



**NEPTUNE DASH TECHNOLOGIES CORP.**  
**(formerly Crossroad Ventures Inc.)**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Period from Incorporation on October 30, 2017 to May 31, 2018**

**Containing information up to and including July 30, 2018**

**Form 51-102F1**  
**Management's Discussion & Analysis for**  
**NEPTUNE DASH TECHNOLOGIES CORP**  
**(the "Company")**  
**Containing information up to and including July 30, 2018**

**NOTICE**

This Management Discussion and Analysis ("MD&A") is intended to help the reader understand the consolidated financial statements of Neptune Dash Technologies Corp. (formerly known as Neptune Dash Nodes 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 unaudited financial statements from incorporation on October 30, 2017 to May 31, 2018 (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](http://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 Dash masternode 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 the Dash masternode network to determine how the Dash blockchain performs 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 blockchain;
- general business and economic conditions;
- the timing and amount of Dash masternode 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 cryptocurrency specifically;
- the hashing power and general integrity of the Dash blockchain 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 that affect the Dash block reward 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 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 30, 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. The Company also plans to actively evaluate technology companies that are currently operating within the blockchain ecosystem, with the intention of acquiring or building blockchain infrastructure technologies.

### **Reverse Take-Over**

On December 1, 2017, the Company and Neptune Dash Nodes Corp. (“**Neptune**”), entered in to an Amalgamation Agreement whereby the Company acquired all of the outstanding shares of Neptune, being 31,700,000 shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Amalgamation Agreement, the shareholders of Neptune held approximately 81.72% of the Company. Accordingly, Neptune is considered to have acquired the Company with the transaction being accounted as a reverse takeover of the Company by Neptune shareholders (the “**RTO**”).

As Neptune is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on October 30, 2017 are included in the consolidated financial statements at their historical carrying value. The Company’s results of operations are included from incorporation on October 30, 2017 onwards in both the financial statements and this MD&A, the closing date. Concurrent with the RTO, Refer to Note 3 of the financial statements for additional information regarding the RTO, including the fair value of the shares issued.

The transaction closed on January 16, 2018.

## **OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS**

Highlights during the period from incorporation on October 30, 2017 and for the period ended February 28, 2018 include:

- The Company closed two private placement financings prior to the RTO through the issuance of an aggregate of 900,000 common shares of the Company for gross proceeds of \$2,400,000. The purpose of the financings was to capitalize the Company with sufficient working capital to continue operations, as well as to construct, setup, and operate three masternodes on the Dash blockchain which are currently fully operational.
- As part of the amalgamation of Crossroad Ventures Inc. (“**Crossroad**”) and listing a number of key executives experienced in the blockchain and capital markets space were added to the Company’s management team and Board of Directors. The members of the Board of Directors and Executive Management team are listed below:
  - **Cale Moodie, CPA, CA** - Mr. Moodie joined the Company as Chief Executive Officer and as director.

- **Guy Halford-Thompson** - Mr. Halford-Thompson joined the Company as Chairman of the Board of Directors
- **Troy Wong, CPA, CA** - Mr. Wong joined the Company as Chief Financial Officer and as director.
- **Jackson Warren** - Mr. Warren joined the Company as a director.
- **Dario Meli** - Mr. Meli joined the Company as a director.
- **Kalle Radage** - Mr. Radage joined the Company as Chief Operating Officer.

Please refer to the Company’s website for the full biographies of the Company’s Board and Executive Management team.

- On December 4, 2017 the Company entered into an amalgamation agreement with Crossroad Ventures Inc. Refer to the Reverse Take Over section above for additional information.
- On December 22, 2017 the Company closed a private placement financing (the “**Financing**”) of unsecured convertible debentures (“**Debentures**”) with a principal amount of \$1,000 each for gross proceeds of \$20,700,000. Immediately prior to the completion of the RTO the principal amount of Debentures were converted into common shares at a conversion price of \$0.50 per share. The net proceeds of the Financing were used to construct and operate fifteen Dash masternodes (in addition to the three masternodes already operational) resulting in a total Dash masternode count of eighteen.
- On January 16, 2018 the Company closed the RTO. Refer to the Reverse Take Over section above for additional information.
- On January 22, 2018 the Company commenced trading on the TSXV under the symbol DASH following the issuance by the TSXV of its bulletin granting approval for the Company’s listing on January 19, 2018.

Highlights during the quarter ended May 31, 2018 include:

- On April 4, 2018 the Company announced the incubation of Neptune Stake Technologies Corp. (“Neptune Stake”), a wholly owned subsidiary of the Company, specializing in staking cryptocurrency assets on the blockchain to earn income. Thus far the Company has committed \$200,000 in resources to purchasing Bitcoin and Ethereum for the purposes of incubating Neptune Stake.
- In April of 2018, Neptune Stake began deploying its capital and recorded a \$20,700 unrealized loss as a result of the decline in cryptocurrency prices from April to May of 2017.

Highlights subsequent to May 31, 2018 include:

- On June 1, 2018 the Company further progressed on its goal of incubating Neptune Stake) to become a cryptocurrency staking network. This included the purchasing, custody, and staking (where applicable) of the following cryptocurrencies: Bitcoin, Ethereum, Litecoin, Neo, Stellar, Dash, Omisego, and Qtum.
- The Company produced 212 Dash from June 1, 2018 to July 29, 2018 for total Dash owned by the Company at 18,705.

## **SUMMARY OF QUARTERLY RESULTS**

	<b>Quarter Ended May 31, 2018 \$</b>	<b>Quarter Ended February 28, 2018 \$</b>	<b>Period Ended November 30, 2017* \$</b>
Net comprehensive income (loss) for the period	(6,790,881)	(12,479,564)	459,786
Net income (loss) per share (basic and diluted)	\$(0.10)	\$(0.23)	\$0.34
Total Assets	9,311,233	16,112,274	4,026,646
Total Long-term Liabilities	-	-	331,942
Weighted average shares outstanding for the period	67,137,433	53,791,405	1,585,000
Cash dividends declared	-	-	-

\* The company was incorporated on October 30, 2018 and therefore is only reporting periods from the date of incorporation.

## **DISCUSSION OF QUARTERLY RESULTS**

Results for the three month period ended May 31, 2018:

- The Company had 18 masternodes that were fully operational for the three months ended May 31, 2018, resulting in 318 Dash tokens produced, monthly Dash production of 106 Dash per month, with each masternode producing an average of 5.89 Dash per month, and gross revenues of \$165,445.
- The Company owned a total 18,493 Dash tokens as at May 31, 2018.
- During the period the fair market value of the digital tokens held declined below the value as at February 28, 2018, resulting in an unrealized loss of \$6,407,443, associated with the Company's digital currency owned.
- The Company materially reduced administration expenses when compared to the quarter ended February 28, 2018, this is primarily due to one time listing and marketing costs associated with the Company's go-public transaction that closed in the prior quarter.

Results for the three month period ended and for the period from incorporation to February 28, 2018:

- The Company generated revenues of 170 dash or \$156,535 for the three month period ended February 28, 2018 and generated revenues of 175 dash or \$160,873 for the period from incorporation to February 28, 2018. The revenue was earned from its 18 Dash masternodes. The Company did not sell any Dash earned from its masternode operations.
- During the period, the Company commenced a 30 day Dash procurement program whereby the Company purchased Dash to construct and operate Dash masternodes. This was done to minimize price volatility risk associated with purchasing Dash. Since incorporation the Company has acquired 18,000 dash at a cost of \$18,626,957.

- During the period the fair market value of Dash declined below the average token purchase price resulting in an unrealized loss of \$4,999,107 for the period from incorporation to February 28, 2017. During the three month period the Company recognized an unrealized loss of \$6,607,597.
- During the period, the Company recognized a one-off expense relating to the reverse take-over transaction between Crossroad and the Company. The Company recorded listing and filing fees expense of \$3,512,337. The amount reflects the difference between the estimated fair value of the Company's shares deemed to have been issued to Crossroad's shareholders less the net fair value of Crossroad's assets acquired.
- The Company recorded stock based compensation expense for the three months ended February 28, 2018, of \$2,267,028. This related to options and restricted stock units which were granted and vested during the period to Officers and Directors of the Company.
- The Company incurred marketing costs of \$368,510 during the three month period ended and period from incorporation to February 28, 2018 to raise awareness of the Company, engage shareholders and to complete website design and development.
- The Company incurred professional fees of \$35,973, during the three month period ended February 28, 2018 and \$116,029 during the period from incorporation to February 28, 2018. These costs related to the incorporation and start-up of the Company, including work performed on policies and procedures.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at May 31, 2018 the Company held 18 masternodes which it earns Dash revenues from. 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, if necessary liquidate digital tokens, or on its ability to raise external financing.

As at May 31, 2018 the Company had a working capital balance of \$9,034,511, Significant items included cash and cash equivalents of \$1,475,523 and digital tokens of \$7,746,725. The Company currently has sufficient cash and cash equivalents to meet its current operating and administrative costs.

The net change and use of proceeds for the Company during the period ended May 31, 2018 is as follows:

Cash used in operating activities from the date of incorporation to the period ended May, 31 2018 was \$20,057,103. The majority of this (\$18,826,957) related to the procurement of Dash tokens required to setup 18 masternodes during the period.

- The Company received net proceeds of \$187,011 from investing activities. The Company received cash of \$218,139 on the acquisition of Crossroad and purchased equipment of \$31,128, which related to the purchase of equipment for the construction of the Dash masternodes.
- The Company raised net cash proceeds of \$21,345,615 from the issuance of shares (\$23,106,000) less share issuance costs (\$1,860,385) and received a shareholder loan of \$100,000.

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

### **OUTSTANDING SHARE DATA**

As at May 31, 2018, the Company's share capital was \$24,818,910 representing 80,193,329 common shares without par value. The comprehensive loss for the period from incorporation to May 31, 2018 was \$18,810,659 and total shareholders equity was \$9,063,343.

As at the date of this report the Company's equity structure is disclosed below:

	<b># of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date (Vest Date)</b>
Issued and Outstanding Common Shares	80,193,329		
Stock Options	6,075,000	\$0.50	January 20, 2028
Restricted Share Units	526,666		(January 19, 2019)
	526,666		(January 19, 2020)
	526,666		(January 19, 2021)
Warrants	800,000	\$0.20	November 10, 2019
	3,239,360	\$0.50	January 20, 2020
Fully Diluted at July 30, 2018	91,887,687		

### **Escrowed Shares**

A portion of the Company's 80,193,329 common shares remain in escrow in accordance with the policies of the TSXV, and the vesting schedule is outline below:

- i) 21,274,663 of the escrowed common shares are being released from escrow as follows: 25% (5,318,666) upon issuance of the Final Bulletin (released); 25% (5,318,666) on the date that is six months after the date of the Final Bulletin; 25% (5,318,666) on the date that is 12 months after the date of the Final Bulletin; and 25% (5,318,666) on the date that is 18 months after the date of the Final Bulletin.
- ii) 8,560,000 common shares of the Company are subject to seed share resale restrictions. These shares will be released over the course of one year, such that 20% (2,140,000) are released upon the Final Bulletin (released) and 20% (2,140,000) released every three months thereafter. As of the date of this report 4,280,000 remain subject to seed share resale restrictions.

### **Share-split**

During the period ended February 28, 2018 the Board of Directors authorized a 20-for-1 share split. The number of issued and outstanding shares has been retrospectively restated for all periods unless otherwise stated.

## **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 are paid by the Dash 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 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 Dash masternodes and block reward payouts over time.

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

***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:*** As result of the Company's business model to operate masternodes on the Dash network, the Company is required to stake 1,000 Dash tokens on the Dash network for each Dash masternode. 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 and the Company may 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 Dash masternodes in operation to pay operating expenses.

***Dilution to the Company's existing shareholders:*** The Company will 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 result may have a direct impact on the Company’s assets and operating cashflows.

**No Assurance of Profitability:** The Company has no 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 Dash masternode assets. The Company is highly dependent on Dash 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 May 31, 2018 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 period ended May 31, 2018. 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:

<b>Name</b>	<b>Name</b>	<b>Relationship</b>	<b>Purpose of Transaction</b>	<b>Amount</b>
Spartan Pacific Financial Ltd.	Cale Moodie	CEO & Director	Consulting Fees <sup>(1)</sup>	\$39,999
Moon Shot Operating Corp.	Troy Wong	CFO & Director	Consulting Fees <sup>(2)</sup>	\$35,001
Major Big Consulting Corp.	Kalle Radage	COO	Consulting Fees <sup>(3)</sup>	\$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 12 months’ notice or paying the equivalent of 12 months in fees. The Company had a previous

agreement with Spartan whereby Spartan would be paid \$4,000 per month until the Company went public. This agreement was updated in January 2018 to reflect the updated fee schedule.

- 2) The Company has a consulting agreement (the “**Moon Shot Agreement**”) with Moon Shot Operating Corp. (“**Moon Shot**”), a company owned by Troy Wong, the Chief Financial Officer, pursuant to which Moon Shot agreed to provide management consulting services to the Company. The Company will pay Moon Shot a monthly fee of \$11,667 per month. The Company has the right to terminate the Moon Shot Agreement by providing 12 months’ notice or paying the equivalent of 12 months in fees. The Company had a previous agreement with Moon Shot whereby Moon Shot would be paid \$4,000 per month until the Company went public. The agreement was updated in January 2018 to reflect the updated fee schedule.
- 3) 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. During the period ended May 31, 2018, the Company renegotiated its consulting agreement with Major Big resulting in an hourly billing rate versus the previous flat monthly fee of \$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’s fees of \$22,500 to independent directors, equating to \$1,500 per month for each independent director.
- The Company agreed to pay \$50,000 as bonuses to two officers if the Company were able to raise \$2.0 million in equity prior to the public listing. The Company issued 500,000 common shares to the officers as bonus payments in accordance to their consulting agreements. The common shares were valued at \$0.20 per share based on the concurrent private placement. As a result, \$100,000 in share-based compensation was recorded and included in consulting fees.
- On October 30, 2017 the Company entered into a shareholders rights agreement where a shareholder of the Company provided a non-interest bearing demand promissory note of \$100,000. The note is due on demand or in any event within 10 years from the date the funds were advanced.
- The Company purchased 50 units of Dash digital tokens from a director of the Company in the amount of \$51,595 during Q2 2018.
- As at May 31, 2018 there was \$13,718 due to directors of the Company. The balances to related parties are unsecured, non-interest bearing and without fixed repayment terms.

## **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 judgements, 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 judgements

Critical judgements 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

Digital currencies consist of cryptocurrency denominated assets and are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the hourly volume weighted average from [www.cryptocompare.com](http://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.

### 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*

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives, or assets 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 through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

AFS - Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of

an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through other comprehensive income (loss).

#### *Financial liabilities*

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. 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 through profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

#### **NEW STANDARDS ADOPTED AND NOT YET ADOPTED**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (“IASB”) with interpretations by the International Financial Reporting Interpretations Committee (“IFRIC”). The following has not yet been adopted by the Company and is being evaluated to determine its impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard that replaced IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations on revenue, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, which replaces previous lease accounting guidance, effective for annual periods beginning on or after January 1, 2019.

#### **FINANCIAL INSTRUMENTS AND MANAGEMENT OF CAPITAL**

##### *Fair values in the condensed interim balance sheet*

The carrying amounts reported in the condensed 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
	\$	\$	\$
<b>Financial assets</b>			
Cash	1,475,523	-	-
Dash digital tokens	7,746,725	-	-
<b>Total financial assets</b>	9,222,248	-	-

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. Dash digital tokens are revalued to their quoted fair value as at period end.

### ***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](http://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 Masternode Coin Holdings:

May 31, 2018

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Dash Digital Currency Tokens held	18,493
Closing Dash Price (\$CAD)	\$ 409

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Digital Currency Value, May 31, 2018	\$ 7,567,452
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Other Digital Token Holdings:

During the period ended May 31, 2018 the Company acquired 8.8 Bitcoin and 123.5 Ethereum at a cost of \$200,000. As at May 31, 2018 the fair value of the holdings was \$179,273, resulting in the Company recording a loss of \$20,727 during the period ended May 31, 2018.

**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.

**PROPOSED TRANSACTION:**

Except as disclosed elsewhere in this document there were no proposed transactions as at May 31, 2018 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 Dash Technologies Corp.**

#620 – 1155 West Pender Street  
Vancouver, British Columbia  
V6E 2P4

## **DIRECTORS & OFFICERS**

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

Troy Wong, CPA, CA  
*Chief Financial Officer and Director*

Guy Halford-Thompson  
*Chairman and Director*

Jackson Warren  
*Director*

Dario Meli  
*Director*

Kalle Radage  
*Chief Operating Officer*

## **CAPITALIZATION**

(as at July 30, 2018)

Shares Authorized: Unlimited Number of  
Common Shares

Shares Issued: 80,193,329

## **REGISTRAR & TRANSFER AGENT**

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

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