

Lab Session: NFT Project Evaluation

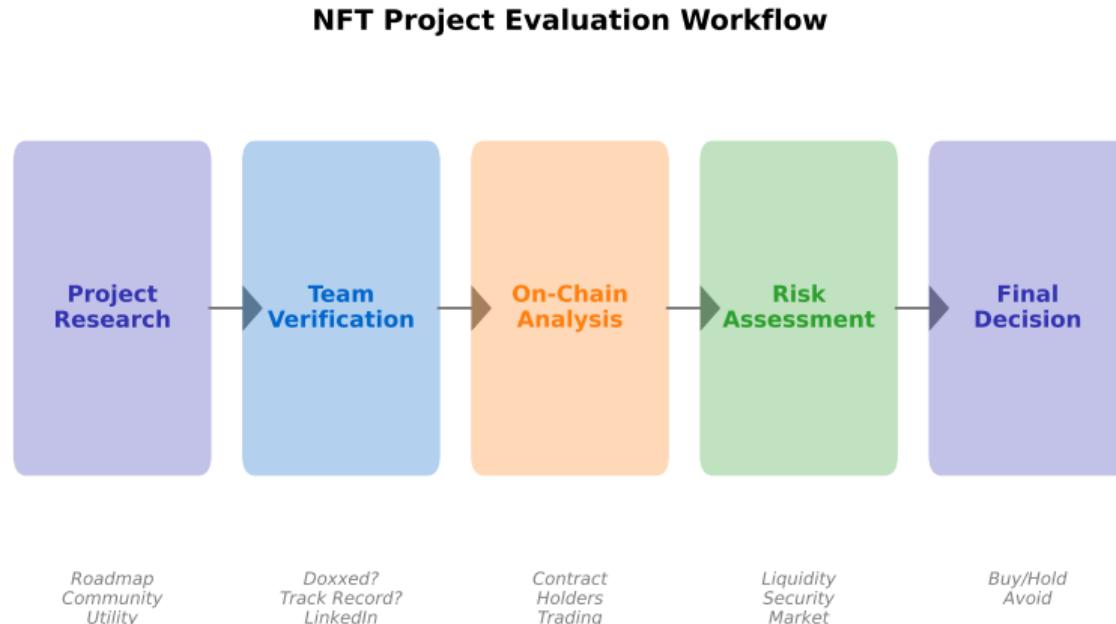
BSc Blockchain, Crypto Economy & NFTs

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



Comprehensive evaluation before any NFT investment decision

Exercise 1: Project Research

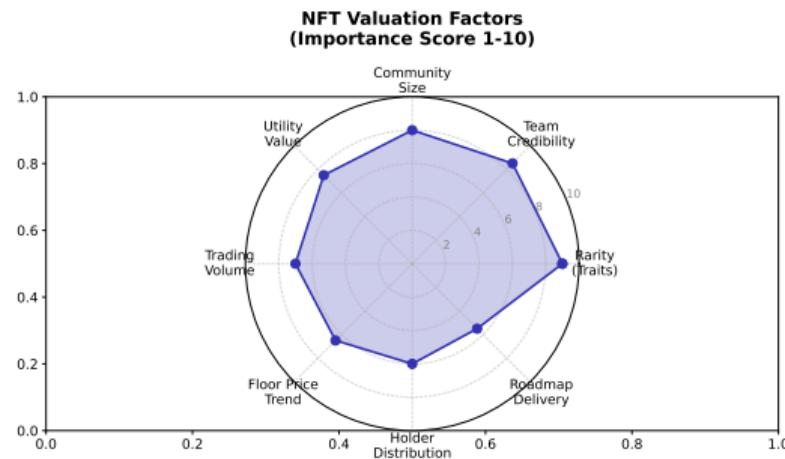
Research Checklist:

- 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

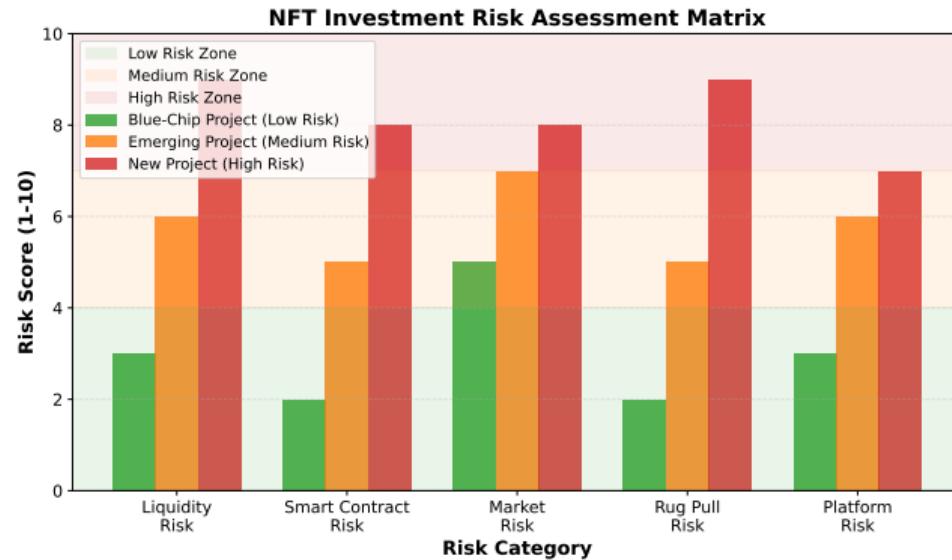
Etherscan Analysis:

- 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)

Risk Assessment Matrix



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 (≤4), Medium (4-7), High (≥7)

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