netcents

AMENDED AND RESTATED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED 31 JANUARY 2018

Stated in Canadian Funds

DATE: 12 AUGUST 2018

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Canadian Funds

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' condensed interim consolidated financial statements and notes thereto as at and for the three months period ended 31 January 2018 and the annual audited consolidated financial statements 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.

AMENDED AND RESTATED MD&A AND FINANCIAL STATEMENTS

The Company is restating the MD&A for Q1 2018 to provide additional disclosure relating to the sale of the NCCO coin, more detailed explanation on certain expenses (loss on settlement of debt and share-based payments), and to include the business reason for related party transactions.

The financial statements for Q1 2018 have been restated to include a liability related to the proceeds of the NCCO coin sale. In the original filing the Company had taken the position that the liability to the foundation was not required to be recorded in the financial statements due to the fact the foundation did not exist. Originally, the funds received for the sale of the NCCO coin were not recorded in the financial statements although held in the Company's operating bank accounts. The Company also did not record the corresponding liability to the foundation in the financial statements.. Expenses related to the foundation were not recorded in the Company's accounts as the Company was confident that the expenses were to be reimbursed by the foundation.

The Company has revised its position with respect to the accounting for the NCCO coin proceeds and all related transactions. Refer to the financial statement notes for more detail on the accounting treatment.

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 portal 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

Whitepaper

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.

Presale Numbers
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.

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.

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.

2) Recent Developments

On 23 January 2018, the Company completed integration into Poynt Smart Terminals

On 9 January 2018, the Company announced the appointment of Michael Laitinen as Chief Financial Officer.

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 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 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.

On 18 December 2018, the Company announced the first phase of integration with Aliant Payment Systems was completed

On 14 December 2018, the Company announced the development of a proprietary cryptocurrency platform

On 6 December 2017, the Company announced that the NC Exchange was live

On 5 December 2017, the Company announced the conversion of warrants realizing $2,100,000

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. On 30 March 2018, the Company cancelled 703,470 of the common shares common shares which were originally issued as consideration for services on 7 December 2017.

On 29 November 2017, the Company announced that it accepts Interac e-Transfer

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

On 23 November 2017, the Company announced that it had signed a five-year exclusive cryptocurrency processing contract with Aliant Payment Systems

On 20 November 2017, the Company announced that Flexepin will accept the NetCents Coin in its network of 7,000 retail locations

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

On 14 November 2017, the Company announced the conversion of warrants realizing $500,000

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

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD

On 27 March 2018, the Company launched a new website bringing the eWallet, merchant portal, NC Exchange, NCCO, and front-end design into one seamless user and merchant experience

On 21 March 2018, the Company added Guy Lepage to the Board of Advisors

On 13 March 2018, the company announced the upcoming launch of a referral and loyalty program

On 6 March 2018, the Company appointed Clarity PR its PR Agency of Record

On 1 February 2018, the Company added Litecoin to the NC Exchange

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. Subsequent to 31 January 2018, the Company issued 62,360 common shares of the Company in connection with the exercise of warrants.

On 13 February 2018 the Company entered into a premises lease agreement for a period of seven years and four months commencing on February 1, 2018 and expiring on July 30, 2025. The annual base rent will be $254,880 per annum, plus the Company's proportionate share of property taxes and operating expenses, which are estimated to be $174,434 per annum for 2018.

On 21 February 2018, the Company announced the completion of integration with Aliant Payment Systems and the onboarding of merchants

On 1 March 2018, the Company hired Edison Investment Research Group

On 30 March 2018, the Company cancelled 703,470 of the common shares common shares which were originally issued as consideration for services on 7 December 2017.

RESULTS OF OPERATIONS

The comprehensive loss for the three months ended 31 January 2018 was $6,395,612 which compares to a comprehensive loss of $163,938, incurred in the comparative period. The main fluctuations in costs are as follows:

Revenue		**3 months**		3 months
(Rounded '000)		**2018**		2017
	$	**51,000**	$	32,000
Variance increase	**$**	**19,000**		

During the three months period ended 31 January 2018, the volume of merchant processing transactions exceeded that of the comparative quarter, resulting in an increase in revenue recognized during the period.

Share based payments	**3 months**	3 months
(rounded to the nearest '000)	**2018**	2017
	$ 3,602,000	$ -
Variance increase	**$ 3,602,000**	

Share based payments are comprised of options granted and shares issued to officers, directors, and consultants of the Company. Management assesses the fair value of stock options granted using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The volatility of the share price is one of the input assumptions and with the volatility of the share price over the previous six months management feels that the fair value of stock options granted using Black-Scholes do not necessarily provide a reliable measure of the fair value of the Company's stock options awards. [The measurement and recognition of share-based payments occurs during the period in which the Company grants, or issues share based awards. During the three-month period ended 31 January 2018, the Company granted 2,340,000 (2017 – nil) options to directors, officers, and consultants of the Company, and issued 200,000 (2017 – nil) common shares of the Company for services.

The Company issued 200,000 common shares with a fair value of $916,000 of the Company for consulting services

The individual had provided financial support and services to the Company in or around the period 2011 to 2013. The individual claimed he was owed approximately $54,000 for funds advanced and for services provided. At the time the individual provided the services, the Company's predecessor was selling common shares at $0.25 per share. To resolve a potentially litigious matter, in November 2017, Netcents required that the individual provide some assistance in the testing of their Poynt terminal POS system with merchants. This was completed and on December 7, 2017, the Company agreed to issue 200,000 to settle the monies outstanding and the services provided. The share price increased from the time the parties agreed until the time the individual completed the testing requested work and the shares issued, resulting in the additional loss on the shares issued. The individual is not a related party.

Loss on settlement of debt	**3 months**	3 months
(rounded to the nearest '000)	**2018**	2017
	$ 1,965,000	$ -
Variance increase	**$ 1,965,000**	

During the three-month period ended 31 January 2018, the Company issued an aggregate of 280,000 common shares and 300,000 warrants in connection with the settlement of debt and recognized a loss on settlement of debt in the amount of $1,965,000. Part of a settlement for debt was a predetermined number of shares and with volatility in the share price around time of settlement resulted in loss on settlement of debt.

Settlement of Debt $1,512,000 Loss

On 30 November 2017 the Company entered into a settlement agreement and release with a private company whereby the Company issued 180,000 common shares of the Company and 300,000 warrants in exchange for cash proceeds of $63,160. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.80 for a period of 24 months from the date of issuance. The fair value of the shares was determined to be $954,000 and the fair value of the warrants was estimated to be $622,000 based on a Black Scholes calculation using a volatility of 120%, an expected life of 2 years, a risk free rate of 1.70% and a dividend yield of Nil%. This settlement resulted in a net loss of $1,512,840.

The private company, D&D Reesor family Holdings entered into a convertible loan agreement with NetCents Systems Ltd on or about May 6, 2013. On May 4, 2015, the loan was converted resulting in the issuance of 620,161 units consisting of shares and warrants. Subsequent to that, NetCents Systems Ltd entered into an amalgamation agreement whereby NetCents Technology Inc would acquire all issued and outstanding common shares of NetCents Systems in connection with a proposed business combination. As a result of the amalgamation, the number of shares and warrants was reduced to 437,834. The warrants were exercisable for a period of 2 years from issuance at the lower of $0.25 ($0.354 post amalgamation) and the price of the then most recent public offering.

A dispute arose between the parties regarding the loan agreement relating to the issuance and terms of 437,834 warrants. NetCents maintains the position that the Warrants were issued on conversion of the loan, and because Netcents did not complete a public offering the exercise price remained at $0.35. Therefore, Netcents considered these warrants to have expired on May 4, 2017. Reesor took the position that the exercise price should have been $0.14 based on a pre-amalgamation private placement that was completed in December 2014 at $0.10 per share (equivalent to $0.14 per share post amalgamation). Reesor also took the position that Netcents had not actually issued the warrants.

In order to resolve the matter, Netcents negotiated a settlement and issued 180,000 common shares plus 300,000 warrants with an exercise price of $0.80 for period of 24 months for consideration of $63,160. At the time that the settlement was negotiated the share price of Netcents was approximately $0.80

Settlement of Debt for $451,000

On 7 December 2017, the Company issued 100,000 common shares of the Company with a fair value of $458,000 to settle a liability of $6,215; accordingly, the Company recognized a loss on settlement of debt in the amount of $451,785

The party was a private individual and provided a loan to the company in or around October 2015 prior to the company going public. At the time of the loan the person was a shareholder but was not acting in the capacity as a shareholder. As the company was private at the time, the lender was offered an inducement over and above the repayment terms of the loan to forward the funds. At the time of the negotiations, the share price was $0.35. The lender moved to Europe to work and upon their return followed up on the shares which were promised as part of the loan to the company. By this time the company had gone public and the share price had increased to over $5.00. The individual is not a related party.

Investor relations		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
Variance increase	**$**	**221,000**	$	27,000
Variance increase	**$**	**194,000**		

During the three-month period ended 31 January 2018, the Company retained the services investor relations and marketing consultants to facilitate management's strategic decision to transition from traditional payment processing to developing and enhancing the processing platform.

Transaction expense		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**135,000**	$	-
Variance increase	**$**	**135,000**		

To purchase the coin, clients deposited funds (both cryptocurrency and fiat) into the NetCents wallet. Fees incurred on the transfer of funds into the wallets and the foreign currency translations were expensed by the company.

For the coin sale transactions, the Company received funds from the clients wallet in both fiat currencies (Canadian, U.S and Euro), and, cryptocurrencies (BTC and ETH). The company converted the funds received into Canadian dollars.

The company fees noted above on the client deposits plus exchange differences on the conversion on the coin transactions resulted in charges of $135,434 and is reflected in the financial statements. The Company has provided for the transactional expenses in the financial statements although the Company anticipates that these costs will be recovered from the foundation/trust once it has been set up.

Professional fees		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**186,000**	$	38,000
Variance decrease	**$**	**148,000**		

During the three months period ended 31 January 2018, the Company incurred increased legal and professional fees in connection with the settlement of debt and increased operations. In the comparative period, professional fees consist of audit accruals and legal fees for general corporate matters.

Consulting fees		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**120,000**	$	68,000
Variance decrease	**$**	**52,000**		

During the three months period ended 31 January 2018 compared to the three-month period ending 31 January 2017, the Company increased the number of programmers/developers/customer service consultants in the company to facilitate the anticipated growth of the business.

Travel		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**97,000**	$	-
Variance decrease	**$**	**97,000**		

During the three months period ended 31 January 2018, travel costs were incurred in the general course of business, as the Company travelled to meet with prospective customers related to the new business channel of processing cryptocurrency payments.

Amortization for intangible assets		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**35,000**	$	10,000
Variance increase	**$**	**25,000**		

During the year ended 31 October 2017 and the three-month period ended 31 January 2018, the Company capitalized a total of $320,781 in connection with software development costs on the processing platform. Capitalized software development costs are amortized on a straight-line basis over their estimated useful lives; accordingly, amortization expense increased during the three-month period ended 31 January 2018 as a result of additions to the Company's capitalized intangible asset balance.

Office		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**30,000**	$	4,000
Variance decrease	**$**	**26,000**		

During the three months period ended 31 January 2018, office costs were higher as the number of consultants in the office developing the platform were increased. Administration staff were also increased in that timeframe resulting in increased spend in the office expense category.

Website Costs		**3 months**		3 months
(rounded to the nearest '000)		**2018**		2017
	$	**8,000**	$	-
Variance decrease	**$**	**8,000**		

During the three months period ended 31 January 2018, website costs were incurred as part of the transition from traditional to cryptocurrency payment processing. The latter requires the set up and maintenance of a website and these costs represent the initial ongoing costs the company will require to maintain a website for transacting in the new business channel.

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	Jan 18	Oct 17	Jul 17	Apr 17	Jan 17	Oct 16	Jul 16	Apr 16
Total Revenues	51,176	39,580	39,580	19,408	2,774	32,298	-	-
Loss from continuing operations	(4,422,573)	(812,229)	(812,229)	(488,838)	(227,552)	(172,987)	(1,349,682)	(94,991)
Loss for the period	(6,395,612)	(896,249)	(896,249)	(466,727)	(284,379)	(163,938)	(461,946)	(104,043)
Loss per share (Basic and diluted)	(0.16)	(0.03)	(0.03)	(0.02)	(0.01)	(0.01)	(0.00)	(0.00)

The loss during the three-month period ended 31 January 2018 increased as a result of share-based payments and loss on settlement of debt totalling $3,601,905 and $1,964,625, respectively. Share based payments are comprised of 2,340,000 options granted to directors, officers, and consultants of the Company, as well as 200,000 common shares issued for services. The loss on settlement of debt is comprised of the issuance of 280,000 common shares of the Company and 300,000 warrants.

The loss during the three-month period ended 31 October 2017 increased as a result of the following activities:

- The Company recognized a loss on settlement of debt in the amount of $509,191 in connection with the issuance of 892,766 units of the Company to settle a liability of $267,830.
- The Company recognized a bad debt expense of $379,406 due to uncertainty of collecting funds owed from one payment processor.

During the three-month period ended 31 July 2017 the Company granted 600,000 stock options which resulted in the recognition of stock-based compensation expense totalling $187,000.

In the 2016 annual financial statements, stock-based compensation and listing fees were presented as operating expenses rather than other expenses as recorded in the interim statements for the period ended 30 April 2016. This presentation change results in an increase in loss from operations and a corresponding decrease loss for the period during the three months ended 31 October 2016.

During the three-month period ended 30 April 2016 the Company granted 2,080,000 stock options and recognized a corresponding stock-based compensation expense of $494,745. During the same period, the Company recognized a listing expense of $353,692 in connection with the reverse takeover that occurred on 10 February 2016.

OUTSTANDING SHARES

As at 31 January 2018, the Company had 41,467,397 common shares issued and outstanding. As at 31 January 2018, the fully diluted amount of 48,834,045 includes common share purchase warrants of 2,736,588 and options of 4,630,060. As at the date of this report, the fully diluted amount of 49,039,267 includes common shares of 41,865,467, common share purchase warrants of 1,778,740 and options of 5,395,060.

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 three-month period ended 31 January 2018 totalled $1,891,235 (comparative period $151,904).

Cash used in investing activities during the three-month period ended 31 January 2018 totalled $96,251 (comparative period $18,987).

Cash raised from financing activities during the three-month period ended 31 January 2018 totalled $2,728,542 (comparative period $172,000).

The Company had a working capital surplus of $298,587 as of 31 January 2018 compared to working capital deficiency of $1,551,409 as of 31 October 2017.

The Company maintained unrestricted cash of $768,305 as of 31 January 2018 (31 October 2017 - $27,249) to meet short-term business requirements. At 31 January 2018, the Company had financial obligations to unrelated parties as follows:

- Accounts payable and accrued liabilities of $339,289 (31 October 2017 - $513,852);
- Loans payable of $98,579 (31 October 2017 - $104,043);
- Funds due to merchants of $377,179 (31 October 2017 - $835,251);
- Client deposits of $4,583,118 (31 October 2017 - $198,777); and
- Provision for coin sale of $3,341,041 (31 October 2017 - $ 77,933)

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 January 2018 and 31 October 2017. 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, assets held for clients, funds due from payment processors, amounts due from related parties, accounts payable and accrued liabilities, client deposits, loans payable, funds due to merchants, and loans payable and amounts due to related parties. As at 31 January 2018 and 31 October 2017, the carrying value of cash is at fair value. The remaining financial instruments 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. During the year ended 31 October 2017, the Company recorded an allowance of $379,406 due from a payment processor where collection is uncertain. 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 January 2017, the Company held financial liabilities denominated in foreign currencies totalling $699,208 (31 October 2017 - $858,348), as well as financial assets denominated in foreign currencies totalling $426,922 (31 October 2017 - $232,257). A 5% shift in exchange rates would result in a foreign exchange gain or loss of approximately $13,000. 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. The Company manages liquidity risk by restricting cash reserves to offset client deposits and funds due to merchants. As at 31 January 2018, the Company had an unrestricted cash balance of $768,305 to settle current liabilities, other than client deposits and funds due to merchants for which cash reserves have been restricted, totalling $770,428 which are due within one year. Accordingly, the Company is exposed to moderate liquidity risk.

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 January 2018 and as at the date hereof.

RELATED PARTY TRANSACTIONS

1) Related party transactions

Transactions with related parties for the three-month periods ended 31 January 2018 and 2017 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	**2018**	**55,000**	**912,480**
	2017	45,000	**-**
Gord Jessop, President and director – consulting fees	**2018**	**42,500**	**912,480**
	2017	41,000	-
Michael Laitinen, CFO – consulting fees	**2018**	**11,000**	**66,263**
	2017	-	-
Jennifer Lowther, director, consulting fees	**2018**	**36,000**	**706,333**
	2017	**-**	**-**
Midland Management, a company controlled by the former CFO – consulting fees	**2018**	**-**	-
	2017	15,750	-

(i) For the three-month periods ended 31 January 2018 and 2017.
(ii) Remuneration or fees were paid or accrued to the related party.

2) Related party balances

Included in due to related parties as at 31 January 2018 is $26,641 (31 October 2017: $2,111) to a director and the CEO of the Company. Amounts are due for expenses incurred on behalf of the company and not paid at the period end and are unsecured, non-interest bearing repaid prior to the end of the second quarter.

Included in due to related parties as at 31 January 2018 is $267,734 (31 October 2017: $296,650) to a director and the President of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment. The amount related to loans to the Company to support operations in previous years.

Included in due to related parties as at 31 January 2018 is $7,000 (31 October 2017: $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. The amount related to loans to the Company to support operations in previous years

Included in loans payable as at 31 January 2018 is $54,500 (31 October 2017: $54,500) plus accrued interest of $16,270 (31 October 2017: $16,270) owing to the President of the Company. The loan is not secured. $60,000 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. . The amount related to loans to the Company to support operations in previous years.

Included in due from related parties as at 31 January 2018 is $40,625 (31 October 2017: $nil) owing from the CEO of the Company. This advance is for moving and rental deposit and is non-interest bearing with repayment expected before the end of the fourth quarter.

3) Commitments

a) Commitments with related parties

Pursuant to the employment agreement, effective 1 January 2018, the Company will remunerate the President of the Company $16,500 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 the employment agreement, effective 1 January 2018, the Company will remunerate the Chief Executive Officer of the Company $18,500 per month. In the event that the CEO is terminated without cause, the Company must continue paying the salary for a period of 18 months.

Pursuant to the employment agreement, effective 1 January 2018, the Company will remunerate the Chief Financial Officer of the Company $11,500 for the first three months, and $13,000 per month thereafter.

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 February 2017 to 1 June 2018	$	16,455
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
	$	236,675

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 information

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