

# Lab Session: NFT Project Evaluation

## BSc Blockchain, Crypto Economy & NFTs

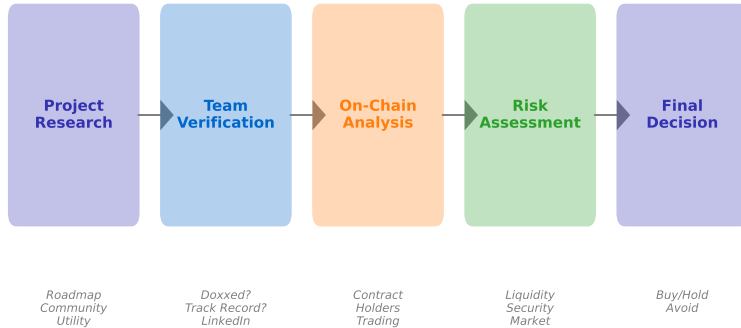
Course Instructor

Module C: NFTs & Digital Assets

By the end of this lab session, you will be able to:

- Conduct due diligence on NFT projects
- Analyze on-chain metrics and holder behavior
- Identify red flags and rug pull indicators
- Create a comprehensive risk assessment
- Make informed evaluation decisions

## NFT Project Evaluation Workflow



*Comprehensive evaluation before any NFT investment decision*

# Exercise 1: Project Research

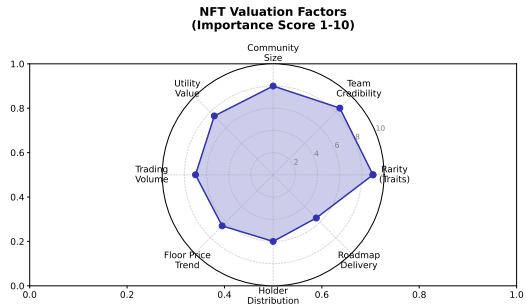
## Research Checklist:

- Team: Doxxed? Track record? LinkedIn profiles?
- Roadmap: Realistic? Delivered milestones?
- Community: Discord activity? Twitter engagement?
- Partnerships: Verified? Real companies?

## Red Flags:

- Anonymous team with no track record
- Unrealistic promises (guaranteed profits)
- Fake partnerships or celebrity endorsements
- Copied art or unoriginal concept

# Valuation Factors



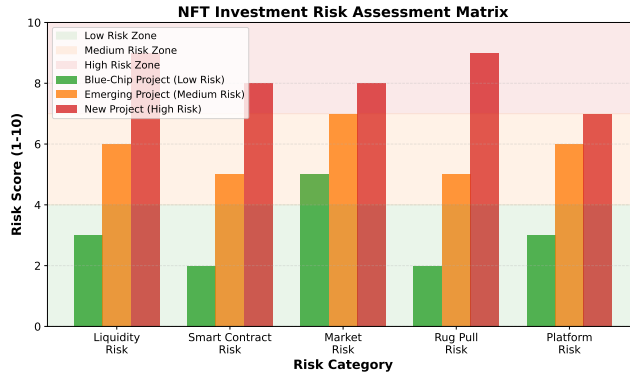
## Exercise 2: On-Chain Analysis

### Etherscan Analysis:

- 1 Contract address verification
- 2 Owner/admin functions review
- 3 Mint function (max supply enforced?)
- 4 Transfer restrictions

### Holder Analysis:

- Distribution across wallets
- Team wallet identification
- Whale concentration
- Trading patterns (organic vs wash)



*NFT investments carry multiple risk factors - assess each carefully*

## Exercise 3: Risk Assessment

### Risk Categories:

- ① **Liquidity Risk:** Can you sell when needed?
- ② **Smart Contract Risk:** Bugs, exploits, centralization
- ③ **Market Risk:** Volatility, bear markets
- ④ **Rug Pull Risk:** Team abandonment, exit scam
- ⑤ **Platform Risk:** Marketplace dependency

### Create Risk Score:

- Rate each category 1-10
- Calculate weighted average
- Determine: Low (1-4), Medium (4-7), High (7-10)



## Submit:

### 1 Evaluation Report (3 pages):

- Project overview and team research
- On-chain analysis findings
- Risk assessment with scores
- Final recommendation (Buy/Hold/Avoid)

### 2 Supporting Evidence:

- Screenshots of research sources
- Contract analysis snippets
- Risk score calculation

# Key Takeaways

- Always DYOR (Do Your Own Research)
- Team reputation is critical - anonymous = higher risk
- On-chain analysis reveals true holder behavior
- Multiple risk factors compound overall risk
- Most NFT projects fail - invest accordingly