netcents

AMENDED AND RESTATED

Management's Discussion and Analysis

For The Year Ended 31 October 2017
Stated in Canadian Funds

Date: 31 July 2018

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Report to Shareholders and AMENDED AND RESTATED Management Discussion and Analysis

TO OUR SHAREHOLDERS

This amended and restated management's discussion and analysis of the financial condition and results of operation ("MD&A") of NetCents Technology Inc. ("NetCents" or the "Company") should be read in conjunction with NetCents's consolidated financial statements and notes thereto as at and for the year ended 31 October 2017.

Except as otherwise indicated, all financial data in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar and all dollar amounts are in Canadian dollars, unless otherwise indicated.

Discussion of the Company, its operations and associated risks is further described in the Company's filings, available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.

FORWARD LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com.

The table below sets forth the significant forward-looking information included in this MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
The ability to raise capital in the future to continue on-going operations	Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future.	The ability of the Company to continue as a going concern is dependent upon obtaining ongoing financing and there can be no assurance that the Company will be able to raise any capital through any type of offering or similar financial arrangement.

Report to Shareholders and **AMENDED AND RESTATED** Management Discussion and Analysis

AMENDED AND RESTATED MD&A

The Company is restating the Annual MD&A for October 31, 2017 to provide additional disclosure relating to the sale of the NCCO coin, more detailed explanation on the bad debt expense, and to include the business reason for related party transactions.

The Company has also included reference to the stock halt in the risk section of the revised and amended MD&A to discuss the risk for the Company of a continued stock halt.

GENERAL

The Company is an electronic digital Payment Service Provider. The Company's processing platform allows clients and merchants to manage electronic payments through a variety of devices and currencies.

The Company has developed its own proprietary payment processing software. The Company holds intellectual property which consists of copyright in the development of its technology, as well as trade secrets and marks associated with the company. The Company protects its intellectual property using confidentiality provisions in its agreements with employees and contractors, and the assignment of all work products created by the employees and contractors to the Company.

After reviewing the competitive environment and operational results throughout Q2 2017 and Q3 2017, the Company made the decision to discontinue "traditional payment" processing and focus exclusively on the processing of digitally based transactions. By making this strategic decision, the Company is able to operate without third party processors thereby substantially reducing the Company's operating overhead.

Based on above decision the Company is dedicating significant resources to the further development and enhancement of the processing platform, to allow for the settlement of cryptocurrencies between consumers and merchants.

The platform has been designed to deal with issues currently faced in cybercurrency transactions as well as bridge the gap to the "future" of cybercurrency based transactions. The Company is no longer a credit card-based Payment Service Provider (PSP) platform, therefore eliminating and avoiding the inherent shortcomings of credit card processing. The Company's transaction platform utilizes the clearing services and runs on the Banking Platform. The Company's transaction platform architecture is designed to minimize risk on a number of levels and is subject to Anti-Money Laundering and Anti-Terrorism regulations, with respect to the activities of its Internet payment gateway and as such compartmentalizes or segments the transaction process.

Platform upgrades were ongoing at year end. Subsequent to the year end, the Company started working on the functionality that would enable the platform accept multiple forms of fiat currency for purchase of cryptocurrency, and utilization of cryptocurrency for settlement of merchant transactions.

Currently, the platform is functional and users are able to:

set up their own NetCents wallet,

transfer monies (Fiat money) from their bank account to their user account,

transfer cryptocurrency from an external wallet to NetCents Wallet

choose to either buy products and/or services online or in store,

transfer monies to other parties, and,

purchase or sell cryptocurrencies.

The platform provides merchants and consumers a secure way to purchase, sell, transfer, and transact in stores, online or mobile devices with a variety of currencies. Although the Company currently provides its products and services (its payment platform) to consumers and merchants, it does not have revenues as of the date of this **MD&A** from processing cryptocurrency transactions.

The NetCents platform allows users to view and transact through multiple accounts. Users can see their fiat balances in as well as the balances in their various crypto-currency accounts. This allows users not having to access other sites or platforms to complete their intended transaction(s). Users can use the cash in their account to purchase additional cryptocurrencies or sell their cryptocurrencies and transfer the cash back to their accounts in real time.

The NetCents platform is divided into three interrelated components: the user portal, the merchant **p**ortal and the company's proprietary digital exchange platform. The user portal allows end users to load funds into their account using either traditional fiat, cryptocurrency and flexepin vouchers. The merchant platform allows merchants to accept cryptocurrency payment on their e-commerce platform, through phone/email, on the road and in their store. The NetCents Exchange allows the company to offer near instant settlement with merchants and also allow users to purchase digital currency such as Bitcoin, Ethereum and Litecoin.

As a digital payment processor, the Company' application software is currently able to facilitate the following types of transactions:

transfer funds from their bank account to their account,

allows account holders to transfer funds to another account holder(s),

allows account holders to purchase goods and services online from merchants,

transfer cash from their account to purchase crypto-currencies,

sell crypto-currencies (Bitcoins) and transfer the cash back in their account or bank account, and

integrate with existing merchant processing systems.

The Company is currently developing further platform functionality:

Integration with a company enabling account holders to pay for products and service using either Loyalty/Rewards points or coupons.

NetCents Exchange

The NetCents Exchange is a proprietary platform that allows users to buy, sell crypto-currencies in real time. The NC Exchange runs entirely on the blockchain technology and will handle all payments, settlements and tracking distribution metrics for the NetCents coin. The NetCents coin can also be bought and sold on the exchange. The NetCents Exchange is added to NetCents existing PSP, and as at the year end was under development.

NetCents System Control Fundamentals

The Company platform facilitates the movement of funds between parties, the storing of funds in a NetCents wallet and interaction with user and merchant bank accounts. To this end the Company has in place the following security protocols:

Security

The Platform protects the account holders from fraud and ID Theft. When using the platform, the consumer's bank account number/credit card numbers or any personal information are not transmitted over the Internet.

No Transmission of Personal Data - When a transaction occurs, there is no personal ID or account information attached to the transaction. This lack of personal information prevents online fraud and ID theft.

All customer data (personal and/or account related) remains protected and secure behind multiple firewall and encryption. Mail fraud is also eliminated as no paper statements are issued.

The Company platform logs all transaction activity and the system maintains a complete audit trail of all transactions, financial and otherwise.

There is a daily reconciliation of all consumer and merchant activity is conducted at the close of each business day.

The Company is also able to place thresholds on user's accounts so as to monitor transactions by type, location and volume so as to ensure compliance with, Know Your Customer (KYC) Anti-money Laundering (AML) and Anti-terrorism guidelines.

Digital Authorization Required - Users are further protected as the Company cannot reach into a user's bank account without the user's authorization. The user's account is a separate and secure entity to which the user deposits funds for payment. Payments made to a merchant after completion of a transaction is authorized by the account holder for that amount and that amount only. Additional funds cannot be removed from the user's account without the account holder's digital authorization.

The Company holds users and merchant funds in external exchanges and with a major Canadian Bank. The system and processes are required to safeguard these assets for both parties. To that end the Company has in place the following:

Holding of User and Merchant Assets

The Company holds both user and merchant cash and cryptocurrency balances. At this time the risk of any fluctuations in currency balances held for these parties is the sole risk of the user or merchant. The Company does not have a risk on the holding of these accounts for a currency risk fluctuation. The Company has the obligation of stewardship of both user and merchant accounts, and as such access to these accounts is restricted. Funds reside within and behind the security protocols of a major Canadian Bank.

Risk Overview

The Company is aware of the risks associated with operating in the payment space and in particular the digital payment/currency space. Wherever possible, the Company has taken the prerequisite steps to implement the appropriate guidelines and processes to mitigate these risks. Some of the risks may include:

Cybersecurity Risk

The Company is aware of the potential for cyber security risks herein defined as threats or vulnerabilities in networks, computers, programs and data, flowing from or enabled by connection to digital infrastructure, information systems, or industrial control systems, including but not limited to, information. The Company has worked to mitigate these risks by using industry best practices for server deployment and firewall protection.

Operational Risks

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition

Crypto Currency Risks

The crypto currency market is unregulated and in its infancy. Accordingly, there are certain risks related to crypto currencies, including the risk of regulation reforms which may prohibit payment processing transactions related to the business of the Resulting Issuer. Additionally, financial institutions may impose restrictions on persons that engage in business that is based on crypto currency transactions. Risks related to the acceptance and use of crypto currencies will have a significant impact on the volume of crypto currency transactions. Such acceptance or lack thereof, and reforms in regulation could adversely affect the Company's assets, liabilities, business, financial condition, prospects and results of operations.

Regulatory Environment

From time-to-time, governments and regulatory bodies may review the legislation and regulations applied to the crypto currency financial services industry and the payment processing industry in which the Resulting Issuer operates. Such reviews could result in the enactment of new laws and/or the adoption of new regulations in Canada, the United States of America, Europe or elsewhere, which might adversely impact the business. The Company has mitigated much of this risk to the extent it is a fully reporting public company and reports to the Canadian Stock Exchange (CSE), British Columbia Securities exchange (BCSC), Alberta Securities Exchange (ASC), Ontario Securities Commission (OSC), as well as Fintrac.

AML/KYC

The Company has implemented internal proprietary AML/KYC protocols as well as utilizing third party identification authentication to meet current regulations regarding this matter. Though regulation is extensive and designed to protect consumers and the public, are complex and sometimes ambiguous, at this time the Company believes that at this time it is in compliance with all current laws and regulations.

Stock Halt

On April 20, 2018 trading of the Company's shares on the CSE was halted. The Company was notified by the CSE that the halt was due to the Company not being compliant in regard to Continuous Disclosure Requirements. The British Columbia Securities Commission (BCSC) had notified the CSE that it had requested clarification and additional information regarding our Q4 October 31, 2017 year end filings and our Q1 January 31, 2018 filings, as well as information on the status of the not for profit organization to be established to manage the NetCents coin (NCCO), the status of the NCCO sales, and the proceeds of the sale of the NCCO.

The Company has experienced significant financial stress as a result of the halt due to prospective new merchants, customers, and suppliers being reluctant to enter into agreements while the halt is in place. The halt has also hindered the Company's ability to raise funds through the sale of common shares, leaving the Company with limited sources of capital to continue to advance and develop its business. The halt if continued for any further extended duration will have a detrimental effect on the Company's ability to continue operating.

NetCents Currency

Introduction and Prelaunch

In or around the middle of September 2017, the Company introduced the concept of the NetCents cryptocurrency (referred to as the "NetCents Currency" or "NCCO") to the public. The currency was designed to be a transactional currency that was more stable in value (price) than other cryptocurrencies which were currently available in the marketplace The stability of the coin would facilitate the use of the coin as a transactional medium. The whitepaper for the NetCents Currency was released on October 10, 2017 (the "Whitepaper"). The Whitepaper includes the outline of the currency release mechanism. It also detailed the anticipated reserve fund account balances after each tranche had been sold.

The intention was to have a foundation set up with independent directors at arms length to the Company. The foundation was not set up prior to the initial release of the coins.

The currency was made available in a prelaunch offering to shareholders of the Company at a 25% discount from the $1 price of the initial release of the NCCO.

From presale initiation to the end of October 2017, 95,888 coins were sold for cash proceeds of $78,306.

From presale initiation to the end of January 2018 3,381,036 coins were sold for cash proceeds of $3,341,041.

The breakdown of the number of coins sold are as follows:

Details	$0.75 CDN	$0.75USD	$1.00CDN	$1.00USD	$2.00USD	$4.00USD	Totals
# of Coins	2,382,007	394,964	155,694	125,946	311,605	10,820	3,381,036

Coin purchases were committed to in the presale for tranches 2 & 3 but they had not been released as the company had not received payment for them. The investors are waiting for the Trust/Foundation to be set up prior to forwarding the monies to the Company. The company also has committed coins for the marketing campaign and the plan is to use these coins for loyalty reward incentives for merchants and users for using the Company's PSP platform

In the Q1 MD&A originally filed, the Company contemplated changes to the release mechanism of the coin , but the final decision in regard to this matter is not the responsibility of the company and is the responsibility of the Board of Directors of the independent foundation/trust.

Foundation/Trust Set Up

The design of the coin for use as a transactional currency included setting up an unrelated non-profit entity, expected to be either a trust or foundation, to manage the release mechanism and the reserve account for the coin. On October 23, 2017, the Company announced that the foundation/trust had been set up. This was incorrect.. The delays in establishing the trust/foundation were due to the complex tax and legal issues surrounding the appropriate structure of the trust/foundation dictated by the chosen domicile..

The foundation has been since been established on July 12th, 2018 and is registered and filed under the general registry of the Cayman Islands.

The monies received for the coin have not been used by the Company and are presently being held in a third party trust account. The trust is set up for release to the foundation [NTD: copy Owais wording on question 1b into here to state rules for release of the trust funds to the foundation]

The funds will be released to the newly formed trust/foundation once the foundation/trust has set up a bank account. The foundation is in the process of establishing this bank account and it is anticipated the funds will be transferred once the account is operational.

The Company and the foundation/trust have formalized a technology management agreement for services that the Company will provide to the trust. The **C**ompany will maintain the software and blockchain for the foundation and will do so for a pre-negotiated fee still to be finalized**.** The NCCO will be available for processing of transactions through NetCents Exchange.

HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS

1) Historical Development of the Business

NetCents was incorporated in 2006 and spent the first few years developing several beta versions of its transaction processing platform. In early 2010 a final version was developed that was robust enough to simultaneously handle multiple transactions from multiple merchants and be able to scale. Subsequent to this, an agreement with the Royal Bank of Canada was signed in April 2010. This agreement enables NetCents' transaction platform to integrate into and run on the Banking Platform. This integration provides NetCents with the market reach and transaction capabilities to work with every major Bank and Credit Union in Canada. The Company works to ensure it meets the standards of all compliance and regulatory bodies such as, but not limited to; the Canadian Payment Association ("the CPA"), NACHA as well as the rules and standards which govern "know-your-customer" requirements, anti-money laundering laws and anti-terrorism.

NetCents was incorporated in 2006 and spent the first few years developing a number of beta versions of its transaction processing platform. In early 2010 a final version was developed that was robust enough to simultaneously handle multiple transactions from multiple merchants and be able to scale. Subsequent to this, an agreement with the Royal Bank of Canada was signed in April 2010. This agreement enables NetCents' transaction platform to integrate into and run on the Banking Platform. This integration provides NetCents with the ability to access the ACH Network and transaction capabilities to work with every major Bank and Credit Union in Canada. The Company works to ensure it meets the standards of all compliance and regulatory bodies such as, but not limited to; the Canadian Payment Association ("the CPA"), NACHA as well as the rules and standards which govern "know-your-customer" requirements, anti-money laundering laws and anti-terrorism.

From 2010 until 2012 the Company began to integrate their software with a number of small local merchants and/or charities. From 2013 until the present, NetCents has continued to evolve and implement changes to its business model including a comprehensive redevelopment and upgrade of the Company platform which was completed in early 2015 to ensure that the platform was compliant with recently improved and updated protocols associated with the Banking Platform provider.

The Company had previously sought to enter into a transaction with On4 Communications Inc. ("On4"), however the transaction was never completed. The Company entered into a non-binding letter of intent with On4 on or about November 3, 2011. As a condition of the transaction, On4 was required to restructure their debt that On4 had accumulated in a manner and amount acceptable to NetCents and its shareholders. This restructuring could not be finalized, and the parties mutually agreed to terminate the binding letter of intent on or about November 11, 2014. A termination agreement was executed, which released the Company of any and all financial or legal obligations to On4. The Company and On4 no longer have any business relationship, and no transaction is contemplated.

2) Reverse Take Over and Listing on the Canadian Securities Exchange

On February 10, 2016, the Company completed an amalgamation between the NetCents Systems Ltd. (Privco), UWO Consulting Ltd. ("UWO"), 1018758 B.C. Ltd. ("Pubco") and 1887217 Alberta Ltd. ("SubCo"). SubCo is a wholly-owned subsidiary of Pubco and Pubco was a wholly-owned subsidiary of UWO. Pursuant to the amalgamation agreement, the following took place:

Pubco applied to have its shares listed in the Canadian Securities Exchange ("CSE");

Pubco and SubCo amalgamated to form an amalgamated corporate entity continuing on as NetCents Technology Inc. and continue as one corporation under the Business Corporations Act of Alberta;

the issued and outstanding common shares and share purchase warrants of the Company was exchanged for common shares and warrants of PubCo on the basis of one share or warrant of the Company for 0.706 shares or warrants of PubCo; and

NetCents Technology Inc. issued 1,010,549 common shares to UWO's shareholders.

3) Recent Developments

On 26 July 2017 the company announced that it had released its plugin for Prestashop, one of the world's most popular eCommerce platforms.

On 5 July 2017 the company announced that it had released its "Phase 1" plugin for open source eCommerce leader, Magento®.

On 7 June 2017 the company announced that it had added Visa for processing the purchase of Bitcoins.

On 6 June 2017 the company announced that it had integrated Flexepin prepaid voucher (www.flexepin.com) for the Canadian Market.

On 23 May 2017 the Company announced that it had released an Ecommerce plugin for WooCommerce. Netcents' revolutionary plugin allows eCommerce sites built with the WordPress platform to accept fiat currencies, credit cards, and cryptocurrencies such as Bitcoin and Ethereum.

On 11 May 2017 the Company announced that it had formed a wholly owned subsidiary, NetCents UK.

On 12 May 2017 the Company announced the resignation of Mr. Fraser MacDougall as a director.

On 23 June 2017 the Company announced the closing of a private placement for 3,304,640 units of the Company ("Units") at a price of $0.35 per Unit for gross proceeds of $1,156,624. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company (a "Warrant Share") at an exercise price of $0.50 with a two-year expiry. All securities sold in this private placement are subject to a four-month hold period from closing.

In connection with the private placement, the Company paid finder's fee and expenses of $81,322 and issued 232,348 broker's warrants. Each broker's warrant is exercisable into one common share of the Company at an exercise price of $0.35 for a period of two years from the date of issue.

On 23 June 2017 the Company granted certain officers, directors, and advisors of the Company incentive stock options to purchase an aggregate of 600,000 common shares of the Company at an exercise price of $0.35 per share for a period of 36 months.

On 27 October 2017, the Company entered into a non-binding agreement for a drawdown equity facility of up to $5 million with Alumina Partners (ONT) Ltd, a subsidiary of Alumina Partners LLC, a NY based private equity firm. The first tranche of the offering under the facility for $500,000 is for 1,116,071 units consisting of 1,116,071 common shares at $0.448 and 1,116,071 common share warrants at $0.70.

31 October 2017, the Company introduced its proprietary NetCents Cryptocurrency Exchange ("NetCents Exchange") for the "NetCents Coin" (NCCO).

31 October 2017, the Company accepted the resignation of Mr. Robert Meister from the Board of Directors and his position with Capital Markets.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD

Subsequent to the year ended 31 October 2017, the Company issued 4,241,897 common shares of the Company in connection with the exercise of 749,940 options and 3,491,957 warrants.

On 7 November 2017, the Company announced the appointment of Ms. Jennifer Lowther to the Board of Directors effective immediately.

On 16 November 2017, the Company announced the appointment of Mehdi Mehrtash to the position of Chief Technical Officer.

On 17 November 2017, the Company granted 1,090,000 stock options to officers and consultants. Each option entitles the holder to purchase one common share at an exercise price of $0.82 per share until 21 November 2021.

On 28 November 2017, the Company announced that Jean Marc Bougie was appointed to the Company's board of directors.

On 30 November 2017 and 7 December 2017, the Company issued 180,000 and 1,003,470 common shares of the Company, respectively, as consideration for services performed by arms-length parties.

On 19 December 2017, the Company closed the first tranche of its previously announced private placement for an aggregate of 1,116,071 units of the Company ("Units") for gross proceeds of $500,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70 for a period of XX months from the date of issue.

On 19 December 2017, the Company granted 750,000 stock options to directors. Each option entitles the holder to purchase one common share of the Company at an exercise price of $3.20 per share until 19 December 2021.

On 28 December 2017, the Company settled a legal dispute with an unrelated third party.

On 5 January 2018, the Company settled a legal dispute with an unrelated third party.

On 8 January 2018, the Company granted 500,000 stock options to the CFO as a signing bonus. Each option entitles the holder to purchase one common of the Company at $2.87 per share at any time before 19 December 2021.

On 8 January 2018, the Company announced the appointment of Michael Laitinen as Chief Financial Officer.

On 13 February 2018, the Company granted 60,000 stock options to employees. Each option entitles the holder to purchase one common share at $1.95 per share at any time before 13 February 2022.

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for the Company for each of the four most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance and related notes.

	IFRS	IFRS	IFRS	IFRS
Fiscal Year Ended	Oct 17	Oct 16	Oct 15	Oct 14
Revenues	94,105	Nil	Nil	Nil
Net Loss from Operations	(2,147,034)	(1,938,988)	(2,005,024)	(397,409)
Net Loss	(2,780,945)	(1,908,741)	(1,750,411)	(410,311)
Basic and Diluted Loss Per Share	(0.09)	(0.06)	(0.09)	(0.02)
Total Assets	619,869	123,948	47,877	Nil
Cash Dividends Declared	Nil	Nil	Nil	Nil

The increase in revenue and total assets during the year ended 31 October 2017 results from the increased activity on the Company's merchant processing platform.

The increase in net loss between fiscal 2014 and 2015 agrees with management's expectations as the Company is in the growth stage.

The reduction in net loss from 2015 to 2016 agrees to management's expectations as the Company's has increased its focus on cost cutting measures.

RESULTS OF OPERATIONS

The comprehensive loss for the year ended 31 October 2017 was $2,780,945 which compares to a comprehensive loss of $1,908,741 incurred in the comparative period. The main fluctuations in costs are as follows:

Revenue (Rounded '000)	**12 months** **2017**	12 months 2016
	$ 94,000	$ -
Variance increase	**$ 94,000**	

During the year ended 31 October 2017, the Company entered into multiple merchant agreements and began generating revenue with its payment processing platform.

Share based compensation (rounded to the nearest '000)	**12 months** **2017**	12 months 2016
	$ 569,000	$ 630,000
Variance decrease	**$ (61,000)**	

During the year ended 31 October 2017, the Company granted issued 748,068 shares for services and 600,000 stock options to directors, officers, consultants, and employees. In the 2016 fiscal year, the Company granted 2,590,000 options. The variance is attributed to the decrease in options issued by the Company.

Transfer agent and filing fees (rounded to the nearest '000)	**12 months** **2017**	12 months 2016
	$ 40,000	$ 472,000
Variance decrease	**$ (432,000)**	

During the year ended 31 October 2016, the Company incurred significant listing and filing fees due to a one-time listing fee expense related to the reverse take-over transaction and corresponding listing on the CSE.

Consulting fees (rounded to the nearest '000)	**12 months** **2017**	12 months 2016
	$ 529,000	$ 470,000
Variance decrease	**$ 59,000**	

During the year ended 31 October 2017, the Company's market capitalization was increased exponentially. As such, consulting fees increased.

Investor relations (rounded to the nearest '000)	**12 months** **2017**	12 months 2016
	$ 104,000	$ 154,000
Variance decrease	**$ (50,000)**	

Investor relations incurred in the comparative period result from preparation for listing on the CSE. Investor relations expense has normalized in the current period and is consistent with the expectations of management.

Amortization (rounded to the nearest '000)	**12 months** **2017**	12 months 2016
	$ 67,000	$ -
Variance increase	**$ 67,000**	

During the year ended 31 October 2016 the Company began to capitalize software development costs. During the year ended 31 October 2017 the Company began to amortize these costs over their estimated useful lives.

Bad Debt Expense (rounded to the nearest '000)	**12 months** **2017**	12 months 2016
	$ 379,000	$ -
Variance increase	**$ 379,000**	

Until late 2017, the Company's business was providing credit card processing services to merchants by utilizing the services of established payment processors. The Company was the intermediary between the merchant and third party processor. The Company would received funds from the payment processor for transactions processed on behalf of the merchant. The Company would then deduct processing fees (Company's Revenue) and forward the net amount to the merchant (merchant's revenue).

The Company is in dispute with one of the payment processing companies in the amount of $379,000. The payment processor claims that the amounts were not processed. The Company has transaction ID's generated by the by the payment processors platform indicating the transactions in question were in fact processed. As of this date the company has still not received funds. At the Year End management decided to set up an allowance for these amounts to reflect a potential risk in not receiving these funds. Though the Company is still in discussions with the payment processor to resolve this issue the Company will pursue other means to collect these funds should it be necessary.

FINANCIAL DATA FOR LAST EIGHT QUARTERS

The following table sets out selected quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three Months Ended	**Oct 17**	**Jul 17**	**Apr 17**	**Jan 17**	**Oct 16**	**Jul 16**	**Apr 16**	**Jan 16**
Total Revenues	39,625	19,408	2,774	32,298	-	-	-	-
Loss from operations	(1,257,657)	(488,838)	(227,552)	(172,987)	(1,349,682)	(94,991)	(255,893)	(238,422)
Income (loss) for the period	(1,865,901)	(466,727)	(284,379)	(163,938)	(461,946)	(104,043)	(1,104,330)	(238,422)
Loss per share (Basic and diluted)	(0.05)	(0.02)	(0.01)	(0.01)	(0.00)	(0.00)	(0.04)	(0.01)

OUTSTANDING SHARES

As at 31 October 2017, the Company had 34,790,251 common shares issued and outstanding. As at 31 October 2017, the fully diluted amount of 43,021,582 includes common share purchase warrants of 5,191,331 and 3,040,000 options outstanding.

Subsequent to 31 October 2017, the Company issued 6,559,506 common shares in connection a private placement options exercises, warrant exercises, and consideration for services. In addition, the Company granted 2,400,000 options to directors and officers of the Company. As at the date of this report, the fully diluted amount of 48,855,262 includes warrants of 2,815,445 and options of 4,690,060.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements were prepared on a "going concern" basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Cash used in operating activities during the year ended 31 October 2017 totalled $862,983 (comparative period $528,522).

Cash used in investing activities during the year ended 31 October 2017 totalled $114,744 (comparative period $Nil)

Cash raised from financing activities during the year ended 31 October 2017 totalled $991,864 (comparative period $500,257).

The Company had a working capital deficit of $1,551,409 as of 31 October 2017 compared to working capital deficiency of $1,354,427 as of 31 October 2016.

The Company maintained unrestricted cash of $27,249 as of 31 October 2017 (31 October 2016 - $13,112) to meet short-term business requirements. At 31 October 2017, the Company had financial obligations to unrelated parties as follows:

Accounts payable and accrued liabilities of $513,852 (31 October 2016 - $1,082,482);

Loans payable of $104,043 (31 October 2016 - $288,846);

Derivatives liability of $nil (31 October 2016 - $11,463); and

Funds due to merchants of $835,251 (31 October 2016 - $nil).

Subsequent to year end, NetCents raised a capital of CAD $2.1 million from financing activities. The Company is able to finance its administrative overhead, commitments, and continued software development expenses.

PROPOSED TRANSACTIONS

The Company does not have any new or proposed transactions contemplated as of the date of this report.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at 31 October 2017 and as at the date hereof.

RELATED PARTY TRANSACTIONS

a) Related party transactions

Transactions with related parties for the years ended 31 October 2017 and 2016 are as follows:

Key Management Compensation

Principal Position	Fiscal Period(i)		Remuneration or Fees(ii)		Share based payments
Clayton Moore, CEO and director – consulting fees	**2017**	**$**	**190,000**	**$**	**39,167**
	2016	$	170,000	$	**-**
Gord Jessop, President and director – consulting fees	**2017**	**$**	**156,000**	**$**	39,167
	2016	$	145,000	$	-
Midland Management, a company controlled by the former CFO – consulting fees	**2017**	**$**	**-**	**$**	-
	2016	$	23,625	$	-
0743886 BC Ltd, a company controlled by a director of the Company	**2017**	**$**	**52,500**	**$**	-
	2016	$	-	$	-
Lucas Birdsall, director – consulting fees	**2017**	**$**	**25,000**	**$**	**46,000**
	2016	$	-	$	-

(i) For the years ended 31 October 2017 and 2016.
(ii) Remuneration or fees were paid or accrued to the related party.

b) Related party balances

Included in due to related parties as at 31 October 2017 is $2,111 (31 October 2016: $269,830) to a director and the CEO of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment. During the year ended 31 October 2017, the CEO assigned $267,830 to a private company and this liability was settled by the issuance of units. The loan was converted to shares to reduce the liabilities of the Company.

Included in due to related parties as at 31 October 2017 is $296,650 (31 October 2016: $213,769) to a director and the President of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Included in due to related parties as at 31 October 2017 is $7,000 (31 October 2016: $7,000) due to a relative of a director and the CEO of the Company. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

Included in loans payable as at 31 October 2017 is $54,500 (31 October 2016: $72,500) plus accrued interest of $16,270 (31 October 2016: $16,270) owing to the President of the Company. The loan is not secured. $52,000 of the loan bears interest at 10% per year and was repayable on 14 May 2013. Effective 1 July 2015, the Company's president agreed that interest would stop accruing on the loan. The remainder of the loan is non-interest bearing with no fixed terms of repayment.

4) Commitments

a) Commitments with related parties

Pursuant to an employment agreement effective 1 January 2014, the Company will remunerate the president of the Company $13,000 per month. In the event that the president is terminated without cause, the Company must continue paying the salary of the president for a period of 18 months.

Pursuant to an employment agreement effective 1 January 2014, the Company will remunerate the Chief Executive Officer of the Company $15,000 per month. In the event that the CEO is terminated without cause, the Company must continue paying the salary of the president for a period of 18 months.

b) Other commitments

On 1 March 2017, the Company entered into a premises lease agreement for a period of five years, expiring on 1 June 2022. Minimum annual lease payments for the term of the lease is as follows:

Lease Period		Amount
1 November 2017 to 1 June 2018	$	29,070
1 June 2018 to 1 June 2019		52,052
1 June 2019 to 1 June 2020		54,054
1 June 2020 to 1 June 2021		56,056
1 June 2021 to 1 June 2022		58,058
	$	249,290

FINANCIAL INSTRUMENTS

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the statement of financial position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 October 2017 and 31 October 2016. There have been no changes in levels during the period.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, restricted cash, digital assets, funds due from merchants, accounts payable and accrued liabilities, client deposits, loans payable, funds due to merchants, and derivative liabilities. As at 31 October 2017 and 31 October 2016, the carrying value of cash is at fair value. Accounts payable and accrued liabilities and loans payable approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on amounts due from payment processors. At 31 October 2017, the Company has recorded an allowance of $379,406 due from a payment processor where collection is uncertain (Note 9). The Company's secondary exposure to credit risk is on its cash. Substantially all of the Company's cash are deposited in bank accounts held with major banks in Canada. As the majority of the Company's cash is held by the same bank there is a concentration of credit risk. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's liabilities are either non-interest bearing or pay interest at fixed rates. Therefore, interest rate risk is not considered significant.

f) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at 31 October 2017, the Company held financial liabilities totalling $858,348 (31 October 2016 – nil), as well as financial assets totalling USD $232,257 (31 October 2016 – nil). A 5% shift in exchange rates would results a foreign exchange gain or loss of approximately $30,000. Accordingly, the Company is moderately exposed to foreign currency risk.

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 October 2017, the Company had a cash balance of $27,249 to settle current liabilities of $2,026,932 which are due within one year. Accordingly, the Company is exposed to significant liquidity risk.

CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations and the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and debt financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

APPROVAL

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

FORWARD LOOKING STATEMENTS

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted

On Behalf of the Board of Directors

"Clayton Moore"

Clayton Moore, CEO