nine month period ended May 31, 2021 which were included within other income. At period end the Company held 141,035 ATOM (August 31, 2020 – 134,762 ATOM) as at May 31, 2021.

- During the period ended May 31, 2021, the Company started BTC mining operations. During the period ended May 31, 2021 the Company mined 1.0 BTC and recognized income of $54,347 within other income.

- During the nine-month period ended May 31, 2021, the Company recognized an unrealized gain of $1,436,007 (2020 - $nil) on its short-term investments and an unrealized loss of $243,235 (2020 - $nil) on its loan receivables. The short-term and investments, acquired in the last quarter of the year ended August 31, 2020 are in two private investment funds that focus on digital assets and the Company's loan value is tied directly to the price of BTC.

- During the nine-month period ended May 31, 2021, the Company recognized an unrealized gain of $1,389,798 (2020 - $99,966) within income and other comprehensive income related to the growth in the fair valuation of its digital asset portfolio. As at May 31, 2021, the Company's portfolio of digital assets had a fair value of $7,110,741 (August 31, 2020 - $2,445,726).

- The Company continues to focus on optimizing its operating expenditures. Although these increased to $6,135,078 (2020 - $281,673) for the nine-month period ended May 31, 2021, $5,589,958 (2020 – recovery of $82,856) was related to share-based compensation and $52,763 (2020 - $nil) was related to depreciation, with only $492,357 (2020 - $364,529) of the Company's operating expenses representing cash expenses. The primary contributor to the growth of operating expenses as compared to the prior period was consulting, directors, and professional fees for the period ended May 31, 2021 as the Company's operations increased in scope significantly during the period.

Results for the three months ended May 31, 2021 compared to the three months ended May 31, 2020

The following analysis discusses the Company's operating results.

- During the three-month period ended May 31, 2021, the Company had an average of 2 (2020 – 15) Dash masternodes that were operational resulting in Dash tokens produced of 33 (2020 – 250), monthly Dash production of 11 (2020 – 83) Dash tokens, with each masternode producing an average of 5.5 (2020 – 5.53) Dash tokens per month. Earnings of $10,908 (2020 – $74,057) from dash production were included within other income for the period ended May 31, 2021.

- As a result of delegating to the Cosmos Validator Node, the Company earned 3,404 ATOM (2020 – 8,707), valued at $86,481 (2020 - $40,714), in rewards during the three month period ended May 31, 2021.

- During the three-month period ended May 31, 2021, the Company started BTC mining operations. During the period ended May 31, 2021 the Company mined 1.0 BTC and recognized income of $54,347 within other income.

- During the three-month period ended May 31, 2021, the Company recognized unrealized loss of $547,324 (2020 - $nil) and $3,006,730 (2020 - $nil) on its short-term investments and loan receivables respectively. The short-term and investments, acquired in the last quarter of the year ended August 31, 2020 are in two private investment funds that focus on digital assets and the Company's loan value is tied directly to the price of BTC.

- During the three-month period ended May 31, 2021, the Company recognized an unrealized loss of $1,403,965 (2020 - $202,904) within income and other comprehensive income related to changes to the fair valuation of its digital asset portfolio.

- The Company's operating expenditures for the three-month period ended May 31, 2021 increased to $4,537,638 (2020 - $124,260) of which $4,289,275 (2020 – $10,417) was related to share-based compensation and $52,793 was related to depreciation, with $195,600 (2020 - $113,843) representing cash expenses. As the Company's operations increased in scale the Company saw increases across most expense classifications.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2021 the Company held two masternodes which earn Dash income and has delegated 141,035 ATOM which also earn reward income. The Company is also earning Bitcoin interest on its BTC loan to Genesis. 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 May 31, 2021 the Company had a working capital balance of $37,839,601. Significant items included cash of $102,957, short-term investments of $1,828,095, and loan receivable of $36,708,747. 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 nine-month period ended May 31, 2021 is as follows:

- Cash used in operating activities was $652,285 (2020 - $266,849). The majority of this was used to fund office costs, listing fees, and maintaining IT infrastructure.

- Cash used in investing activities was $37,898,447 (2020 - $47,843) comprised of $38,303,578 used to purchase digital currencies less $405,131 generated by the sale of digital currencies.

- Cash generated from financing activities was $38,536,131 (2020 - $96,485) comprised of $41,363,003 generated from private placements, $341,125 from the exercise of warrants and $25,000 from the exercise of stock options, less $3,192,997 paid for share issuance costs.

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

OUTSTANDING SHARE DATA

As at May 31, 2021, the Company's share capital was $56,762,630 representing 124,909,811 common shares without par value. The comprehensive loss for the nine-month period ended May 31, 2021 was $1,527,350 and total shareholders equity was $46,163,879.

As at July 29, 2021 the Company's equity structure is disclosed below:

	# of Shares	Exercise Price	Expiry Date (Vest Date)
Issued and Outstanding Common Shares	124,909,811		
Warrants	625,000 837,500 714,286 1,500,000 461,538 312,500 14,815,001 2,222,250	$0.13 $0.13 $0.175 $0.294 $0.40 $1.00 $1.75 $1.6875	May 22, 2023 December 3, 2023 December 3, 2023 February 16, 2024 March 2, 2024 March 30, 2024 April 16, 2024 April 16, 2024
Stock Options	5,875,000 4,200,000	$0.20 $1.03	January 21, 2031 April 28, 2031
Fully Diluted as at July 29, 2021	156,472,886		

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, ASIC miners 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 blockchain asset, or the block reward associated with any particular token 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, economics of mining operations 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/or delegators, 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 crypto currencies or tokens or other digital assets and the Company may unable to recover them. See safeguarding of crypto assets for further discussion of security protocols.

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 of tokens and mining equipment could increase over time if demand for cryptocurrency and tokens increases. This will result in increased capital costs to purchase sufficient blockchain assets or mining equipment.

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 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 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 Bitcoin, ATOM, Dash 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. See safeguarding of crypto assets for further discussion of security protocols.

SAFEGUARDING OF CRYPTO AND TOKEN ASSETS

As at May 31, 2021 the Company had crypto assets totalling $7,110,741 and another $36,708,747 in crypto denominated loans. These assets are held either in cold storage, hot wallets or as loans with reputable third parties. The Company to date has not converted crypto assets to fiat currency and intends to use stable tokens to make mining equipment purchases, the Company does not see a need to convert crypto assets into fiat as most transactions in this ecosystem can be facilitated using either Bitcoin or Stable USD tokens.

All crypto assets stored in cold storage are not insured. Hot wallets and loan products with reputable companies as per below do have guarantees to pay and usually carry sufficient resources in cold storage to pay out any losses. That said given the nascent nature of this business there are no insurance products yet available which are affordable and available to the Company. The Company continues to assess the ability to eventually insure any crypto assets held in the treasury.

Cold Storage

Cold storage wallets are crypto wallets held offline on a physical device. The Company holds a variety of assets in cold storage which include Cosmos Atom, Dash, Bitcoin, Ethereum and others, as at May 31, 2021 approximately $3.00 million in crypto assets were held in cold storage as described below. Cold storage is the most secure method of storage and the Company holds both the cold storage wallets and the partial keys in separate locations. All cold storage wallets are held in vault with the company's legal counsel with an identical back up cold storage wallet held with legal counsel in a separate city to minimize geographical risk. The keys are separated in half with each half being stored with a second and third law firm to eliminate risk of theft of full key for any individual law firm. These assets can only be accessed by two directors or officers of the Company attending the law firm and signing in.

Hot Wallets

Hot wallets are wallets that are connected through the internet and accessed through either a website or an app, the Company had approximately $4.14 million in crypto assets stored in hot wallets as at May 31, 2021. The Company stores some of their crypto assets in hot wallets in order to transact in the decentralized finance space, purchase mining equipment using stable coins and earn additional crypto interest or payments. The hot wallets used by Neptune are BlockFi and Celsius. Hot wallets have additional exposure over cold wallets as they are always connected to the internet, therefore risks include hacking, phishing, collusion, third party risk of loss and other malicious thwarting to security. The Company takes security seriously and as such uses all available security protocols such as 2FA, PINs and passwords only available to the Company CFO and CEO, whitelisting of addresses and HODL modes on accounts so that tokens requested to be moved require 7 days and multiple authorizations. Further details below.

BlockFi: BlockFi is the only independent lender with institutional backing from investors that include Valar Ventures, Galaxy Digital, Fidelity, Akuna Capital, SoFi and Coinbase Ventures. The BlockFi team consists of professionals with a deep bench of expertise across financial services and technology with offices in New York, New Jersey, Poland, and Argentina. Additionally, Gemini Trust Company, LLC, a New York trust company regulated by the New York State Department of Financial Services, is BlockFi's primary custodian. BlockFi is accessed only by the Company CEO and CFO and requires both 2FA and a security PIN in order to login to the Corporate account. The primary risks associated with BlockFi would be collusion, hacking of hot wallet and third party risk of BlockFi itself.

Celsius: Celsius is a wealth management platform application, the Celsius Network facilitates earning interest and borrowing funds on cryptos. Celsius has a robust AML program with a knowledgeable team of veteran AML professionals that are Certified Anti-Money Laundering Specialists (ACAMS). Celsius Network Limited has been temporarily registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as a cryptoasset business until 9 July 2021, pending the determination of our application by the UK Financial Conduct Authority (FCA). Celsius is accessed only by the Company CEO and CFO and requires both 2FA and a security PIN in order to login to the Corporate account. The primary risks associated with Celsius would be collusion, hacking of hot wallet and third party risk of Celsius itself.

Loans

The Company has loaned out Bitcoin in order to earn interest on these crypto assets prior to them being used to purchase ASIC mining machines or funding other asset acquisitions. Currently the Company has Bitcoin loaned out to Genesis in both open and closed terms at varying interest rates. Genesis Global Trading, Inc. operates as a multi faceted crypto brokerage in the state of New York and is licensed under NY DFS, FINRA, SEC, FIPC, FINCEN, and Brokercheck. In order to manage or retrieve Neptune's assets at Genesis, both the CEO's and CFO's authorization is required, verbal phone confirmation and multiple emails confirming whitelisted address. Specific risks associated with assets held at Genesis would be collusion and third party risk specifically to failure of Genesis to return assets to whitelisted address.

USE OF CRYPTO TRADING PLATFORMS

Neptune periodically acquires Bitcoin, Tether and other crypto assets using fiat currency. In order to do so the Company uses Netcoins. Netcoins is an online cryptocurrency brokerage that makes the purchase and sale of cryptocurrency easily accessible to the mass consumer and investor with a focus on compliance and safety. Netcoins utilizes BitRank Verified® software at the heart of its platform and facilitates crypto trading via a self-serve crypto brokerage portal at Netcoins.app. Netcoins is a licensed and compliant Money Service Business regulated by FINTAC. Netcoins is wholly-owned subsidiary of BIGG Digital Assets, traded on the CSE. The Company does not store crypto assets on Netcoins and only uses this exchange to purchase and then move assets to either hot wallets or cold storage as noted above. In order to move funds from the bank to Netcoins, both the CEO and CFO are required to release payments. Additionally, Netcoins incorporates passwords for login and 2FA in order to access the website. Specific risks of loss when using Netcoins would be sending to the incorrect wallet address after purchase is made, this risk is mitigated by a multiple review process by two officers and whitelisting specific regularly used addresses of both cold storage and hot wallets.

OFF-BALANCE SHEET ARRANGEMENTS

As at May 31, 2021 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 nine-month period ended May 31, 2021. 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)	$136,667
Major Big Consulting Corp.	Kalle Radage	COO & interim CFO	Consulting Fees(2)	$105,001

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 $30,000 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 $21,667 per month. The Company has the right to terminate the Major Big Agreement by providing 24 months' notice or paying the equivalent of 24 months in fees.

In addition to the transactions above:

- The Company paid or accrued director fees of $48,000 (2020 - $28,500) to independent directors during the nine-month period ended May 31, 2021.

- Total share-based compensation to related parties for the nine-month period ended May 31, 2021 was $5,331,549 (2020 - $157,895).

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 it's 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.coinmarketcap.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 affair 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 May 31, 2021.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF CAPITAL

Fair values in the condensed consolidated interim balance sheet

The carrying amounts reported in the condensed consolidated interim 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	102,957	-	-
Short-term investments	-	1,828,095	-
Total financial assets	102,957	1,828,095	-

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.coinmarketcap.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 crypto currencies; 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 crypto currencies could negatively impact the Company's future operations.

Digital Currency Holdings:

	Holdings, May 31, 2021	Fair Value, May 31, 2021	Holdings, August 31, 2020	Fair Value, August 31, 2020
ATOM	141,035	$ 2,404,648	134,762	$ 1,266,680
Fantom	1,439,481	553,193	-	-
Bitcoin*	27	1,194,492	5	76,584
Dash	2,060	481,632	9,090	1,057,945
Ethereum	273	875,501	67	37,935
Tether*	1,108,013	1,340,695	-	-
Litecoin	343	75,906	38	3,048
Bitcoin Cash	91	76,075	-	-
Polkadot	3,563	98,124	-	-
Stellar	12,784	6,195	12,784	1,622
NEO	44	2,907	44	1,164
Omisego	77	603	77	518
QTUM	52	770	52	230
Balance		$ 7,110,741		$ 2,445,726

*Does not include BTC and Tether loaned out to third parties

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 May 31, 2021 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.
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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 July 29, 2021)

Shares Authorized: Unlimited Number of Common Shares

Shares Issued: 124,909,811

REGISTRAR & TRANSFER AGENT

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