



**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED
AUGUST 31, 2021**

January 26, 2022

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SCHEDULE

SCHEDULE A – AUDIT COMMITTEE CHARTER

ADVISORIES

In this Annual Information Form ("**AIF**"), unless otherwise specified or if the context otherwise requires, references to "we", "us", "our", "its", "the Company" or "Neptune" mean Neptune Digital Assets Corp. (formerly Neptune Dash Technologies Corp.). This AIF is for the financial year ended August 31, 2021 and contains information as of January 26, 2022. For additional information and details, readers are referred to the audited consolidated financial statements for the year ended August 31, 2021 and notes that follow, as well as the accompanying annual Management's Discussion and Analysis ("**MD&A**") for the year ended August 31, 2021, which are available on the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. Except as otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars and references to \$ are to Canadian dollars. References to US\$ are to United States dollars.

Cautionary Statement Regarding Forward-Looking Information and Statements

This AIF contains forward-looking information and statements (collectively, "**forward-looking statements**"). These forward-looking statements relate to Neptune's current expectations, estimates and projections as to future events or Neptune's future performance and are provided to allow readers a better understanding of Neptune's business and prospects and may not be suitable for other purposes. All statements, other than statements of historical fact, may be considered forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in, or suggested by, such forward-looking statements. The Company believes the expectations reflected in the forward-looking statements included in this AIF are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

In particular, this AIF contains forward-looking statements pertaining to the following:

- the Company's strategies and objectives, both generally and in respect of its digital currency assets;
- the Company's future cash requirements;
- future opportunities and applications of Blockchain technologies and the potential for Blockchain technologies to significantly impact the areas of business, finance, information management and governance;
- the future price of cryptocurrencies, such as Bitcoin, and the other types of digital assets which the Company and its subsidiaries mine, hold and trade;
- the Company's anticipated revenues from investing Bitcoin into short term loans and option trades;
- the anticipated timing for the Company receiving ASIC Bitcoin mining machines;
- the anticipated Hashrate of the Company's Bitcoin mining machines;
- the Company's anticipated earnings from its De-Fi program;
- the Company's ability to grow large scale revenue generating lines of business in the cryptocurrency ecosystem and deepening its footprint in the cryptocurrency market;

- future arrangements relating to the provision of power to the Company's Bitcoin mining machines;
- future acquisitions and/or investments in technology companies operating within the Blockchain ecosystem;
- the Company's ability to successfully Mine with its Bitcoin mining machines;
- the Company's ability to consistently grow its Bitcoin mining revenue;
- The Company's ability to consistently purchase new hardware using dollar cost averaging methodology;
- the Company's expected staking yield;
- the launch of the Company's proprietary DeFi operations and future revenue streams from such operations;
- the Company's plan to stake digital assets to generate crypto-currency denominated returns;
- the Company's ability to hire and retain skilled staff;
- the Company's intention to retain any future earnings for reinvestment in the Company's business and to not declare or pay any dividend;
- changes to governmental laws and regulations, including but not limited to changes in laws and regulation applicable to cryptocurrency;
- 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;
- potential sources of funding and the availability of financing;
- the anticipated completion of equity and/or debt financings on acceptable terms;
- the anticipated receipt of regulatory approval or acceptance of financings; and
- 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:

- cryptocurrency inventory may be exposed to cybersecurity threats and hacks;
- regulatory changes or actions may alter the nature of an investment or restrict the use of cryptocurrencies in a manner that adversely affects operations;
- the future demand and adoption of cryptocurrencies and professional-grade, scalable cryptocurrency infrastructure;

- the highly volatile nature of cryptocurrencies with respect to pricing, hashing power, and block reward;
- cryptocurrency exchanges or other trading venues and custodial services being involved in fraud or experiencing security failures or other operational issues;
- banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency related services or that accept cryptocurrencies as payment;
- the impact of geopolitical events on the supply and demand for cryptocurrencies;
- the continued worldwide growth in the adoption and use of cryptocurrencies;
- the further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies;
- the Company's inability to predict future cryptocurrency asset pricing;
- operational performance of Bitcoin mining machines and external factors such as Bitcoin network difficulty impeding the Company's ability to Mine Bitcoin;
- any agreements relating to the provision of power to the Company Bitcoin mining machines;
- the ability to determine the results of voting decisions made by cryptocurrency networks to determine how these Blockchains perform network upgrades over time,
- loss, theft or restriction on access regarding the Company's cryptocurrency holdings;
- debt securities being secured;
- currency fluctuations;
- uninsured or uninsurable risks;
- incorrect or fraudulent transactions;
- decreasing rewards related to masternodes and delegators for solving blocks and decreasing transaction fees;
- decreasing rewards related to DeFi liquidity mining and yield farming;
- risks of health epidemics, pandemics, public health emergencies, quarantines and similar outbreaks, including COVID-19;
- the availability of equity and/or debt financing on acceptable terms;
- the purchase of new Bitcoin mining hardware on acceptable terms;
- the Company's ability to attract and retain key employees;
- the successful completion and integration of acquisitions and projects, including future Bitcoin mining facilities and Bitcoin mining machines, into Neptune's business; and

- other factors, many of which are beyond the control of the Company, some of which are discussed under "*Risk Factors*" in this AIF.

Readers are therefore cautioned that the foregoing list of important factors is not exhaustive, and they should not unduly rely on the forward-looking statements included in this AIF. Further, because there is interconnectivity between many of the risks Neptune faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

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 AIF. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the COVID-19 global pandemic;
- cybersecurity threats and hacks;
- the supply chain, logistics, and availability of Bitcoin mining hardware, power, and Rackspace;
- regulatory developments within Canada and internationally that affect cryptocurrencies as an asset class both directly and indirectly;
- the level and volatility of the prices for cryptocurrencies, specifically the Bitcoin, ATOM, Ethereum, Fantom and Dash Blockchains;
- fraud and failure related to Cryptocurrency exchanges and other trading venues;
- ability for the Company to obtain banking services;
- supply and demand for cryptocurrencies;
- acceptance and/or adoption of cryptocurrencies;
- 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, Fantom, ATOM and Dash cryptocurrencies specifically;
- the network difficulty Hashing power and general integrity of the Bitcoin, Dash and ATOM Blockchains with respect to vulnerability from a malicious third party, or a 51% Attack;
- tax developments directed at cryptocurrency assets that may be enacted into legislation over time; and
- governance decisions made by the Dash Masternode operators, ATOM validators and other proof-of-stake community that affect the rewards payout allocation.

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*".

Management of the Company has included the above summary of assumptions and risks related to forward-looking statements provided in this AIF in order to provide holders ("**Shareholders**") of common shares in the capital of the Company ("**Common Shares**") with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom.

Readers are therefore cautioned that the foregoing list of important factors is not exhaustive, and they should not unduly rely on the forward-looking statements included in this AIF. These forward-looking statements are made as of the date of this AIF and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. All forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements and management's assumptions and analysis thereof, is available in filings made by the Company with Canadian provincial securities commissions available on SEDAR.

Non-IFRS Measures

The Company prepares and reports its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), which are also generally accepted accounting principles for publicly accountable entities in Canada. However, this AIF may make reference to certain non-IFRS measures including key performance indicators used by management. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including "gross margins" and "working capital" which may be calculated differently by other companies. These non-IFRS measures and metrics are used to provide investors with supplemental measures of the Company's operating performance and liquidity and thus highlight trends in the Company's business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies in similar industries. Management also uses non-IFRS measures and metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of executive compensation. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see the "*Non-GAAP Measures and Additional GAAP Measures*" section of the MD&A. A copy of the MD&A can be accessed under the Company's profile on SEDAR at www.sedar.com.

Market, Independent Third Party and Industry Data

Unless otherwise indicated, the Company has obtained the market and industry data contained in this AIF from its internal research, management's estimates and third-party public information and other industry publications. While the Company believes such internal research, management's estimates and third-party public information is reliable, such internal research and management's estimates have not been verified by any independent sources and the Company has not verified any third party public information. While the Company is not aware of any misstatements regarding the market and industry data contained in this AIF, such data involves risks and uncertainties and are subject to change based on various factors, including

those described under "Advisories – Cautionary Statement Regarding Forward-Looking Information and Statements" and "Risk Factors".

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China and has since spread to over 200 countries and territories and infections have been reported around the world. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and subsequently characterized it as a pandemic on March 11, 2020. In response to the pandemic, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. COVID-19 and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions.

The Company has been closely monitoring developments related to COVID-19. In response to COVID-19, the Company is following all applicable rules and regulations as set out by the relevant health authorities.

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could materially and adversely affect the business of the Company. The Company cannot accurately predict the future impact COVID-19 may have on, among others, the: (i) value of cryptocurrencies, (ii) price of energy and bandwidth, (iii) severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines, (iv) availability of essential supplies, (v) purchasing power of the Canadian dollar, or (vi) ability of the Company to obtain necessary financing. Despite global vaccination efforts, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in the future. See "Risk Factors – COVID-19 Risks".

GLOSSARY OF TERMS

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

ASIC" means application-specific integrated circuit (ASIC), a microchip designed for a special application, such as a particular kind of transmission protocol or a hand-held computer. In the context of digital currency mining, ASICs have been designed to solve specific hashing algorithms natively, including for Bitcoin mining;

ATOM" means Cosmos (ATOM) cryptocurrency;

BCBCA" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;

Bitcoin" refers to the native token of the Bitcoin Network which utilizes the SHA-256 algorithm. Bitcoin is a peer-to-peer payment system and the digital currency of the same name which uses open source cryptography to control the creation and transfer of such digital currency;

Blockchain" refers to an immutable, decentralized public transaction ledger which records transactions, such as financial transactions in cryptocurrency, in chronological order. Bitcoin and Ethereum are examples of well-known and widely distributed blockchains;

Board" means the board of directors of the Company, as constituted from time to time, including, where applicable, any committee thereof;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" or "**Neptune**" means Neptune Digital Assets Corp., a company incorporated under the BCBCA, formerly named Neptune Dash Technologies Corp.;

"**Dash**" means the Dash cryptocurrency;

"**Dash Masternodes**" means the network on which Dash operations and facilitating transactions locking under InstantSend, coordinates coin mixing through PrivateSend, enabling a decentralized governance platform;

"**Hash**" or "**Hashing**" means the output of a hash function, i.e. the output of the fundamental mathematical computation of a particular cryptocurrency's computer code which miners execute;

"**Hashrate**" means a measure of cryptocurrency mining power in hashes per second whereby the expected income from mining is directly proportional to a miners Hashrate normalized by the total Hashrate of the network;

"**Miner**" means a computer configured for the purposes of performing Blockchain computer operations;

"**Mining**" or "**mining**" means the process of using Miners to provide the service of verifying and validating cryptographic Blockchain transactions and being rewarded with cryptocurrency in return for such service;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators; and

"**TSXV**" means the TSX Venture Exchange.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on October 31, 2017 under the laws of the province of British Columbia. On December 17, 2020, the Company changed its from Neptune Dash Technologies Corp. to Neptune Digital Assets Corp.

The Company is a reporting issuer in British Columbia and Alberta. The Common Shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol NDA, and also trade on OTCQB Venture Market ("**OTCQB**") in the United States under the symbol NPPTF, and on the Frankfurt Stock Exchange under the symbol 1NW.

The Company's registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. As of the date of this AIF and in response to COVID-19, the Company has indefinitely closed its corporate offices in Vancouver and all employees are working remotely. See "*Risk Factors – COVID-19 Risks*".

Intercorporate Relationships

The Company had one subsidiary as at August 31, 2021, Neptune Stake Technology Corp. ("**Neptune Stake**"), a wholly-owned subsidiary of the Company that was incorporated pursuant to the laws of British Columbia and which holds no material assets.

The Company incorporated Neptune Digital USA Corp., a wholly owned subsidiary subsisting under the laws of Delaware, subsequent to August 31, 2021 on September 30, 2021.

GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

General Development of the Business

The Company is engaged in the business of growing revenue-generating cryptocurrency operations across the digital asset ecosystem including Bitcoin mining, staking cryptocurrencies, decentralized finance (DeFi) yield farming and liquidity mining, operating Blockchain nodes, and other associated Blockchain technology projects.

Three Year History

A detailed description on the significant developments of the business of the Company over the last three completed financial years is set out below.

Financial year ended August 31, 2019

On October 12, 2018, the Company announced the completion of first pooled Dash Masternode through Neptune Dash Pooling (the "**Pooled Masternode**") for the Dash Blockchain. The Pooled Masternode was the Company's 19th Dash Masternode built since inception.

The Dash Masternodes provide the service of routing transactions and helping to secure the Blockchain. Neptune generated revenue for operating Blockchain nodes in the form on Dash reward tokens.

Financial year ended August 31, 2020

On November 4, 2019, the Company announced that Troy Wong resigned as Director and Chief Financial Officer of the Company to pursue other ventures, and that Kalle Radage had been appointed to the Board and as Interim Chief Financial Officer.

The Company changed its corporate strategy to diversify its cryptocurrency operations away from solely operating Blockchain nodes for the Dash Blockchain. The Company updated its business description to include building and operating Blockchain nodes, investing in node technologies, and having a diversified cryptocurrency assets in order to maximize revenue generation and appreciation.

On November 19, 2019, the Company provided an update on its holdings, which included approximately 125,000 ATOM growing at a rate of 10% per annum through the Cosmos proof-of-stake delegation network, over 16,100 Dash tokens in the form of Dash masternodes earning rewards at a rate of 5.6% per year, and as a variety of other crypto currencies including Bitcoin, Ethereum, Litecoin, Stellar, NEO, OmiseGO, and QTUM. The Company advised that it had launched a Cosmos Network Validator and secured enough delegations to put it on the exclusive list of 100 network validators, but that the costs of maintaining the validator outweighed the commissions received by delegators and therefore the Company dropped the validator in order to grow its ATOM position using an arm's length top ten Validator and delegating. The Company also announced that it added Carmen To the Board and as Chairman of the Audit Committee, and that Jackson Warren and Guy Halford-Thompson resigned from the Board to spend their time on another venture.

On March 18, 2020, the Company announced that it was taking measures to ensure that all management and associates protect their personal health and maintain operations functioning as normal during COVID-19, that all Crypto assets remained safe in cold storage with numerous redundancies in place, and that the Company's Dash Masternodes and delegated ATOM could be managed remotely while still remaining in cold storage.

On March 23, 2020, the Company announced that it had completed the issuance of Common Shares for settlement of debt, with a total of 3,379,182 Common Shares issued at a deemed price of \$0.057 per share and subject to a four-month hold period, regarding \$192,613.62 of debt of the Company with certain

creditors of the Company (the "**Debt Settlement**"). Directors and officers of the Company participated in the Debt Settlement by converting \$92,613.62 of their outstanding consulting, management and director's fees into a total of 1,624,797 Common Shares. In addition, Neptune Asset Group Inc. also participated in the Debt Settlement by converting its outstanding debt of \$100,000 into a total of 1,754,385 Common Shares.

On April 14, 2020, the Company entered into a non-binding agreement for a draw-down equity facility (the "**Facility**") of up to \$4,000,000. The agreement provided for equity private placement offerings to be conducted between the Company and Alumina Partners LLC ("**Alumina**"), a New York-based private equity firm, in draw down amounts at the sole discretion of the Company, of up to \$250,000. Alumina committed to purchase up to \$4,000,000 of units of the Company consisting of one Common Share and one Common Share purchase warrant, at discounts ranging from 15% to 25% of the market price of the shares, with each offering occurring exclusively at the option of the Company, throughout the 24-month term of the agreement. The exercise price of the warrants is at a 25% premium over the market price of the shares. The offering was to provide the Company with financial flexibility and unilateral control over strategic crypto currency purchasing as well as general working capital requirements.

On May 22, 2020, the Company issued 1,250,000 units at a price of \$0.08 per unit 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 \$0.153 for a period of three years from the issue date.

Financial year ended August 31, 2021

In fiscal year 2021, as part of its diversification strategy, Neptune added Bitcoin mining to its operations to further increase revenue generation. Neptune would purchase Bitcoin mining machines and host them through Neptune's partner network. Neptune's corporate strategy would be to dollar cost average into the purchase of Bitcoin mining machines over time while minimizing operational cost using its partner network. On December 17, 2020, the Company changed its name from Neptune Dash Technologies Corp. to "Neptune Digital Assets Corp." to align with its updated corporate strategy.

On December 3, 2020, the Company closed two drawdowns pursuant to the Facility with Alumina for aggregate gross proceeds of \$300,000. The Company issued 1,875,000 units at a price of \$0.08 per unit and 1,428,571 units at a price of \$0.105, with each unit consisting of one Common Share and one transferable Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$0.13 and \$0.175, respectively, for a period of three years from the issue date..

On February 16, 2021, the Company completed a non-brokered private placement with Alumina pursuant to the Facility consisting of 1,500,000 units at a price of \$0.175 per unit for an aggregate 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 from the issue date.

On March 2, 2021, the Company closed a non-brokered private placement of units of the Company with a director and other arm's length investors for \$300,000 at \$0.325 per unit. Each unit consisted of one Common Share and one half of one Common Share purchase warrant with each whole warrant entitling the holder to acquire one Common Share at a price of \$0.40 for a period of three years from closing date. The securities were subject to a four-month resale restriction from the date of closing and was subject to the final approval of the TSXV.

On March 3, 2021, the Company assumed US\$750,000 debt with Galaxy DBL LLC at zero percent interest rate secured against 20 Bitcoin cryptocurrency ("**BTC**").

On March 5, 2021, the Company announced that it would begin Bitcoin mining operations and that it entered into an agreement with Link Global Technologies ("**Link**") that would provide rack space, power, facilities

and servicing of up to 1,500 ASIC Bitcoin mining machines along with the potential to co-develop a 5MW renewable energy Bitcoin mining facility in Alberta, Canada.

On March 29, 2021, the Company announced that it had confirmed the delivery date for its first tranche of 300 of the previously announced 1,500 ASIC Bitcoin mining machines. The first 300 Bitmain ASIC S17s would produce approximately 50 terahash per machine, or 15 petahashes per second for the set of 300.

On March 30, 2021, the Company completed a private placement of 625,000 units at a price of \$0.80 per unit with each unit consisting of one Common Share and one-half of one Common Share purchase warrants entitling the holder to purchase one Common Share at a price of \$1.00 for a period of 36 months from the issue date.

On April 13, 2021, the Company announced that it has filed a final short form base shelf prospectus with the securities regulatory authorities in British Columbia and Alberta. This base shelf prospectus allows the Company to make offerings of up to \$100 million of Common Shares, warrants, subscription receipts, units and debt securities, or a combination thereof, of the Company from time to time, separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the offering and as set out in an accompanying prospectus supplement, during the 25-month period that such prospectus remains effective.

On April 16, 2021, the Company closed the sale to U.S. and foreign institutional investors of the Common Shares and warrants to purchase Common Shares for aggregate gross proceeds to the Company of approximately \$40 million. Pursuant to this private placement, the Company issued 29,630,002 Common Shares and warrants to purchase up to 14,815,001 Common Shares at a purchase price of \$1.35 per Common Share and associated half warrant. Each whole warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$1.75 per Common Share at any time on or before April 16, 2024. The Common Shares and Warrants issued were qualified by way of a prospectus supplement dated April 14, 2021 under the Company's short form base shelf prospectus dated April 12, 2021 indicated above.

On or about April 28, 2021, Neptune's initial purchase of 300 Bitmain S17 Bitcoin mining machines landed in Calgary, Alberta, tested and installed within Link' hosting facilities.

On May 26, 2021, the Company announced the entering into a Hashrate management agreement with Luxor Technology Corporation ("**Luxor**"). In this partnership, Neptune and Luxor will jointly work on hardware sourcing, mining machine hosting, power purchase agreements, and physical and virtual management of rigs, while utilizing Luxor's proprietary mining pool technologies. This agreement enables Neptune to grow its North American Bitcoin mining operations by outsourcing critical hands-on expertise to keep internal costs and headcount as low as possible.

On July 7, 2021, the Company announced that it had secured the purchase of 200 new next-generation Bitcoin mining machines for its continued strategy to scale its Bitcoin mining operations. The mining machines were sourced through Neptune's growing network of global Blockchain partners providing it with the highest performing mining hardware available. The Antminer S19 Pro is the latest generation Bitcoin ASIC miner produced by leading hardware manufacturer Bitmain. The Antminer S19 Pro, mining SHA-256 algorithm, boasts a Hashrate of 110 terahash per second (TH/s) with an energy efficiency of 29.5 joules per terahash (J/TH) and a power consumption of 3250W.

On August 28, 2021, the Company announced the arrival of 200 new Antminer S19 Pro next-generation Bitcoin ASIC mining machines in the United States for distribution to the Company's Bitcoin mining facility.

Period subsequent to August 31, 2021

On September 7, 2021, the Company announced the purchase of an additional set of 530 new Antminer S19 Pro next-generation Bitcoin ASIC mining machines.

On September 7, 2021, the Company announced that, given the recent events arising between Link and the Alberta Utilities Commission, the Company will pursue on other avenues of expansion and focus on its U.S. partners to expand renewable focused mining operations with its new Antminer S19 Pro next-generation Bitcoin miners.

On September 10, 2021, the Company announced that its former auditor, Manning Elliott LLP (the “**Former Auditor**”), resigned effective on September 7, 2021. The Company appointed RSM Canada LLP (the “**Successor Auditor**”) on November 2, 2021 to serve as the Company’s auditor until the next annual general meeting of the shareholders.

On October 1, 2021, the Company entered into an agreement with Frontier Mining to host and supply power to the Company’s Bitcoin mining machines located in the United States.

On October 15, 2021, the Company announced the completed deployment and operation of its previously ordered 200 Antminer S19 Pro next generation Bitcoin ASIC Mining machines.

On December 7, 2021, the Company announced the launch of its proprietary DeFi (decentralized finance) program bringing cutting edge innovation and a new earnings stream to Neptune. Neptune has launched its DeFi operations with a number of financial products that are now generating a new stream of earnings for the Company.

THE ONGOING BUSINESS OF THE COMPANY

General

The Company is a cryptocurrency and Blockchain technology company with operations across the digital asset ecosystem including Bitcoin mining, holding cryptocurrency, proof-of-stake mining, operating Blockchain nodes, decentralized finance (“**DeFi**”), and associated Blockchain technologies. As the Company expands, it expects to obtain financing in the future primarily through further equity and/or debt financing.

The Company’s primary objective is to grow large scale revenue generating lines of business in the cryptocurrency ecosystem as discussed below. 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 plans to actively evaluate technology companies that are currently operating within the Blockchain ecosystem, with the intention of acquiring and/or investing in them to deepen Neptune’s footprint in the cryptocurrency market.

Bitcoin mining

Bitcoin mining is the process of creating new Bitcoin by solving complex mathematical equations that verify transactions in the particular cryptocurrency using sophisticated Bitcoin mining hardware.

The Company started Bitcoin mining in fiscal year 2021 and plans to consistently grow its Bitcoin mining revenue stream over time through dollar cost averaging into the purchase of new hardware. As of the date of this AIF, the Company has purchased a total of 75 petahash per second of Bitcoin mining machines and will purchase new Bitcoin mining machines during opportune times as market fluctuations dictate.

The income generated from Bitcoin mining depends on the operational performance of the Bitcoin mining machines and external factors such as the Bitcoin network difficulty. As of December 31, 2021, the Company generates approximately 0.1 Bitcoin per day in gross income with 22 petahash per second operational.

Cryptocurrency staking

Staking is the process of actively participating in transaction validation on a proof-of-stake Blockchain using a collateral balance of a specific cryptocurrency to earn staking rewards. The Company stakes cryptocurrency when possible in order to maximize yield. Some examples of tokens that the Company has staked includes Cosmos, ATOM, and Fantom. The yield from staking varies based on a number of factors such as lock-up period and validator/node used. The Company achieves a wide range of staking yield from 4% to 12%.

Decentralized finance (DeFi)

Decentralized finance (DeFi) offers financial instruments without relying on intermediaries such as brokerages, exchanges, or banks. Instead, it uses smart contracts on a Blockchain. DeFi platforms allow people to lend or borrow funds from others, speculate on price movements on assets using derivatives, trade cryptocurrencies, insure against risks, and earn interest in savings-like accounts.

The Company is in the early stages of its DeFi line of business. It was initiated in the Company's first fiscal quarter of 2022 and remains emerging and exploratory in nature. The Company, as of December 31, 2021, has allocated approximately 5% of its assets under management to the DeFi line of business.

Blockchain Nodes

The Company has operated Blockchain nodes and validators in the past, however it has moved more to a partner model where it works with players in the industry to operate nodes and validators. As of December 31, 2021, the Company has two Dash Masternodes in operation and currently stakes Cosmos Atom on 3rd party validators.

Other Blockchain projects

The Company continues to explore new areas in the nascent Blockchain and cryptocurrency markets in order to grow revenue and compete. This includes, but is not limited to, developing and testing new lines of business, working with best-of-breed partners, and investing in or acquiring assets.

Production and Services - Introduction to Blockchain and Cryptocurrency

Blockchain technology was invented in 2008 and works as database technology. Blockchain is gaining widespread adoption with many unique applications, fewer middlemen, greater efficiency and automated transactions.

Blockchain technology is unique in that it can store data and distribute it in a decentralised manner. The decentralisation of information increases security and offers additional functionality to its users. Blockchain technology is making a significant impact in many areas of business, finance, information management and governance, but it is still in its early stages, with significant future opportunities and applications.

Blockchain technology enables the application of cryptocurrency. Cryptocurrency is a form of encrypted and decentralised digital currency, transferred directly between peers across the internet, with transactions being settled, confirmed and recorded in a distributed public ledger by a process known as "mining".

Units of a cryptocurrency exist only as data on the internet, and are not issued or controlled by any single institution, authority, or government. Whereas most of the world's money currently exists in the form of electronic records managed by central authorities, units of a cryptocurrency exist as electronic records in a decentralised tamper-proof transaction database called a Blockchain. The ledger is both publicly available to anyone and secured with public key encryption.

How a Cryptocurrency Works

Cryptocurrencies are decentralised digital currencies that enable instant transfers to anyone, anywhere. Transactions occur via open source, cryptographic protocol platforms which use peer-to-peer technology to operate with no central authority.

The network is an online, peer-to-peer network that hosts the public transaction ledger, known as the Blockchain, and each cryptocurrency with a source code that comprises the basis for the cryptographic and algorithmic protocols governing the Blockchain. No single entity owns or operates the network, the infrastructure of which is collectively maintained by a decentralised user base.

As the network is decentralised, it does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of the coins. Rather, the value of a coin is determined by the market supply of and demand for the coins, the prices of which are set in transfers by mutual agreement or barter, as well as by the number of merchants that accept the coins. Because coins are digital files that can be transferred without the involvement of intermediaries or third parties, there are little or no transaction costs in direct peer-to-peer transactions.

Coins can be used to pay for goods and services or can be converted to fiat currencies, such as the US dollar, at rates determined by various exchanges. Bitcoin.org lists a number of Bitcoin exchanges, including international exchanges such as: Bitsquare, Bitstamp, and Coinbase. There are also country-based and regional exchanges. Additionally, third party service providers may be used for transfers but they may charge significant fees for processing transactions.

In a cryptocurrency network, every peer has their own copy of the Blockchain, which contains records of every historical coin transaction, effectively containing records of all account balances. Each account is identified solely by its unique public key, and is secured with its associated private key (kept secret, like a password).

The combination of private and public cryptographic keys constitutes a secure digital identity in the form of a digital signature, providing strong control of ownership.

Each time a new block of transactions is created, data from that block is used to create a hash that is stored along with the block. One piece of data used is the hash from the most recent block in the Blockchain. Each block's hash is created using the hash of the block before it, acting as a sort of tamper-evident seal that confirms the validity of the new block and all earlier blocks. Alterations made to any earlier block would make the hashes of all subsequent blocks invalid, the discrepancy would be easily detected by future miners, and that broadcast would be discarded in favour of one from a different peer. Thus, miners "vote with their computer power, expressing their acceptance of valid blocks by working on extending them and rejecting invalid blocks by refusing to work on them" and consensus of the majority is represented by the longest Blockchain.

Miners, which are specialized computers, compete to solve new blocks; a miner that verifies and solves a new block is awarded a newly-generated quantity of coins, an amount which is usually proportional to the miner's contributed hash rate/work, (plus a small transaction fee) as an incentive to invest their computer power, as mining is critical to the continuing functioning and security of the cryptocurrency network. The difficulty of the proof-of-work puzzles is automatically adjusted so that a new block is mined on a specified basis, adapting as the total mining power active on the network increases over time.

Bitcoin Halving Event

Bitcoin miners derive revenue from block rewards and transaction fees for each block they solve. Bitcoin has a finite or terminal supply and is becoming scarcer over time. According to the Bitcoin Network, only 21,000,000 Bitcoins can ever be mined, with diminishing returns at each 'halving'. Bitcoin halving is an

event where the block reward for mining new Bitcoin is halved, meaning that Bitcoin miners will receive 50% less Bitcoin for every transaction they verify.

In 2009, when Bitcoin was first launched the reward for mining a new block was 50 Bitcoins. As of the most recent halving in May 2020, the reward is 6.25 Bitcoin per block as of the date of this AIF. A new block is produced approximately every 10 minutes.

This reward is expected to continue to be cut approximately every four years, with the next Bitcoin halving expected to occur in 2024 which will reduce the fixed reward for solving a new block to 3.125 Bitcoins. A Bitcoin halving event could also impact Blockchain safety as several different safety protocols, such as proof-of-work and proof-of-stake, are dependent on the miner participation to verify the Blockchain transactions. See "*Risk Factors – Bitcoin Halving Risk*".

Bitcoin mining Pool

Bitcoin mining is competitive and the goal is to solve or "find" a block before someone else's miner does, at which point you will get the block reward and transaction fees from the block. During the last several years, an increasing amount of Hashrate has come online which has made it harder to have enough Hashrate personally (individually) to solve a block and earn the payout reward. In response to this trend, the concept of "pooled mining" was developed, whereby groups of individual miners contribute to the generation of a block, and then split the block reward according to the contributed processing or computing power. In doing this, the variance of finding a block is increased by having a larger total Hashrate in trying to process a block the fastest.

Why Cryptocurrencies?

A Blockchain enables market participants to make and verify transactions on a network instantaneously without a central authority (i.e., a clearinghouse in the traditional financial system). We believe that Blockchain, the backbone technology behind cryptocurrency mining, has the potential to truly disrupt multiple industries and make processes more democratic, secure, transparent, and efficient.

Interbank transactions can potentially take days for clearing and final settlement, especially outside of working hours. Blockchain transactions can reduce transaction times to minutes and are processed at all times.

Because cryptocurrencies are completely digital, they can be used in ways that ordinary currencies cannot; primarily, they are used like the digital equivalent of cash. Unlike credit or debit cards that are issued by banks, consumers don't need an account or good credit to use digital currencies. Further, digital currencies are becoming increasingly accepted globally by retailers and institutions.

The Market for Cryptocurrency

Cryptocurrencies offer many advantages over traditional (also known as 'fiat') currency, including:

- Acting as a fraud deterrent, as cryptocurrencies are digital and cannot be counterfeited or reversed arbitrarily by sender;
- Immediate settlement;
- Eliminate counterparty risk;
- No trusted intermediary required;
- Lower fees;
- Identity theft prevention;
- Accessible by everyone globally;

- Transactions are verified and protected through a confirmation process, which prevents the problem of double spending currencies;
- Decentralised no central authority (government or financial institution); and
- Recognized universally and not bound by government imposed exchange rates.

Management believes that as the demand for cryptocurrencies increases and cryptocurrencies become more widely accepted, there will be an increasing demand for professional grade, scalable infrastructure to support growth of the growing Blockchain ecosystem.

Company's Storage of Cryptocurrency Assets

The Company stores its cryptocurrency assets 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 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 tokens, for example USDC and USDT.

Cold Storage

Cold storage wallets are cryptocurrency wallets held offline on a physical device. The Company holds a variety of assets in cold storage which include Atom, Dash, Bitcoin, Ethereum and others. Cold storage is the most secure method of storage and the Company holds both the cold storage wallets and 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 stores some of their crypto assets in hot wallets to transact in the decentralized finance space, purchase mining equipment using stable coins and earn additional yield.

The hot wallets and exchanges used by Neptune include but are not limited to BlockFi, Celsius and Fantom. 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 COO 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 are below:

Loans

The Company has loaned out Bitcoin to earn interest on these cryptocurrency assets prior to them being used to purchase ASIC mining machines or funding other asset acquisitions. In the past, the Company has loaned Bitcoin 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. 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.

Company's Use of Cryptocurrency Trading Platforms

The Company periodically acquires Bitcoin, stable coins and other cryptocurrency 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 COO 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.

To purchase cryptocurrency or trade one cryptocurrency for another, the Company also utilizes multiple exchanges to optimize convenience, speed, and cost. As of December 31, 2021, the primary exchanges used by the Company include Amber and Kucoin.

Blockchain Mining

Blockchain mining can be completed using proof-of-work or proof-of-stake protocols. Proof-of-work is a computer algorithm that is used by several different cryptocurrencies for block generation, allowing blocks to be accepted by network participants. Proof-of-work is used by cryptocurrencies such as Bitcoin and others and is designed to create decentralized agreement between different nodes around adding a specific block to the Blockchain. Proof-of-work protocol requires miners to solve extremely complex and computationally intense mathematical problems in order to add blocks onto the Blockchains. This process produces a specific kind of data that permits verification of the block, but is time consuming and extremely energy intensive to produce.

Proof-of-stake is an alternative method to proof-of-work and enables the mining and validation of Blockchain transactions based on the number of coins that have staked, which means the more coins a miner has the more mining power it possesses. In other words, instead of utilizing energy to generate proof-of-work data, a proof-of-stake miner is mining a percentage of transactions that is reflective of its ownership stake. Many coins use proof-of-stake mining, including NEO and NEM and notably Ethereum and Cardano have announced that they intend to switch to proof-of-stake mining during 2018.

Advantages of using of proof-of-stake mining include:

- **Recurring dividends:** Neptune will be rewarded for their service to the Blockchain network through an annual dividend of mined token collected from network fees, just like proof-of-work miners. NEO currently rewards miners 4.0% and NEM rewards miners 4.5% (dividends to be awarded by Ethereum, Cardano and EOS are to be determined in protocol implementations in 2018).
- **Exposure to a diversified portfolio of coins:** Neptune will hold a diversified portfolio of coins required for proof-of-staking mining, thus minimizing exposure to volatility of a single coin.
- **No need to consume large quantities of electricity:** Neptune will not be required to purchase and maintain expensive hardware or pay high electricity costs. As a result, Neptune anticipates that its proof-of-staking mining operations will be more economical given the reduced energy costs and through revenue that will be reinvested into its mining operations. Given the recent upwards

momentum of Bitcoin, the Company has deemed that proof-of-stake, although reliable, mining rewards in environments of crypto contraction, is not as profitable in times of crypto expansion. Having both proof-of-stake and proof-of-work exposure allows the Company to optimize to existing economic environment.

- Faster validations: proof-of-staking results in faster transactions times on the Blockchain.

Specialized Skill and Knowledge

There is a specialized skill required for the development, operations, maintenance, and marketing of the Company's business. The Company's current staff possesses the necessary skills and knowledge required for the Company's business; however, additional employees may be added to staff as needed.

Competitive Conditions

In the cryptocurrency industry, there exists many online companies that offer cryptocurrency cloud mining services, many hosts that operate Masternodes, as well as companies, individuals and groups that run their own mining farms. Miners can range from individual enthusiasts to professional mining operations with dedicated data centres, however, the vast majority of mining is now undertaken by mining pools. Hosts of Masternodes provide various services, and large blocks of Masternodes may be able to effect the participation and direction of Dash.

The vast majority of mining is now undertaken by mining pools, whereby miners organize themselves and pool their processing power over a network and mine transactions together. Rewards are then distributed proportionately to each miner based on the work / hash power contributed. Mining pools became popular when mining difficulty and block time increased. Mining pools allow miners to pool their resources so they can generate blocks quickly and receive rewards on a consistent basis instead of mining alone where rewards may not be received for long periods. The Company may also decide to participate in mining pools in order to smooth the receipt of rewards.

Other market participants in the cryptocurrency industry include investors and speculators, retail users transacting in cryptocurrencies, and service companies that provide a variety of services including buying, selling, payment processing and storing of cryptocurrencies.

Management of Neptune believes that Neptune was and likely is the only publicly traded Company that invested and built Masternodes and also provided an opportunity for individuals to pool Dash tokens to earn within a masternode group. The Company continues to invest in masternodes, however pooling was discontinued in 2019 as it was not deemed to be a profitable venture. Management of Neptune believes that no other competition exists in the public company realm that deals solely in the proof-of-stake element of masternodes.

Components

The Company obtains Bitcoin mining machines, hardware components, various subsystems and systems from a limited group of suppliers. The Company does not have long-term agreements with any of these suppliers that obligate such suppliers to continue to sell components, subsystems, systems or products to the Company. The Company's reliance on these suppliers involves significant risks and uncertainties, including whether suppliers will provide an adequate supply of components, subsystems, or systems of sufficient quality, will increase prices for components, subsystems or systems, and will perform their obligations on a timely basis. See "*Risk Factors*".

Consultants/Employees

The Company had three consultants, including officers, as of August 31, 2021 and three consultants, including officers, as at the date of this AIF. The Company takes extensive measures to keep costs to a

minimum and as such relies on external contractors for many services in order to scale back quickly if need be given the volatility of the digital currency ecosystem.

Foreign Operations

The Company has Bitcoin mining machines operating in the United States and relies on these foreign operations is a significant component of its Bitcoin mining business.

Reorganizations

On December 4, 2017, Neptune Dash Nodes Corp. ("**Former Neptune**"), the predecessor company of Neptune and a private company that exclusively built, operated, and invested in Dash Masternodes and related technologies, entered into an amalgamation agreement with Crossroad Ventures Inc., a reporting issuer in British Columbia and Alberta ("**Crossroad**"), and NEMI Northern Energy & Mining Inc., to acquire a 100% interest in Crossroad which would constitute a reverse takeover of Crossroad by the shareholders of Former Neptune (the "**Amalgamation**").

On January 18, 2018, the Company completed the Amalgamation.

Government Regulation

With wider adoption of cryptocurrency underway, the groundswell movement to introduce and implement regulatory regimes and controls to safeguard investors will continue to grow and will be spurred on by the entry of global corporations, hedge funds, family offices, and institutional investors into the cryptocurrency sector.

There have been recent flurry of announcements in the cryptocurrency industry that will likely have the effect of driving forward regulation while simultaneously adding legitimacy to the sector. On December 16, 2020, Massachusetts Mutual Life Insurance Co., an insurance company, announced that it bought US\$100 million worth of Bitcoin. On December 21, 2020, MicroStrategy Inc. (NASDAQ: STR), a company that provides business intelligence software and related services, announced it has purchased over US\$1 billion in Bitcoin in 2020. On February 8, 2021, Tesla, Inc. (NASDAQ: TSLA), an American electric vehicle and clean energy company, announced that it had invested an aggregate US\$1 billion in Bitcoin.

On January 4, 2021, the US Office of the Comptroller of the Currency issued a statement clarifying the legal framework for banks and financial institutions to work with cryptocurrencies and, more specifically, nodes and stable coins.

RISK FACTORS

The following specific factors could materially adversely affect the Company and should be considered when deciding whether to make an investment in the Company. The risks and uncertainties described in this AIF are those the Company currently believes to be material, but they are not the only ones the Company will face. If any of the following risks, or any other risks and uncertainties that the Company has not identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows, and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Company's securities could decline, and prospective investors could lose all or part of their investment.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's other public filings before making an investment decision.

Any reference to "the Company" or "Neptune" in the risk factors refers to the Company and its subsidiaries together on a consolidated basis.

COVID-19 Risks

Worldwide COVID-19 Outbreak

At the beginning of the year 2020 the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could materially and adversely affect the business of the Company. The Company cannot accurately predict the future impact COVID-19 may have on, among others, the: (i) value of cryptocurrencies, (ii) price of energy and bandwidth, (iii) severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines, (iv) availability of essential supplies, (v) purchasing power of the Canadian dollar, or (vi) ability of the Company to obtain necessary financing. Despite global vaccination efforts, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in the future.

As of the date of this AIF, the Company has not had any confirmed cases of COVID-19 among any of its contractors. The Company is adopting the advice of public health authorities and adhering to government regulations with respect to COVID-19 in the jurisdictions in which it operates. The following measures have been instituted across the Company to prevent the potential spread of the virus: (i) indefinite closure of its corporate offices in Vancouver; (ii) all contractors are working remotely; (iii) social distancing practices have been implemented for any and all in-person meetings, with meeting participation via teleconferencing strongly encouraged; (iv) elimination of all non-essential business travel; (v) required 14-day quarantine for any contractors returning from out of country travel.

The Company transitioned its Vancouver office to working from home in mid-March of 2020, and, after some initial adjustments, has seen no interruption to its workflow.

While the Company's operations have not been materially impacted by COVID-19, the Company expects COVID-19 to affect the availability and delivery of mining equipment, including increased costs associated with shipping such equipment. The Company expects longer than normal delivery times from the various equipment manufacturers and suppliers that it purchases mining equipment from. The potential lack of equipment availability or potential shipping delays could adversely impact the Company's business and operations.

The COVID-19 outbreak or similar global health crises could affect the Company's ability to access sources of capital.

The extent to which COVID-19 could impact the Company's operations, financial condition, liquidity, results of operations, and cash flows is highly uncertain and cannot be predicted. Negative financial results, uncertainties in the market, and a tightening of credit markets, caused by COVID-19, or a recession, could have a material adverse effect on the Company's liquidity and ability to obtain financing in the future.

COVID-19 or similar pandemics could adversely impact the Company's business and/or its ability to complete reporting obligations.

If a pandemic, epidemic, or outbreak of an infectious disease including the recent outbreak of respiratory illness caused by a novel coronavirus such as COVID-19 or other public health crisis were to affect the Company's facilities, staff, accountants or advisors, our business could be adversely and materially

affected. Such a pandemic could result in mandatory social distancing, travel bans, and quarantine restrictions, and this may limit access to the Company's employees and professional advisors. These factors may hamper the Company's efforts to comply with its filing obligations with the TSXV or as required under Canadian securities laws.

General Cryptocurrency Risks

Cryptocurrency inventory may be exposed to cybersecurity threats and hacks.

In the recent past, flaws in cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare across all cryptocurrencies, and no major threats or hack have occurred in relation to the Dash network.

Regulatory changes or actions may alter the nature of an investment or restrict the use of cryptocurrencies in a manner that adversely affects operations.

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate.

The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the the Company.

Governments may in the future curtail or outlaw, the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation. For example, on July 25, 2017 the United States Securities and Exchange Commission released an investigative report which indicates that the United States Securities and Exchange Commission would, in some circumstances, consider the offer and sale of Blockchain tokens pursuant to an initial coin offering subject to U.S. securities laws.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Company's shares. Such a restriction could result in the Company liquidating assets at unfavorable prices and may adversely affect the Company's shareholders.

Cryptocurrency Assets Are Highly Volatile And Speculative In Nature.

Master nodes, 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.

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.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency

market prices are determined primarily using data from various exchanges, over the counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company's assets and thereby affect the Company's shareholders.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure.

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of BTC Exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed BTC Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such BTC Exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment.

A number of companies that provide BTC and/or other cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to BTC and/or other cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide BTC and/or other cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing BTC and/or other cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's assets.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain.

Crises may motivate large scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis driven purchasing behavior wanes, adversely affecting the value of the Company's assets.

The possibility of large scale purchases of cryptocurrencies in times of crisis may have a short term positive impact on the prices of. For example, in March 2013, a report of uncertainty in the economy of the Republic of Cyprus and the imposition of capital controls by Cypriot banks motivated individuals in Cyprus and other countries with similar economic situations to purchase BTCs. This resulted in a significant short term positive impact on the price of BTCs. However, as the purchasing activity of individuals in this situation waned, speculative investors engaged in significant sales of BTCs, which significantly decreased the price of BTCs. Crises of this nature in the future may erode investors' confidence in the stability of

cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Company's investments.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies such as Dash and ATOM, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralised means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large scale acquisitions or sales of BTCs either globally or locally. Large scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's operations and profitability.

The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate.

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the Company's operations. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of BTCs specifically and cryptocurrencies generally.

Acceptance and/or widespread use of cryptocurrency is uncertain.

Currently, there is relatively small use of BTCs and/or other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability.

As relatively new products and technologies, BTC, the Bitcoin Network, and its other cryptocurrency counterparts have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short term or long term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's operations, investment strategies, and profitability.

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.

Company-Specific Cryptocurrency Risks

The Company's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies.

The Company competes with other users and/or companies that own and run proof-of-stake operations, and to a more limited extent, those companies which mine cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for the Company's shares and reduce their liquidity.

The Company's cryptocurrency holdings may be subject to loss, theft or restriction on access.

There is a risk that some or all of the Company's cryptocurrency holdings could be lost or stolen. Access could also be restricted by cybercrime (such as a denial of service ("DDoS") attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability.

The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet's public key or address is reflected in the network's public Blockchain. The Company will publish the public key relating to digital wallets in use when it verifies the receipt of Dash transfers and disseminates such information into the network, but it will need to safeguard the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access its cryptocurrency holdings and such private keys will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrency holdings could adversely affect its investments and profitability. Seeds are separated into separate pieces and stored in secured vaults.

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.

Incorrect or fraudulent transactions may be irreversible.

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's investments.

Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been

verified and recorded in a block that is added to the Blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. Although the Company's transfers of coins will regularly be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, the Company's coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

If the rewards of Bitcoin, Atom or Dash for solving blocks and transaction fees are not sufficiently high, mining operations, validators and Masternodes may not have an adequate incentive to continue mining and may cease their mining operations.

As the value of tokens awarded for solving a block in a network decreases, the incentive to continue to contribute processing power to the network will decrease. This may result in a requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain, and may decrease demand for that particular token and prevent the continued expansion of the network, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's cryptocurrency inventory, mining revenues and associated Blockchain investments.

Bitcoin halving risk.

Bitcoin halving is an event where the block reward for mining new Bitcoin is halved, meaning that Bitcoin miners will receive 50% less Bitcoin for every transaction they verify. In 2009, when Bitcoin was first launched the reward for mining a new block was 50 Bitcoins. As of the most recent halving in May 2020, the reward is only 6.25 Bitcoin per block as of the date of this AIF. See "*Ongoing Business of the Company – Introduction to Blockchain and Cryptocurrency – Bitcoin Halving Event*".

It is anticipated that each subsequent halving event will cause many less efficient miners to shut off their miners in the medium to long term unless the price of Bitcoin rises significantly. This will result in a decrease in the Bitcoin network's overall Hashrate and the corresponding difficulty number. Without a corresponding increase in the price of Bitcoin, the Company's revenue will be negatively impacted. If the price of Bitcoin and the network Hashrate and difficulty numbers remain flat, the Company's corresponding revenue would be reduced by 50%. The future price of Bitcoin and the difficulty number are challenging to forecast. The Company believes that although the halving event would reduce the block reward by 50%, other market factors such as the network difficulty rate and price of Bitcoin would change to offset the impact of the halving sufficiently for the Company to maintain profitability. Nevertheless, there is a risk that a halving event will render the Company unprofitable and have a material adverse impact on the Company's business, financial conditions and operations.

The price of coins may be affected by the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets.

To the extent that other vehicles investing in coins or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by the Company.

Risk related to technological obsolescence and difficulty in obtaining hardware.

To remain competitive, the Company will continue to invest in hardware and equipment required for maintaining the Company's activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment.

The increase in interest and demand for cryptocurrencies has led to a shortage of capable hardware for housing Masternodes, as individuals purchase equipment for mining and other cryptocurrency related uses

for. For example, in 2017–2018, PC Gamer reported that AMD's Radeon RX 580 and Radeon RX 570 have been out of stock for months. The shortage led to chip producers Nvidia and AMD to consider producing graphic cards specifically designed for mining cryptocurrencies. Equipment housing Dash Masternodes will require replacement from time to time and any shortages of graphics processing units may lead to unnecessary downtime as the Company searches for replacement equipment.

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks

The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets. The Company conducts Mining in Colorado, USA, which has regulated electrical power suppliers and there can be no assurance that electricity can be provided on terms which are economic for the Company's current and future operations, anticipated growth, and sustainability.

Future Profits/Losses and Production Revenues/Expenses

Further development and acquisitions of Mining facilities will require additional capital and monthly expenses. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with Mining facilities are added. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital. The amount and timing of expenditures will depend on the progress of ongoing development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and other factors, many of which are beyond the Company's control. The Company's management tested and studied the cryptocurrency marketplace before developing its financial projections. The Company's forecasts are built upon data available on the profitability of cryptocurrency, a new and unstable field. Despite the Company's confidence in achieving its projections, it may fail to meet the performance forecasts set out in this AIF.

Permits and Licenses

The operations of the Company may require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required.

Server Failures

There is a risk of serious malfunctions in servers or central processing units and/or their collapse. The Company works diligently to reduce this risk by engaging expert partners with many years of experience in building and managing data centers. The Company also engages "hardware" partners, which focuses, among other things, on chip repair and daily evaluation of the technical condition of the server farms that the Company operates. The Company works with software that enables, among other things, control, management and reporting of malfunctions in real time, which enables ongoing control over the operation of the equipment, including its cooling. While malfunctions in central servers, or central processing units can only occur on a specific server farm or part of it or for short periods of time, such server crashes or failures may cause significant economic damage to the Company.

Reliance on Third Parties and Supply Chain Risks

The Company obtains hardware such as Bitcoin mining machines, components, various subsystems and systems from a limited group of suppliers. The Company does not have long-term agreements with any of these suppliers that obligate such suppliers to continue to sell components, subsystems, systems or products to the Company. The Company's reliance on these suppliers involves significant risks and uncertainties, including whether suppliers will provide an adequate supply of components, subsystems, or systems of sufficient quality, will increase prices for components, subsystems or systems, and will perform

their obligations on a timely basis. Any disruption or delays in these arrangements may have a serious effect on the Company's operations.

Environmental Regulations

All of the Company's operations will be subject to environmental regulations, which can make operations expensive or prohibitive. The continued evolution of environmental regulations may lead to the imposition of stricter standards, more diligent enforcement, and heavier fines and penalties for non-compliance. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations or cause delays in the development of mining projects

Environmental Liability

The Company may be subject to potential risks and liabilities associated with pollution of the environment through its use of electricity to Mine cryptocurrencies. In addition, environmental hazards may exist on a property in which the Company directly or indirectly holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

The current or future operations of the Company, including development activities and Mining on its properties, may require permits from various federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, exports, taxes, labour standards, occupational health, and other matters. There can be no assurance, however, that all permits which the Company may require for its operations will be obtained on reasonable terms, on a timely basis, or at all or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. The Company intends to fully comply with all environmental regulations in every country in which it is active.

Limited History of De-Fi

Compared with traditional and existing centralized financial systems, the cryptocurrency financial system is relatively new and has only limited history. Online cryptocurrency exchanges and trades therein operate with comparatively little regulation and are particularly liable to platform failures and fraudulent activities, which may have an effect on underlying prices of cryptocurrencies. In fact, many of the largest online cryptocurrency exchanges have been compromised by hackers. Traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply cryptographic or cryptocurrencies as payment, and may refuse to accept money derived from cryptocurrency-related businesses. This may make management of bank accounts held by companies operating in the field difficult.

Other Company Risks

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.

The Company has a had some periods with losses.

The Company has incurred periodic net losses in some quarters. Although the Company has generated a positive net income in the last two quarters, it cannot assure that it can avoid net losses in the future or that there will be any earnings or revenues in any future quarterly or other periods. The Company expects that its operating expenses will increase slightly as it grows its business, including expending substantial resources for research, development and marketing. As a result, any decrease or delay in generating revenues could result in material operating losses.

A shareholder's holding in the Company may be diluted if the Company issues additional Common Shares or other securities in the future.

The Company may issue additional Common Shares or other securities in the future, which may dilute a shareholder's holding in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders have no pre-emptive rights in connection with further issuances of any securities. The directors of the Company have the discretion to determine if an issuance of Common Shares or other securities is warranted, the price at which any such securities are issued and the other terms of issue of Common Shares or securities. In addition, the Company's may issue additional Common Shares upon the exercise of incentive stock options to acquire Common Shares under its share compensation plan, which will result in further dilution to shareholders. In addition, the issuance of Common Shares or other securities in any potential future acquisitions, if any, may also result in further dilution to shareholder interests.

The Company's adoption of new business models could fail to produce any financial returns.

Forecasting the Company's revenues and profitability for new business models is inherently uncertain and volatile. The Company's actual revenues and profits for its business models may be significantly less than the Company's forecasts. Additionally, the new business models could fail for one or more of the Company's products and/or services, resulting in the loss of Company's investment in the development and infrastructure needed to support the new business models, and the opportunity cost of diverting management and financial resources away from more successful businesses.

The Company will be affected by operational risks and may not be adequately insured for certain risks.

The Company will be affected by a number of operational risks and the Company may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's technologies, personal injury or death, environmental damage, adverse impacts on the Company's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

There are risks associated with the regulatory regime and permitting requirements of the Company's Business.

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 cash flows.

The Company may be subject to the risks associated with future acquisitions.

As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Any such future acquisitions, if completed, may expose the Company to additional potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

The Company's inability to retain management and key employees could impair the future success of the Company.

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose experience, know-how, key professionals and staff members as well as business partners. These executive officers and key employees could develop drone technologies that could compete with and take customers and market share away from the Company.

A significant growth in the number of personnel would place a strain upon the Company's management and resources.

The Company may experience a period of significant growth in the number of personnel that could place a strain upon its management systems and resources. The Company's future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage its workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

The Company faces uncertainty and adverse changes in the economy.

Adverse changes in the economy could negatively impact the Company's business. Future economic distress may result in a decrease in value of the Company's assets and investments, which could have a material adverse impact on the Company's operating results and financial condition. Uncertainty and adverse changes in the economy could also increase costs associated with acquiring or operating technology, increase the cost and decrease the availability of sources of financing, and increase the Company's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Company.

The Company may be subject to electronic communication security risks.

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The

Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

The Company's business could be adversely affected if its consumer protection and data privacy practices are not perceived as adequate or there are breaches of its security measures or unintended disclosures of its consumer data.

The rate of privacy law-making is accelerating globally and interpretation and application of consumer protection and data privacy laws in Canada, the United States, Europe and elsewhere are often uncertain, contradictory and in flux. As business practices are being challenged by regulators, private litigants, and consumer protection agencies around the world, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with the Company's data and/or consumer protection practices. If so, this could result in increased litigation government or court imposed fines, judgments or orders requiring that the Company change its practices, which could have an adverse effect on its business and reputation. Complying with these various laws could cause the Company to incur substantial costs or require it to change its business practices in a manner adverse to its business.

The Company may rely on its business partners, and they may be given access to systems in order to provide services and support to the Company's teams.

The Company relies on various business partners, including third-party service providers, vendors, licensing partners, development partners, and licensees, among others, in some areas of the Company's business. In some cases, these third parties are given access to systems in order to provide services and support to the Company's teams. These third parties may misappropriate the Company's information and engage in unauthorized use of it. The failure of these third parties to provide adequate services and technologies, or the failure of the third parties to adequately maintain or update their services and technologies, could result in a disruption to the Company's business operations. Further, disruptions in the financial markets and economic downturns may adversely affect the Company's business partners and they may not be able to continue honoring their obligations to the Company. Alternative arrangements and services may not be available to the Company on commercially reasonable terms or the Company may experience business interruptions upon a transition to an alternative partner or vendor. If the Company loses one or more significant business partners, the Company's business could be harmed.

The Company may experience adverse effects on its reported results of operations as a result of adopting new accounting standards or interpretations.

The Company's implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect its reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Failure to adhere to the Company's financial reporting obligations and other public company requirements could adversely affect the market price of the Common Shares.

The Company is subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and the rules of any stock exchange on which the Common Shares are listed. These reporting and other obligations will place significant demands on the Company's management, administrative, operational and accounting resources. If the Company is unable to meet such demands in a timely and effective manner, its ability to comply with its financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in its reported financial information, which could result in a reduction in the trading price of the Common Shares.

In addition, the Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all errors or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to errors or fraud may occur and may not be detected in a timely manner or at all.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect the Company's reported financial results or financial condition.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Company's business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change the Company's reported financial performance or financial condition in accordance with generally accepted accounting principles.

If the Company is required to write down goodwill and other intangible assets, the Company's financial condition and results could be negatively affected.

Goodwill impairment arises when there is deterioration in the capabilities of acquired assets to generate cash flows, and the fair value of the goodwill dips below its book value. The Company is required to review its goodwill for impairment at least annually. Events that may trigger goodwill impairment include deterioration in economic conditions, increased competition, loss of key personnel, and regulatory action.

From time to time, the Company may become involved in legal proceedings, which could adversely affect the Company.

The Company may, from time to time in the future, become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, and disruptive to normal business operations. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on the Company's business, operating results, or financial condition.

The Company's directors and officers may have conflicts of interest in conducting their duties.

Because directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other technology companies, the directors and officers of the Company may have conflicts of interest in conducting their duties. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against a particular matter in which the director has the conflict. In appropriate cases, the Company will establish a special committee of independent directors to review a particular matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Executive officers and directors may have rights to indemnification from the Company

Forward-Looking Statements and Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Company's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties related to forward-looking statements and information are found under the heading "*Advisories – Cautionary Statement Regarding Forward-Looking Information and Statements*" in this AIF.

Risks Related to the Securities of the Company

There is no assurance that resale of the Common Shares will result in a positive return for existing investors.

The Common Shares are currently publicly traded on the TSXV, the OTCQB and the Frankfurt Stock Exchange. There can be no assurance that the publicly-traded market price of the Common Shares will be high enough to create a positive return for any investors. Further, there can be no assurance that the Common Shares will be sufficiently liquid so as to permit investors to sell any of their position in the Company without adversely affecting the stock price. In such event, the probability of any resale of the Common Shares would be significantly diminished. As well, the continued operation of the Company will be dependent upon its ability to procure additional financing in the short term and to generate operating revenues in the longer term. There can be no assurance that any such financing can be obtained or that any revenues can be generated. If the Company is unable to obtain such additional financing or generate sufficient revenues, investors may be unable to sell their Common Shares and any investment in the Company may be lost.

The market for securities has experienced a high level of price and volume volatility and market prices are subject to wide fluctuations.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. An active public market for the Common Shares may never develop or otherwise be sustained. If an active public market for the Common Shares does not develop or, if one develops but it is not sustained, the liquidity of a shareholder's investment in the Common Shares may be very limited and the share price may decline.

The Company has not paid any dividends to date.

To date, the Company has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by the Board on the basis of its earnings, financial requirements and other conditions.

Global financial conditions have been volatile and in some cases the access to capital markets has been restricted.

Current global financial conditions have been subject to increased volatility and in some cases the access to financial markets has been restricted. These factors may impact the ability of the Company to obtain

equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these levels of volatility and market instability continue, the Company's operations could be adversely impacted and the value and the price of the Common Shares could continue to be adversely affected.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Company Shares without par value. The rights, privileges and restrictions on the Common Shares are contained in the articles of Neptune, which are available on SEDAR at www.sedar.com.

Common Shares

As of the date hereof, 124,909,811 Common Shares are issued and outstanding (124,909,811 as at August 31, 2021).

Each Common Share entitles the holder to receive notice of and attend all meetings of the shareholders. Each Common Share carries the right to one vote. The holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares at such time and in such amount as may be determined by the Board, in its discretion. In the event of the liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, holders of Common Shares are also entitled to participate, rateably, in the distribution of the assets of the Company, subject to the rights of the holders of any other class of shares ranking in priority to the Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume of Common Shares

The Common Shares are listed and posted for trading on the TSXV under the symbol "NDA". The following table sets forth the price range (monthly high and low prices) of the Common Shares and consolidated volumes traded for the periods indicated (as reported by the TSXV).

2020	High (C\$)	Low (C\$)	Volume
September	0.08	0.065	1,059,730
October	0.09	0.065	1,645,453
November	0.17	0.065	14,307,815
December	0.455	0.10	55,486,416
2021	High (C\$)	Low (C\$)	Volume
January	0.37	0.18	43,166,921
February	0.48	0.195	41,221,077
March	1.28	0.25	54,028,970
April	2.215	0.64	89,593,738
May	1.03	0.60	29,569,819
June	0.70	0.485	12,159,546
July	0.64	0.395	7,131,141
August	0.72	0.51	15,438,842

Prior Sales

The following table summarizes the issuances of unlisted securities for the year ended August 31, 2021 as well as those issued as of the date hereof:

Date of Issuance	Securities ⁽¹⁾	Number of Securities Issued	Issuance/Exercise Price Per Security (\$)
December 3, 2020	Warrants	1,875,000	0.13
December 3, 2020	Warrants	1,428,571	0.175
January 7, 2021	RSUs ⁽²⁾	307,198	0.32
January 21, 2021	Stock Options ⁽³⁾	6,000,000	0.20
February 16, 2021	Warrants	1,500,000	0.294
March 2, 2021	Warrants	461,538	0.40
March 30, 2021	Warrants	312,500	1.00
April 16, 2021	Warrants	14,815,001	1.75
April 16, 2021	Broker Warrants ⁽⁴⁾	2,222,250	1.6875
April 28, 2021	Stock Options ⁽⁵⁾	4,000,000	\$1.03

Note:

- (1) See "General Development of the Business of the Company – Three Year History – Financial year ended August 30, 2021" and "Period subsequent to August 31, 2021".
- (2) On January 7, 2021, the Board approved a total award of 307,198 RSUs, vesting immediately.
- (3) On January 21, 2021, the Board approved an award of 6,000,000 stock options, vesting immediately, to purchase Common Shares at an exercise price of \$0.20 per optioned share exercisable for a period of 10 years from the date of grant.
- (4) In connection with the private placement completed on April 12, 2021, 2,222,250 warrants were issued to the exclusive placement agent of the private placement in the United States.
- (5) On April 28, 2021, the Board approved an award of 4,200,000 stock options to eligible individuals, vesting immediately, to purchase Common Shares at an exercise price of \$1.03 per optioned share exercisable for a period of 10 years from the date of grant.

DIVIDENDS

The Company has not declared or paid a dividend. Other than the requirements of the BCBCA, there are no restrictions on the Company that would prevent it from paying a dividend. However, as of the date of this AIF, the Board intends to retain any future earnings (when available) for reinvestment in the Company's business, and therefore, it has no current intention to declare or pay dividends on the Common Shares in the foreseeable future. Any future determination to pay dividends on the Common Shares will be at the sole discretion of the Board after considering a variety of factors and conditions existing from time to time including its earnings, financial condition and other relevant factors.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, there are no securities of the Company held, to the Company's knowledge, in escrow or that are subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

As at the date hereof, the Board is comprised of five individuals. The following table sets forth the names and municipalities of residence of the current directors and executive officers of the Company, their respective positions and offices with the Company and the date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years.

Name, Occupation and Security Holding

Name and Municipality of Residence	Position Held , Date Appointed and Principal Occupation within the past five years	Common Shares Beneficially Owned Directly or Indirectly
<p>Cale Moodie⁽¹⁾ West Vancouver, British Columbia, Canada</p>	<p>Mr. Moodie is the co-founder of the Company has been the President, Chief Executive Officer, and director of the Company since January 17, 2018.</p> <p>Mr. Moodie is also the Chief Financial Officer and director of Brixton Metals Corporation since November 2010, and a director of Full Metal Minerals Ltd. since October 2014..</p> <p>In the past five years, Mr. Moodie has also been the Chief Financial Officer and director of Eden Empire Inc. from May 14, 2020 to April 30, 2021, Chief Financial Officer and director of Full Metal Minerals Ltd. from January 2008 to October 2018, a director of Block X Capital Corp. from December 2016 to September 2018, the Chief Financial Officer of Vendetta Mining Corp. from August 2014 to November 2017 and Chief Financial Officer of Minaurum Gold Inc from March 2011 to August 2021.</p>	<p>7,053,913⁽³⁾ 5.65%</p>
<p>Kalle Radage West Vancouver, British Columbia, Canada</p>	<p>Mr. Radage has been the Chief Operating Officer of the Company since January 17, 2018, assumed the additional role of Corporate Secretary and director of the Company on August 20, 2019, and assumed the further role of Chief Financial Officer of the Company on March 25, 2020.</p> <p>Mr. Radage is also the founder and a director of Clearly Payments Inc. since 2018, President of Payfirma Corporation from 2012 to 2018, and director of the predecessor of the Company from October 30, 2017 to November 17, 2017.</p>	<p>2,150,818⁽⁴⁾ 1.72%</p>
<p>Dario Meli⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada</p>	<p>Mr. Meli has been a director of the Company since January 17, 2018.</p> <p>Mr. Deli is the founder and Chief Executive Officer of Quietly Media Inc. since 2013, co-founder of HootSuite Inc., co-founder of Foodee Media Inc., co-founder of Brightkit, and producer for Come Roll With Us. Mr. Meli was also a director of Eden Empire Inc. from May 15, 2020 to August 11, 2021.</p>	<p>1,536,805 1.23%</p>
<p>Mitchell Demeter⁽²⁾ Vancouver, British Columbia, Canada</p>	<p>Mr. Demeter has been a director of the Company since January 22, 2020.</p> <p>Mr. Demeter has also been the President of Netcoins Inc. from August 1, 2019 to October 2021; President and VP Business Development at NTC Holdings Corp. until resigning in October, 2021 and Vice-President business development of Netcoins Inc. from January 2018 to August 1, 2019; co-founder of Bitcoiniacs and Cointrader Exchange Inc. from 2013 to 2015, and founder of NOA Today Services Inc. from September 2015 to December 2019; and director of BIGG Digital Assets Inc. from August 24, 2020 to October 15, 2021.</p>	<p>115,515 0.09%</p>

Name and Municipality of Residence	Position Held , Date Appointed and Principal Occupation within the past five years	Common Shares Beneficially Owned Directly or Indirectly
Carmen To ⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada	Mr. To has been a director of the Company since November 15, 2019. Mr To is a Chartered Professional Accountant and independent consultant from August 2012 to date, and Controller at Gablecraft Homes Inc. from January 2015 to December 2018. He previously worked at KPMG LLP on both private and public company clients.	264,476 0.21%

Notes:

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Of this amount, 587,866 Common Shares are directly held by Mr. Moodie, 2,718,097 Common Shares are held by Spartan Holdings Ltd. ("**Spartan**"), a private company owned by Mr. Moodie and 3,747,949 Common Shares are held by and through Neptune Asset Group Inc.. ("**Neptune Asset**"), a private company which is controlled by Spartan.
- (4) Of this amount, 112,000 Common Shares are directly held by Mr. Radage, 1,229,962 Common Shares are held by Major Big. ("**Major**"), a private company owned by Mr. Radage and 808,856 Common Shares are held by and through Neptune Asset Group Inc. ("**Neptune Asset**"), a private company which is controlled by Major Big.

The directors listed above will hold office until the next annual meeting of the Company or until their successors are elected or appointed.

Security Holding by Directors and Officers

As at the date hereof, the directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 11,121,527 Common Shares, representing approximately 8.9% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date hereof, or was within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that,

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect control of the Company,

- (a) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or

instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to,

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors and officers serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies.

Directors and officers of the Company also serve as directors and/or officers of other companies involved in the cryptocurrency sector and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

PROMOTERS

No person or company has, within the two financial years immediately preceding the date of this AIF, been a promoter of the Company

AUDIT COMMITTEE

Audit Committee Charter

The full text of the Company's Audit Committee Charter is included as Schedule A to this AIF.

Audit Committee Composition

The following are the members of the Audit Committee as at the date hereof:

Name	Independent⁽¹⁾	Financially Literate⁽¹⁾
Carmen To (Chair), CPA, CA	Yes	Yes
Mitchell Demeter	Yes	Yes
Dario Meli	Yes	Yes

Note:

(1) As defined by NI 52-110.

Relevant Education and Experience

Carmen To

Mr. To is the Chair of the Audit Committee, is a CPA, CA, and previously worked at KPMG LLP on both private and public company clients. Mr. To is now an independent consultant and successful entrepreneur working in a variety of industries from real estate to management consulting. Mr. To is a founder of Rent It Now Property Management Inc. and a former Controller of Henderson Development and Gablecraft Homes Inc.. Mr. To is a Chartered Professional Accountant (CPA, CA) in good standing with the Chartered Professional Accountants of British Columbia.

Mitchell Demeter

Mr. Demeter was previously the President of Netcoins Inc., a Canadian online cryptocurrency brokerage. He is a serial entrepreneur with a range of experience in Blockchain, exchanges, and currency trading. He brought the world its first Bitcoin ATM and first physical Bitcoin brokerage in 2013. Mr. Demeter was the co-founder of one of Canada's first cryptocurrency exchanges, where he led the exchange to its acquisition in 2015.

Mr. Demeter, 35, was President and VP Business Development, NTC Holdings Corp. Prior to joining the Company, Mr. Demeter was a realtor for Century 21 Canada Limited Partnership. Mr. Demeter is a former director and Executive Vice President of Newnote Financial Corp., a CSE company. Mr. Demeter is also the founder of NOA Today, Cointrader Exchange Inc. and Your Local Movers.

Dario Meli

Mr. Meli is an entrepreneur and founder of five different companies, which include Invoke Media Inc., Foodee Media Inc., and Quietly Media Inc. Mr. Meli is presently Chief Executive Officer for Quietly Media Inc., which he founded in 2013. Mr. Meli previously held the position of Chief Executive Officer and director at Invoke Media Inc. (he founded the company in 2000), Partner at Music Direction, Principal at Novare Res Media Inc., and Manager of Operations at TIO Networks. Mr. Meli holds a Diploma of Commerce (1997) from Camosun College and a Diploma in Digital Media (1998) from the Vancouver Film School.

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience with analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's financial year ended August 31, 2021, was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52 110 (De Minimis Non audit Services), Subsection 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*) or an exemption from NI 52 110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chair of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾ (\$)	Audit Related Fees ⁽²⁾ (\$)	Tax Fees ⁽³⁾ (\$)	All Other Fees ⁽⁴⁾ (\$)
August 31, 2021	175,000	nil	nil	nil
August 31, 2020	26,250	nil	nil	nil

Notes:

- (1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of our financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "**Audit-Related Fees**" for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as audit fees. The services provided in this category include due diligence assistance, accounting consultations on proposed transactions, and consultation on International Financial Reporting Standards conversion.
- (3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (4) "**All Other Fees**" includes all fees other than those reported as Audit Fees, Audit-Related Fees or Tax Fees.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52 110 in respect of the composition of its audit committee and in respect of its reporting obligations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since September 1, 2020, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Company if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Company's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Company has included the amount involved in the other proceedings in computing the percentage. See "*Risk Factors*".

No penalties or sanctions material to Neptune have been imposed by a court or regulatory body, nor has Neptune entered into a settlement agreement in relation to any securities legislation.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in this AIF, to the knowledge of Neptune, there is no material interest, direct or indirect, of: (i) any director or executive officer of the Company; (ii) any person or Company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) an associate or affiliate (each, as defined in the *Securities Act* (British Columbia)) of any persons or companies referred to above in (i) or (ii), in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Regarding the Debt Settlement that the Company announced it had completed on March 23, 2020, the Company issued 1,754,385 Common Shares at \$0.057 per share to offset the non-interest bearing demand promissory note in the amount of \$100,000 that the Company owed to Neptune Asset Group Inc., a company which is 85% owned by Spartan Holdings Ltd. ("**Spartan**"), a private company wholly-owned by Cale Moodie, President, CEO and Chairman of the Company and 12% owned by Major Big Capital Corporation ("**Major Big**"), a private company wholly-owned by Kalle Radage, CFO and COO of the Company. In addition, on March 12, 2020, the Company also approved issuance of 853,477 Common Shares to Spartan, 853,477 Common Shares to Major Big, 267,780 Common Shares to Closing Scene Holdings Inc., a private company wholly-owned by Dario Meli, director of the Company, 110,526 Common Shares to Carmen To, director of the Company, and 52,631 Common Shares to Mitchell Demeter, director of the Company, to offset director and management fees owed to these individuals. See "*General Development of the Business of the Company – Three Year History – Financial year ended August 31, 2020*".

Cale Moodie, through Spartan Pacific Financial Ltd. ("**Spartan Pacific**"), provided consulting services to the Company since October 30, 2017 and received compensation of \$4,000 per month from October to December 2017. In 2018, the Company engaged Spartan Pacific for consulting services of \$160,000 per annum (the engagement started January 2018) from January 2018 to May 1, 2021. In 2021, the Company entered into a new management services agreement dated May 1, 2021 with Spartan Pacific and Mr. Moodie, pursuant to which, Spartan Pacific will continue to provide consulting services to the Company for a monthly fee of \$30,000 (equivalent to \$360,000 per annum). In addition, Spartan Pacific is entitled to an annual bonus up to 100% of such annual fee measured against certain specified milestones relating to the performance of the Company.

Kalle Radage (through Major Big) provided consulting services to the Company and received compensation of \$125,000 per annum from January 2018 until April 2021. In 2021, the Company entered into a new management services agreement dated May 1, 2021 with Major Big and Mr. Radage, pursuant to which, Major Big will continue to provide consulting services to the Company for a monthly fee of \$21,667 (equivalent to \$260,000 per annum). In addition, Major Big is entitled to an annual bonus up to 100% of such annual fee measured against certain performance milestones.

TRANSFER AGENT AND REGISTRAR

TSX Trust Company is the transfer agent and registrar for the Common Shares at its principal office in Vancouver, British Columbia.

MATERIAL CONTRACTS

There are no material contracts entered into by Neptune within the most recently completed financial year, or before the most recently completed financial year but which are still in effect, other than contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators by the Company during, or related to, the Company's most recently completed financial year other than Manning Elliot LLP and RSM Canada LLP, the Company's auditors during the most recently completed financial year. See *General Development of the Business of the Company - Financial year ended August 31, 2021* for information regarding the change in the Company's auditors.

Manning Elliot LLP, the Former Auditor, and RSM Canada LLP, the Successor Auditor, are the auditors of the Company during the most recently completed financial year and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant bodies in Canada and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in the Company's information circular for the next annual meeting of shareholders that involves the election of directors and additional information as provided in the Company's comparative financial statements for its most recently completed financial year. The Company will provide this information to any person, upon request made to the Chief Financial Officer of the Company c/o Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. The documents will also be located on SEDAR at www.sedar.com.

Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended August 31, 2021, which are also available on SEDAR.

SCHEDULE A
AUDIT COMMITTEE CHARTER

NEPTUNE DASH TECHNOLOGIES CORP.

AUDIT COMMITTEE CHARTER

I. GENERAL

1. Organization

There shall be a committee of the board of directors (the "**Board**") of Neptune Dash Technologies Corp. ("**Neptune**") known as the Audit Committee (the "**Committee**"). This charter shall govern the operations of the Committee.

2. Purpose and Role of the Committee

The Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, reporting practices, systems of internal accounting and financial controls, the annual independent audit of Neptune's financial statements, and the legal compliance and ethics programs of Neptune as established by management and the Board shall also perform any other related duties as directed by the Board. In fulfilling this role, the Committee is expected to maintain free and open communications with the independent auditor and management of Neptune and shall meet at least once each quarter.

While the Committee has the responsibilities and powers set forth below in this charter under the headings "Authority" and "Responsibilities and Processes", it is not the duty of the Committee to conduct audits or to determine that Neptune's financial statements are fairly presented and are in accordance with generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles. It is the role of the independent auditor to audit the financial statements.

II. PROCEDURAL MATTERS

1. Composition

The membership of the Committee shall be appointed by the Board and shall consist of at least three directors, the majority of whom will be non-officers (the "**Independent Directors**").

2. Member Qualifications

Each independent member of the Committee shall be, while at all times a member of the Committee, free of any relationship that, in the opinion of the Board, would interfere with the member's individual exercise of independent judgment.

Each member of the Committee shall be, while at all times a member of the Committee, generally knowledgeable in financial and auditing matters, specifically possessing the ability to read and understand fundamental financial statements including Neptune's balance sheet, statement of operations and statement of cash flows.

The Board shall appoint one member of the Committee as chair. The chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board. The chair will also maintain regular

liaison with Neptune's Chief Executive Officer, Chief Financial Officer and lead independent audit partner.

III. AUTHORITY

The Committee is granted the authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of Neptune. The Committee has the power to engage and determine funding for outside counsel or other experts or advisors as the Committee deems necessary for these purposes and as otherwise necessary or appropriate to carry out its duties. Neptune shall provide appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Neptune and for any advisors employed by the Committee as well as for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

IV. RESPONSIBILITIES

1. Primary Responsibilities

The Committee's primary responsibilities include:

- a) Overseeing Neptune's financial reporting process on behalf of the Board and reporting the results or findings of its oversight activities to the Board.
- b) Having sole authority to appoint, retain and oversee the work of Neptune's independent auditor and establishing the compensation to be paid to the independent auditor. Neptune's independent auditor shall report directly to the Committee.
- c) Establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and/or auditing matters for the confidential, anonymous submission by Neptune's employees of concerns regarding questionable accounting or auditing matters.
- d) Pre-approving all audit services and permissible non-audit services as may be amended from time to time.
- e) Overseeing Neptune's system to monitor and manage risk, and legal and ethical compliance programs, including the establishment and administration (including the grant of any waiver from) a written code of ethics applicable to each of Neptune's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to react more effectively to changing conditions and circumstances. The Committee shall take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behaviour.

2. Recurring Responsibilities

The following shall be the principal recurring processes of the Committee relating to its oversight responsibilities. These processes are set forth as a guide, with the understanding that the Committee may supplement them as appropriate and is not intended to be a comprehensive list of all the actions that the Committee will take in discharging its duties. These processes are:

- a) Discussing with the independent auditor the objectivity and independence of the auditor and any relationships that may impact the auditor's objectivity or independence and receiving from the independent auditor disclosures regarding its independence and written affirmation that the independent auditor is in fact independent, and taking any action, or recommending that the Board take appropriate action to oversee the independence of the independent auditor.
- b) Overseeing the independent auditor relationship by discussing with the auditor the nature and scope of the audit process, receiving and reviewing audit reports, and providing the auditor full access to the Committee to report on any and all appropriate matters. The Committee has the sole authority to resolve disagreements, if any, between management and the independent auditor.
- c) Discussing with the independent auditor and Neptune's financial and accounting personnel, together and in separate sessions, the adequacy and effectiveness of the accounting and financial controls of Neptune and eliciting recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures may be desirable.
- d) Providing sufficient opportunity for the independent auditor to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the independent auditor's evaluation of Neptune's financial and accounting personnel and the cooperation that the independent auditor received during the course of the audit.
- e) Discussing with management their review of the adequacy of Neptune's disclosure controls and procedures, the effectiveness of such controls and procedures and any findings following such review.
- f) Reviewing Neptune's system to monitor, assess and manage risk and legal and ethical compliance program.
- g) Reviewing and discussing with management and the independent auditor prior to the filing of Neptune's annual report:
 1. Neptune's annual financial statements and related footnotes and other financial information, including the information in the "Management's Discussion and Analysis.
 2. The selection, application and effects of Neptune's critical accounting policies, practices and the reasonableness of significant judgments and estimates made by management.

3. Alternative and preferred treatment of financial information under generally accepted accounting principles.
 4. All material arrangements, off-balance sheet transactions and relationship with any unconsolidated entities or any other persons which may have a material, current or future, effect on the financial condition of Neptune.
 5. Any material written communications between the independent auditor and management.
 6. The independent auditor's audit of the financial statements and its report thereon.
 7. Any significant finding and recommendations of the independent auditor and management's responses thereto.
 8. Any significant changes in the independent auditor's audit plan.
 9. Any serious difficulties or disputes with management encountered during the course of the audit.
 10. Any related significant findings and recommendations of the independent auditor together with management's responses thereto.
 11. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- h) Preparing a report to be included in Neptune's Information Circular that states the Committee has:
1. Analyzed and discussed the audited financial statements with management;
 2. Discussed with the independent auditor the auditor's independence;
 3. Considered the audit and non-audit services provided by the independent auditor, and the fees paid for such services; and
 4. The Committee shall review in advance all announcements of interim and annual financial results, as well as any periodic guidance to be publicly released by Neptune and discuss such announcements with management and the independent auditors.
- i) Reviewing and discussing with management and the independent auditor prior to the filing of Neptune's Quarterly Report:
1. CFO's interim financial statements and related footnotes and other financial information, including the information in the "Management's Discussion and Analysis"
 2. The selection, application and effects of Neptune's critical accounting policies, practices and the reasonableness of significant judgments and estimates made by management.

3. Alternative and preferred treatment of financial information under generally accepted accounting principles.
 4. All material arrangements, off-balance sheet transactions and relationship with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition of Neptune.
- j) Reviewing and either approving or disapproving all related party transactions.
 - k) Submitting the minutes of all meetings of the Committee to, or discussing the matters discussed at each committee meeting with, the Board
 - l) Reviewing and assessing the adequacy of this charter annually and recommend any proposed changes to the Board for its approval.
 - m) The Chairman of the Committee, or another Committee member designated by the Chairman, is authorized to act on behalf of the Committee with respect to required Committee responsibilities which arise between regularly scheduled Committee meetings, with the independent auditors and management, as well as the pre-approval of non-audit services provided by the independent auditors, as necessary, as contemplated by the Committee's policies. Any such pre-filing discussions and pre-approvals shall be reported to the Committee at a subsequent meeting.

Approved by the Board of Directors on: January 17, 2018.