



TAAL Distributed Information Technologies Inc.

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2019

March 1, 2021

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EXPLANATORY NOTES

Unless otherwise noted or the context otherwise indicates, "TAAL", "we", "us", "our" and the "Company" refers to Taal Distributed Information Technologies Inc. and its subsidiaries. This Annual Information Form (this "**Annual Information Form**") applies to the business activities and operations of the Company for the year ended December 31, 2019 as updated to March 1, 2021. Unless specifically stated otherwise, all information disclosed in this Annual Information Form is provided as of March 1, 2021. Certain capitalized terms used in this prospectus are defined in the "*Glossary*" and "*Glossary of Blockchain Terms*", which are scheduled to this Annual Information Form as Schedule "B" and Schedule "C", respectively.

Presentation of Financial Information and Other Information

The reporting currency for TAAL is the Canadian dollar. All financial information presented herein is expressed in Canadian dollars, unless otherwise stated. United States dollars are indicated by the symbol "US\$". Euros are indicated by the symbol "€". Pound sterling is indicated by the symbol "£".

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this Annual Information Form contain forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). Such forward-looking information includes statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates", "believes", "budget", "could", "estimates", "expects", "forecasts", "goals", "intends", "may", "might", "objective", "outlook", "plans", "projects", "schedule", "should", "will", "would" and "vision") which are not historical facts. More specifically, forward-looking information in this Annual Information Form includes, but is not limited to, information contained in statements with respect to:

- the Company's business plans and strategies;
- the Company's expectations and observations on industry trends and opportunities, including the growth and development of the blockchain software; Digital Assets and smart contracts and Digital Asset exchanges; BSV, BTC and BCH; Digital Asset wallets; hashing and rewards; Transaction Fees; Blockchain Computing Equipment; Digital Asset Hashing Pools;
- future regulation and regulatory oversight in Digital Assets, blockchain technology and cryptocurrency sectors;
- the Company's observations regarding its belief in the opportunity for cloud-based Transaction Processing, including the continued viability of Digital Asset Hashing as a result of the Halving of the Block Subsidies;
- the acceptance by the Company's clients and the marketplace of new technologies and services;
- the Company's ability to attract new clients and further develop and maintain existing clients;
- the Company's discussion regarding its intention for expanding on its business lines and its plans for the anticipated timing for the launching of new offerings and business lines;
- the Company's plans regarding the development, licencing and use of intellectual property, and the Company's ability to protect, maintain and enforce its intellectual property;
- the Company's plans to monetize its proprietary BSV blockchain explorer technology;
- the Company's intention to leverage its strategic licensing agreement with nChain;
- the Company's marketing efforts;

- the Company's ability to continue to attract and retain personnel;
- the Company's dividend policy; and
- the Company's anticipated cash needs and its needs for additional financing.

The forward-looking statements and information included in this Annual Information Form are based on certain key expectations and assumptions made by the Company and although the Company believes that such expectations and assumptions are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties.

In addition to the various factors and assumptions set forth in this Annual Information Form, the material factors and assumptions used to develop the forward-looking statements include, but are not limited to, assumptions about: the ability of the Company to successfully implement and execute its business plans, including entering into and maintaining successful strategic partnerships; historical and future prices of Digital Assets; the Company's ability to adequately manage the changing legal and regulatory landscape with respect to Digital Assets and the blockchain industry; the emerging blockchain markets and sectors; the success of the Company's marketing strategies, and the acceptance and widespread adoption of blockchain, specifically the BSV blockchain, and the Company's products and services; the impact of competition on the Company's business lines; the Company's anticipated cash needs and ability to obtain financing on acceptable terms; the ability of the Company to identify, attract and retain skilled management and staff; the technology, proprietary and non-proprietary software, data and intellectual property of the Company and third-parties in the Digital Asset and blockchain sectors is able to be relied upon to conduct the Company's business; the Company does not suffer a material impact or disruption from a cybersecurity incident or cyber-attack; continued development of a stable public infrastructure, with the necessary speed, data capacity and security required to operate blockchain networks; expectations regarding the level of distribution caused to the Company's business lines as a result of COVID-19; and general economic and financial market conditions.

Actual results could differ materially from those currently anticipated due to a number of factors and risks. Factors and risks which could cause actual results or events to differ materially from those expressed in its forward-looking statements are discussed herein under the heading "*Risk Factors*", under the heading "*Risks & Uncertainties*" in the Company's most recent management's discussion & analysis and elsewhere in the Company's other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time, which include, without limitation, risks relating to:

- growth in, and the widespread acceptance and adoption of, blockchain technologies, including the BSV blockchain, and the use of Digital Assets generally;
- global pandemics, including the effects of COVID-19;
- the Company's future growth plans and business strategy, including the expected growth in the Company's Transaction Processing business, which, among other things, will depend on the Company processing sufficiently high levels of transaction volume;
- fluctuations in revenue and operating results;
- the Company's officers, directors and employees, including the ability to identify, hire, train, motivate and retain experienced employees and key personal, as well as constraints on management's time and resources;
- brand awareness and negative publicity in respect of the Company and/or the blockchain and Digital Asset industries as a whole;
- the Company's limited operating history;

- competing blockchain and Digital Asset companies, including blockchain networks other than the BSV network and other forms of Digital Assets and payment methods, as well as the risks relating to the Company's products and services becoming obsolete due to competitors' technological innovations;
- the possibility of new or increased regulatory burden as governments respond to the expansion of the blockchain and Digital Asset industries;
- the Company's plans for strategic partnerships and acquisitions;
- cyber-based attacks, network breaches and system interruptions for the Company or the Company's third-party suppliers;
- the Company's intellectual property and third-party proprietary rights and licenses;
- the Company's Hashing operations and equipment, as well as to power supply and internet infrastructure which the Company relies on to conduct its operations;
- the Company's negative cash flow from operations and the speculative nature of the Company's business;
- traditional financial service providers' efforts to stop the acceptance and adoption of Digital Assets;
- financing needs and capital requirements;
- economic, financial and geopolitical conditions, including credit and currency risks;
- forward-looking information; and
- litigation, indemnification and the enforcement of judgments against the Company, and its directors and officers.

Unless otherwise noted, any forward-looking statement speaks only as of the date of this Annual Information Form, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

THE COMPANY

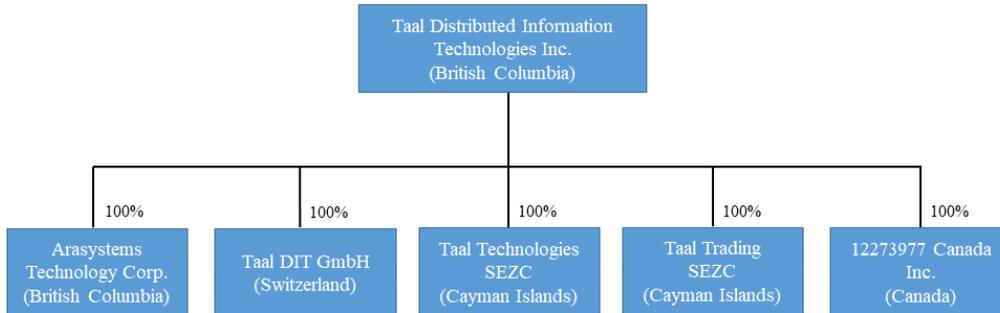
Name, address and incorporation

The Company was originally incorporated on March 23, 2011, in the Province of British Columbia pursuant to the *Business Corporations Act* (British Columbia) (the "**BCBCA**") under the name "0906251 B.C. Ltd." Effective January 13, 2015, the Company changed its name to "Squire Mining Ltd." On December 11, 2019, the Company changed its name to "Taal Distributed Information Technologies Inc." The Company's head office is located at 16 – 1146 Pacific Blvd., Vancouver, British Columbia V6Z 2X7 and its registered and records office is located at 2600 - 595 Burrard St Vancouver, British Columbia V7X 1L3.

In December 2019, the Company amended its Articles to create the NVPS (as defined herein) and in December 2020, the Company amended its Articles to include advance notice provisions. Other than the foregoing, there have been no material amendments to the Company's constating documents. See "*Description of Share Capital*".

Intercorporate relationships

The following chart identifies the Company's material subsidiaries (including jurisdiction of formation or incorporation of the various entities). All subsidiaries are wholly-owned, directly or indirectly, by the Company.



GENERAL DEVELOPMENT OF THE COMPANY'S BUSINESS

In June 2015, the Company completed an initial public offering, becoming a reporting issuer in the Canadian provinces of British Columbia, Alberta and Ontario, and listing its common shares (the “**Common Shares**”) for trading on the CSE under the symbol "SQR". The Company was initially engaged in the business of acquiring and exploring mineral resource properties in British Columbia, however, faced with weak capital markets for junior resource issuers, the Company began exploring other potential business opportunities to build shareholder value.

In March 2018, the Company began investigating opportunities in the blockchain and Digital Asset sectors in the belief that recent rapid growth in such sectors presented opportunities for new providers developing and distributing next generation data computing infrastructure and system technology, including ASIC chips and blockchain computing equipment for bitcoin and other associated SHA-256 derived Digital Assets. Such investigation resulted in the Company forming Aracore which undertook the development of ASIC Chips for computing related to SHA-256 derived Digital Assets. In August 2018, the Company formed Arasystems, initially as a joint venture but now a wholly-owned subsidiary, to manage the development, manufacture and assembly of SHA-256 computing systems. These operations were subsequently discontinued, see “– *Suspension of Operations at Aracore and Arasystems*”.

In May 2019, the Company acquired Freschette and commenced its Digital Asset Hashing operations. See “– *Acquisition of Blockchain Infrastructure Assets in Kazakhstan*”, below. Due to high network Hashrates, lower Digital Asset prices and the impending Halving, the Company suspended its Hashing operations in May 2020. TAAL subsequently transferred all remaining operational Blockchain Computing Equipment from Freschette to CanadaCo and recommenced Hashing operations in Canada in January 2021. See “*Narrative Description of the Company’s Business – Our Business Focus – Digital Asset Hashing Pool Management*”, below.

In June 2020, the Company commenced its Transaction Processing business, in which the Company validates and time stamps transactions by sequencing and encoding them into blocks, which are then published and added to the associated blockchain and read/search transactions that have been published on the blockchain. See “*Narrative Description of the Company’s Business – Our Business Focus – Transaction Processing*”.

The following describes the general development of the Company's business since the conclusion of the year ended December 31, 2018:

2019

During the year ended December 31, 2019, the Company had three revenue generating streams – Digital Asset Hashing, software licensing services and fleet management services.

Suspension of Operations at Aracore and Arasystems

On January 22, 2019, the Company announced that pre-tape-out simulation testing of its prototype FPGA (field programmable gate array) ASIC Chip produced results inconsistent with design parameters. The Company subsequently undertook an independent audit of the results and determined that the initial design was not viable in the then market resulting in operations at Aracore and Arasystems being suspended. Aracore and Arasystems were amalgamated on May 19, 2020 and continue as Arasystems.

License Agreement for TAAL Orchestrator

On May 2, 2019, the Company announced that it entered into a perpetual license agreement for custom blockchain computing management, pooling software and source code (together, the “**Acquired Software**”) from a private development group based in the U.K. In consideration of the license of the Acquired Software, the Company agreed

to pay to Licensor the sum of £1,500,000 payable in four installments, TAAL has made 3 out of the 4 payments with the last payment to be made in 2021. The Acquired Software was used by the Company to develop its proprietary TAAL Orchestrator blockchain computing pooling management software, which remains subject to continuous improvements and further development by the Company. See "*Narrative Description of the Company's Business – Our Business Focus – Digital Asset Hashing Pool Management*".

Acquisition of Blockchain Infrastructure Assets in Kazakhstan

On May 1, 2019, pursuant to a share purchase agreement dated March 22, 2019, among the Company, Freschette and Calvin Ayre, the Company acquired all of the outstanding securities of Freschette, which owned and operated a fleet of Blockchain Computing Units in Kazakhstan representing 270 petahash per second ("**PH/s**") of computing power. In connection with the acquisition, the Company paid \$24.1 million to Calvin Ayre by way of a convertible debenture (the "**Convertible Debenture**") due May 1, 2020 which price was inclusive of operational prepayments for the acquired Blockchain Infrastructure. Pursuant to its terms, the Convertible Debenture was unsecured and accrued interest at 15% per annum. The Convertible Debenture could be satisfied on maturity (or at any time after February 1, 2020), in whole or in part, at the option of the holder, by Common Shares at a valuation of \$0.45 per Common Share, or, at the option of the Company (at any time after March 27, 2020), pursuant to a formula based on its then current trading price and subject to a floor of \$0.30. The Convertible Debenture matured on May 1, 2020.

The acquisition of Freschette by the Company constituted a "significant acquisition" for the purposes of Part 8 of National Instrument 102 – *Continuous Disclosure Obligations* for which an amended business acquisition report dated July 29, 2019 is available for review under the Company's profile on the SEDAR website at www.sedar.com.

Consolidation, Name Change and Creation of NVPS

In December 2019, the Company: (i) consolidated its share capital, resulting in a consolidation of (a) common shares on the basis of one (1) post-consolidated common share for ten (10) pre-consolidated common shares, and (b) created the NVPS; and (ii) by resolution of the Board, amended its Articles to change its name to "Taal Distributed Information Technologies Inc." and changed its ticker symbol on the CSE to "TAAL".

2020 & 2021 Year-to-Date

Acquisition of Additional Blockchain Computing Units

On March 9, 2020, TAAL acquired over 50,000 non-operational Blockchain Computing Units pursuant to a purchase agreement with Tansley Equipment Limited ("**Tansley**"), Fractical Sense Limited and Laser Lollypop Limited, three companies affiliated with Calvin Ayre, in return for the issuance of 2,279,215 NVPS to Mr. Ayre at a price of C\$2.41 per NVPS. The units were originally acquired by TAAL with the intention of upgrading and optimizing them for deployment in the Company's Digital Asset Hashing and Transaction Processing operations; however, due to changing business objectives based on rapidly evolving industry conditions the majority of these Blockchain Computing Units have since been resold by the Company. See "*– Asset Sale & Impairment Charge*" below.

Appointment of new Chief Executive Officer and other management changes

On March 19, 2020, TAAL appointed Jerry D. Chan as President and Chief Executive Officer. Additionally, TAAL announced that Angela Holowaychuk had stepped down as Chief Executive Officer and had been re-appointed as TAAL's Chief Operating Officer, and that Jimmy Nguyen had stepped down from the Company's advisory board.

Licensing deal with nChain

Effective April 20, 2020, TAAL entered into a strategic licensing agreement with nChain for ten (10) years to use key elements of its intellectual property patent portfolio (the "**IP Licensing Agreement**") in return for US\$1,000,000 in licensing fees payable over the first year of the agreement. The IP Licensing Agreement with nChain provides TAAL with non-exclusive access and rights over 10 years to develop advanced blockchain transactional systems on top of nChain's existing granted patents, pending patents and future filed patent applications in the area of specialized blockchain transaction handling, processing, storage, retrieval and display.

Pursuant to the IP Licensing Agreement, TAAL and nChain acknowledged that the intellectual property patent portfolio subject to the IP Licensing Agreement will remain the exclusive property of nChain. Nothing in the IP Licensing Agreement transferred ownership or any aspect of ownership of such intellectual property patent portfolio to TAAL. Also, any additions to, modifications, improvements and additions to such intellectual property patent portfolio will be the exclusive property of nChain.

The IP Licensing Agreement was amended on September 2, 2020 to add certain transaction processing patents to the IP Licensing Agreement.

Stefan Matthews, the Chief Executive Officer and Executive Chairman of the Company, is a founder and the Chairman of nChain.

Conversion of debt and the appointment of Calvin Ayre

On May 1, 2020, the Convertible Debenture issued to Calvin Ayre in connection with the acquisition of Freschette reached maturity. Pursuant to the terms of the Convertible Debenture, repayment of the C\$24,148,077.01 principal amount and C\$3,622,211.55 in accrued interest was satisfied by TAAL through the issuance to Calvin Ayre of 9,256,763 Common Shares, reflecting a valuation of C\$3.00 per Common Share. The closing trading price of the Common Shares on May 1, 2020 was C\$1.97. Concurrently, TAAL also announced the appointment of Calvin Ayre to its advisory board. Subsequent to the conversion of the Convertible Debenture, Calvin Ayre beneficially owned 10,419,263 Common Shares, representing, at the time, approximately 42% of the issued and outstanding Common Shares, as well as 2,279,215 NVPS.

Cessation of Digital Asset Hashing Operations

On May 8, 2020, TAAL ceased all Digital Asset Hashing operations in Kazakhstan for itself and its clients due to high network Hashrate (*i.e.* competition) and depressed Digital Asset prices in advance of the uncertainty and potential opportunities related to the Halving. TAAL has since transferred remaining operational Blockchain Computing Equipment from Freschette to CanadaCo and on January 6, 2021 recommenced its Digital Asset Hashing operations in Canada under more favourable economic conditions.

Codugh Investment

On June 5, 2020, TAAL announced the entering into of a share purchase and equity financing agreement and a development agreement with Codugh Pty Ltd., an Australian technology company, whose principal asset is Codugh, an on-demand application programming interface ("**API**") marketplace that incentivises developers globally to post and get compensation for their APIs. The strategic investment was designed to further the development and commercialization of the TAAL Console services layer and support its micropayment capability. TAAL also anticipates that its Transaction Processing services will be offered through the Codugh marketplace in the future. For more information about TAAL Console, see "*Narrative Description of the Company's Business – Our Business Focus – Transaction Processing*".

Patent Applications

On March 31, 2020, Taal Tech filed a patent application in the U.K. with respect to a method and device for generating random numbers. On July 29, 2020 Taal Tech filed a second patent application in the U.K. with respect to its newly acquired native Token blockchain technology for the BSV network. On December 10, 2020, Taal Tech filed a third patent application in the U.K. with respect to a method for delivering hash values from a hashing device to a Hashing Pool. All three patents were transferred from Taal Tech to DIT on January 1, 2021. For more information about the Secure Token Protocol native Token blockchain technology, see "*Narrative Description of the Company's Business – Our Business Focus – Software Development and Intellectual Property Licensing*".

WhatsOnChain Acquisition

On September 15, 2020, Taal Tech purchased all of the issued and outstanding shares of WhatsOnChain Limited ("**WhatsOnChain**") for a transaction value of £2MM, satisfied through the issuance of 1,739,882 Common Shares (the "**WhatsOnChain Acquisition**") pursuant to an agreement for purchase and sale between the Company and WhatsOnChain (the "**WhatsOnChain Agreement**"). WhatsOnChain owned proprietary BSV blockchain explorer technology. A blockchain explorer is a browser for the blockchain, similar to how web browsers like Firefox or Google Chrome are browsers for Internet web pages. All technology and intellectual property, including trademarks, owned by WhatsOnChain were transferred to DIT on January 1, 2021 for further development and exploitation and WhatsOnChain was subsequently wound up. The three co-founders of WhatsOnChain agreed to lock up agreements pursuant to which, one-half of the Common Shares received as consideration for the transaction will be locked up for a one-year period and the remaining Common Shares will remain locked up, subject to release only upon the achievement of certain development milestones by DIT with respect to the WhatsOnChain technology over a period of five years. Any such Common Shares which remain unreleased at thereafter will be redeemable by TAAL for nominal consideration.

Asset Sale & Impairment Charge

On September 8, 2020, the Company entered into an agreement to sell 37,500 non-operational Blockchain Computing Units (the "**Assets**") to an arms' length buyer for total proceeds of approximately \$1.1 million (US\$825,000) (the "**Asset Sale**"). The purchase price was paid in eight equal installments over eight weeks and the purchaser proportionally took possession of the equipment from TAAL's U.S. warehouses upon each payment. TAAL had acquired over 50,000 of Blockchain Computing Units on March 9, 2020 for a purchase price of \$5,566,170 (US\$4,093,374) pursuant to an asset purchase agreement with, among others, Tansley, which is beneficially owned by Calvin Ayre, TAAL's controlling shareholder. The Assets were originally acquired by TAAL with the intention of upgrading and optimizing them for deployment in the Company's blockchain Digital Asset Hashing and Transaction Processing operations; however, due to changing business objectives based on a rapidly evolving industry conditions. the Company subsequently determined to sell some of the Assets and to use the proceeds, and any further sales of the Assets, for other strategic initiatives. In connection with the closing of the Asset Sale, the Company recognized a one-time impairment charge of \$2,444,857, reflecting a write-down of remaining Blockchain Computing Units to reflect their market price.

Opening of Swiss Office

On September 19, 2020, DIT became operational at TAAL's new office in Zug, Switzerland. The city of Zug was chosen by the Company in part due to its reputation as one of the fastest growing technology hubs in Europe, which has recently seen a proliferation of fintech, blockchain and distributed ledger technology companies. Zug was the first state authority in the world to accept blockchain as an official means of payment in 2016 and higher education and post-doctoral level research on blockchain is offered at many nearby universities, contributing to a concentration of world-class talent.

Changes to Board and Senior Management

On October 12, 2020, TAAL appointed Chris Naprawa as President of the Company and Stefan Matthews as Chief Executive Officer. At the same time, Jerry Chan stepped down as President and Chief Executive Officer and moved into the role of Chief Product and Innovation Officer and Delphine Forma was appointed as Chief Compliance Officer.

On December 10, 2020, in connection with the announcement of the results of its annual shareholder meeting, TAAL further announced the addition of two new members to its Board, Deborah Rosati and Richard Baker. As of January 1, 2021, new appointments to its senior management team in North America and Europe, included Lars Jørgensen, as Chief Operating Officer, Cyrille Albrecht as Chief Technology Officer, and Dean Rakic as Chief Scientist.

Debt Financing

On December 18, 2020, the Company entered into a loan agreement (the "**Note**") with Wright International Investments Ltd. (the "**Wright International**"), an entity wholly-owned by Craig Wright, an advisor to the Company, for a total loan in the aggregate principal amount of US\$7,000,000. Pursuant to the Note, Wright International advanced an initial US\$3,500,000 in BSV on December 18, 2020 and an additional US\$3,500,000 in BSV on January 12, 2021. The Note is unsecured, and funds advanced under the Note bear an interest of 8% compounded annually. The Note is repayable 30 days following a demand for repayment by Wright International, on or after January 29, 2023. TAAL may repay the Note at any time without penalty.

Additions to Senior Management

On January 28, 2021 David Allen was appointed the Chief Financial Officer of the Company and Kal Suurkask was appointed Chief Commercial Officer of the Company.

Sale of Freschette

Freschette had no operations since May 2020, and during the last quarter of 2020, all remaining Blockchain Computing Units owned by Freschette were transferred to CanadaCo. Subsequently, on February 5, 2021, the Company sold all of its shares in Freschette to an arm's length third party. In connection with the disposition, the purchaser agreed to assume the Company's obligations for historical liabilities with respect to Freschette and the Company obtained a corresponding release and discharge from certain key counterparties.

NARRATIVE DESCRIPTION OF THE COMPANY'S BUSINESS

Overview

TAAL is a vertically integrated blockchain technology company. We are engaged in the ownership and management of scalable professional-grade Blockchain Infrastructure upon which we strive to deliver value-added services to support and enable businesses building customized blockchain-based solutions and applications for enterprise clients. Our business model is designed to drive revenue by granting access to and enabling the utilization of a variety of proprietary products, Blockchain Infrastructure, platforms, licenses, and services. In order for the Company to deliver on these initiatives, we require a blockchain network that supports limitless scalability, unbounded transactional volume, and profits earned by those that process the most transactions (as opposed to operations with the highest Hashrate). We believe that blockchain is the one supported by the Bitcoin Satoshi Vision (BSV) network, and accordingly, TAAL has focused its attention and resources on this protocol and on developing fiat-based revenue and business channels dedicated to the custom cloud-based processing of blockchain data and Transaction Processing for enterprise clients building upon BSV blockchain.

In addition to the traditional Digital Asset Hashing operations, we believe that the Company is well-positioned to be a leader in the transformation of Blockchain Infrastructure companies from Digital Asset miners to cloud-based Transaction Processing operators and valued-added products and services providers. The Company's business can be generally divided along the following four lines:

1. Digital Asset Hashing, in which we operate Blockchain Infrastructure principally for Block Rewards and to support our Transaction Processing business;
2. Digital Asset Hashing Pool Management, in which we use proprietary TAAL Orchestrator software to manage public and private Digital Asset Hashing Pools so that Hash producers can contribute to building the BSV blockchain and supporting the Transaction Processing business;
3. Transaction Processing, in which we validate and time stamp transactions by sequencing and encoding them into blocks, which are then published and added to the associated blockchain and read/search transactions that have been published on the blockchain. As remuneration for validating transactions, we receive Transaction Fees in the form of BSV or fiat-based payment plans negotiated with Transaction Generators; and
4. Software Development, in which we develop new software, such as TAAL Orchestrator and STAS.

Additional business lines and offerings are under development by the Company, including in the areas at blockchain read and search services (through the Company's ownership of WhatsOnChain and its proprietary BSV blockchain explorer technology) and blockchain computing, where the Company has filed patent applications in the U.K. with respect to a method and device for generating random numbers using blockchain technology and a method for delivering hash values from a hashing device to a Hashing Pool.

Set out below is: (i) an overview of the blockchain industry, with a focus on the specific areas in which we operate; (ii) a discussion of the Company's focus and what we see as the market opportunity; (iii) an overview of our various business lines; and (iv) a discussion of the Company's prior history.

Blockchain Industry

Blockchain Software

A blockchain is a form of distributed database that is most commonly used as a ledger and time stamping system. As a type of ledger, the software that accesses and creates the database helps answer a key question that anyone who receives a database, spreadsheet, or any other set of records must answer before relying on those records: how can I trust that what I am receiving is true and up-to-date? The database is created and shared by multiple users who send the records to Blockchain Nodes, which are a specialised group of systems and computing hardware. Blockchain software uses sequences of blocks that are broadcast widely to all network nodes which by consensus establishes the accuracy and completeness of the database without necessarily trusting any individual entity or entities who keep the database or provide the copy. As a time stamping server a network node establishes the canonical sequencing of events/transactions that are recorded on the blockchain.

To achieve consensus regarding the correct copy of the database, the software creating the blockchain enforces certain rules about writing to the database. Although these rules may vary between different blockchain systems, they generally include the following:

Records must be valid: Records added to the database must conform to a certain format and follow certain protocol rules, depending on the blockchain. This helps ensure that the nodes on the blockchain network can read the records, and that the transaction history of records is accurate. Important to this rule is that the record must generally contain digital signatures from the participants for authentication purposes.

Records must be added in sequence: Blockchain implements rules to ensure that records are written in the correct order. For example, on a SHA-256 blockchain each new block written to the blockchain must have appended to it a digital fingerprint of the last block written to the blockchain. Since each new block contains a reference to the previous one and network operations within each block are ordered, all network operations on the blockchain have a definite ordering.

Adding blocks to the blockchain is expensive or "hard": This means that if a Blockchain Computing Unit wants to add a record or block of records to the blockchain, it must invest the computing power necessary to solve a cryptographic puzzle (such as the Proof-of-Work validation model used in the bitcoin blockchain networks).

Users pick out the longest valid blockchain available on the network as the correct version: When combined with the previous rules, this makes a blockchain very expensive to successfully forge, because forging a blockchain of a certain number of blocks will require the use of all the computing power necessary to create a blockchain of that size and if the blockchain in question is not the longest valid blockchain on the network, it will not be accepted by other users. Even copying an existing blockchain and attempting to modify the last few blocks can quickly become prohibitively expensive. This is why once a block receives a sufficient number of confirmations on the network, (*i.e.*, once a certain number of blocks or network operations have been subsequently added to a version of the blockchain in which it is included) it becomes economically prohibitive for anyone to delete or modify a block. This means that effectively, records can only be added to the blockchain and not deleted.

Independent verification: A computer on the network should be able to independently verify (without contacting any other computer or user) that all the above rules have been complied with when it inspects a copy of the blockchain database that it downloads from the network. In other words, any computer on the network should be able to verify that the records included are valid, that they contain correct solutions to the mathematical puzzle and that each record is linked to the last one such that no records have been deleted and the database is complete. If each user can verify the blockchain independently, this allows all users to come to consensus about the correct blockchain.

Writing records to the database is rewarded: Because writing to the blockchain is difficult, not all nodes will participate in the process - many users will create records but then just request that they be written to the network, often offering incentive payments in the form of Transaction Fees. Generally, however, any user can choose to write blocks to the blockchain and the rules of the blockchain are usually set up to provide the writer with a reward for their efforts, both through Transaction Fees, as well as Block Subsidies.

These rules are combined together to ensure that, when a new computer joins the network and downloads a copy of the blockchain, it can use the blockchain software to perform the verification operations referred to above and be reasonably confident that it has downloaded the correct and most up-to-date copy of the database without knowing from whom it has downloaded the database. These rules are sometimes referred to as a "cryptographic consensus." The incentives for blockchain-based computing (as discussed below) also help to ensure that the database stays operational and is updated frequently, therefore remaining useful.

This process of coming to a consensus on the blockchain is not immediate, and sometimes a "fork" in the blockchain may arise where different versions of that blockchain's public ledger coexist after diverging from a common history. However, by selecting the longest valid blockchain on the network, nodes work to resolve these forks quickly. Longer-lasting forks can arise, however, if devices on the system are running different versions of the blockchain software or the underlying network linking the devices becomes disconnected.

Digital Assets

The functioning of the blockchain is governed by blockchain software, which, as discussed above, when installed and run on Blockchain Nodes, governs the creation of the network blockchain and provides the consensus rules for adding data to the blockchain.

Digital Assets that currently exist on blockchain networks include Digital Cash (such as BSV and BTC), and Tokens which represent special subscription accounts, which developers may offer to paying users of their applications or that represent other real-world assets or value. Digital Assets may include items ranging from enterprise software licenses and new types of Digital Assets to large amounts of securely stored data such as pictures, songs, movies, scientific research, databases and registries - effectively any purely digital item that is capable of being represented on the blockchain.

Not everything available through a blockchain must be stored directly on the network's blockchain. In fact, many of the Digital Assets available through a blockchain, in particular collections of data and computer programs, as well as users' personal data, are stored off of the blockchain using a cloud storage system. Data on this decentralized cloud storage system is located on third-party cloud data storage servers (e.g., Dropbox, Amazon S3, Microsoft Azure, Google Drive) and is connected to the network's blockchain through servers, which make up a peer-to-peer network. This peer-to-peer network stores information that is too large to be stored on the blockchain itself (for efficiency reasons), but that needs to be globally available for network users. This mainly includes location information, pointing to the location of data in the decentralized storage system. Access to this information is controlled through the blockchain.

Digital Assets and Digital Asset Exchanges

The value of Digital Assets is determined by the value market participants place on such assets through their transactions on various marketplaces and through peer-to-peer trading. As a result, the most common means of determining the value of a type of Digital Asset is by surveying one or more Digital Asset exchanges (i.e. a website or app where you can buy, sell, trade and in some cases store, Digital Assets). Digital Assets are traded with publicly disclosed valuations for each transaction, measured by one or more fiat currencies (i.e. a currency that is backed by a central bank or a national, supra-national or quasi-national organization, such as the U.S. dollar or euro). While a significant volume of Digital Asset-to-fiat-currency exchange is denominated in currency other than U.S. dollars, movements in pricing on these exchanges are generally in-line with U.S. dollar-denominated exchanges. See "*Risk Factors – Risks relating to the Blockchain and Digital Assets*".

Digital Asset exchanges provide liquidity and trading options for Digital Asset, so that Digital Asset can be exchanged for other Digital Assets or for fiat currencies. It is anticipated that the nature of exchanges in the ecosystem will change as decentralized options for trading become available. At present markets are liquid enough to provide an effective means for exchanging most popular forms of Digital Cash.

Bitcoin: BTC and BSV

Bitcoin is a Digital Asset based on a SHA-256 blockchain and an example of a non-fiat Digital Cash that is not backed by any government or central bank. Specific variants of bitcoin include BTC and BSV.

BTC is the name used for what is currently the largest Digital Asset globally by market capitalization. BTC is an open-source project that uses the Proof-of-Work block validation model. Under the BTC blockchain protocol, the number of BTC coins is mathematically controlled such that the supply and number of coins in existence grows at a pre-set schedule until the total number of BTC coins in existence reaches the pre-determined maximum of 21 million. The number of BTC coins awarded as Block Subsidies to participants for solving a new block automatically halves each time 210,000 blocks are added to the blockchain. The Block Subsidy for solving a new block on the

BTC network reduced from 12.5 coins per block to 6.25 BTC coins per block in May 2020. The difficulty of the BTC network's Hashing algorithm (*i.e.* the amount of computing power required to produce new blocks) is automatically adjusted every two weeks with the target of maintaining the creation of a new block on average every 10 minutes. Thus, as more or less computing power is applied by participants to solving the cryptographic puzzle to produce new blocks, the difficulty of the Hashing algorithm increases or decreases correspondingly as does the likelihood of receiving a Block Subsidy.

Similar to BTC, BSV is an implementation of the bitcoin protocol, intended to serve as a digital substitute for fiat currencies to facilitate digital trust-less payment transactions. BSV is a form of BTC that emerged from a November 15, 2018 fork of the BCH network (which itself was created by way of a fork from the BTC blockchain on August 1, 2017).

The Company believes that BSV is the only bitcoin implementation that follows bitcoin's original design, protocol and vision, as expressed and documented in the original bitcoin whitepaper, *Bitcoin: A Peer-to-Peer Electronic Cash System* published under the pseudonym Satoshi Nakamoto. BSV seeks to massively scale the information available on each block of its blockchain to enable a larger volume of transactions recorded in each block and thus faster processing times. A larger number of transactions can be processed in a shorter period of time and with generally lower Transaction Fees per unit of data stored than on other networks.

While both the BTC and BSV networks adjust their difficulty so that new blocks are created approximately every 10 minutes, the difference between the BTC difficulty adjustment algorithm and the BSV difficulty adjustment algorithm is that BTC difficulty resets over every 2016 block sequence (around 2 weeks) whereas the one on BSV is set to adjust the difficulty at every block using the median time of the last 144 blocks, and the difficulty changes with each block.

While many people incorrectly see BSV as a fork of the BTC project, they are actually more accurately described as 'siblings' as they both started with the same genesis block as of January 3, 2009. Both chains share exactly the same blockchain and historical record up to August 1, 2017, when BCH split from BTC after the BTC code base implemented the 'Segregated Witness' upgrade. BSV subsequently then split from BCH when the BCH network implemented the 'CTOR' modification on November 15, 2018. So, while there are three major bitcoin chains, for the most part, their histories are the same. Over the last two years their codebases have drifted somewhat apart, driven mostly by the demands and goals of their respective communities and developers.

Digital Asset Wallets

A Digital Asset "wallet" is a software program that stores private and public keys and interacts with the relevant blockchain to allow users to send and receive Digital Assets and monitor their balance. It is essentially an end-user blockchain interface. Unlike a traditional wallet, digital wallets do not store Digital Assets. In fact, Digital Assets do not get stored in any single location or exist anywhere in any physical form. All that exists are records of transactions stored on the blockchain. When a new Digital Asset wallet is created, two sets of keys (or addresses) are generated: a public key and a private key. The public key is used to receive funds into a wallet and does not have to be kept secret as it is receive-only access. The private key allows the user to update and send Digital Assets through the blockchain. Receiving or transferring funds is effectively recording a transaction on the blockchain and linking a public key and private key to the respective Digital Assets which is unique to a wallet. Some wallets are kept disconnected from the Internet most of the time to increase their storage security. These are often called "cold wallets".

All signatories to TAAL's digital asset wallets are required to store their private keys in a secure manner. This includes storing passwords and seeds in security safes or applying strong encryption if stored digitally.

The Company monitors security best-practices for more secure and resilient ways to protect the Digital Assets obtained through its operations. The Company recognizes that best practices require adoption of several security measures, such as strong passwords (for encryption keys) coupled with multiple-signature wallets, which improve the security of Digital Asset wallets by requiring the participation of multiple signatories in order to execute transactions. See *"Risk Factors – Risks relating to the Blockchain and Digital Assets – Potential Loss, Destruction or Theft of Private Key or Digital Assets"*.

Hashing and Rewards

Hashing is the process by which transactions are verified and added to the relevant blockchain and also the means through which new Digital Assets are distributed as Block Subsidies. Block Subsidies are currently the primary incentive for Digital Asset Hashing.

To begin Hashing, a network participant must download and run the blockchain software and protocols for the particular blockchain thereby converting the participant's computer into a Blockchain Node on the network. Every peer on the network has its own copy of the ledger or blockchain including every historical Digital Asset transaction and effectively a record of all account balances. Each account is identified solely by its unique cryptographically generated public key and is secured with its associated private or secret key (*i.e.* password). This combination of private and public cryptographic keys creates a secure digital identity in the form of a digital signature, providing a strong control mechanism and proof of ownership.

The Hashing process involves compiling recent transactions on the blockchain into blocks and trying to solve computationally difficult algorithmically defined mathematical puzzles. This intrinsic computational difficulty defines the term, Proof-of-Work, whereby the end result could not have arisen without expenditure of energy in the form of computational power, or work. Participants on the network compete to validate the blocks being added to the blockchain with each unique block of data only capable of being validated by one participant; the winner earning the right to record the next block on the blockchain and receive the Block Subsidy reward in the form of a newly created Digital Asset. When a new block of transactions is created, data from that block is used to create a Hash that is stored along with the block. The more Hashrate a Blockchain Computing Unit or Digital Asset Hashing Pool has, the greater the chance that the operator has to record the next block. As Blockchain Computing Units add more Hashrate to a blockchain network, it becomes effectively financially prohibitive to compromise the blockchain and any such compromise would be obvious and provable. For a discussion of the Company's Digital Asset Hashing operations, see *"– Our Business Focus – Digital Asset Hashing"*.

Transaction Fees

Transaction Fees are fees generated from processing and verifying transactions by sequencing and encoding them into blocks, which are then published and added to the associated blockchain. They are earned by the entity that created the applicable block, either as part of the transactions themselves or directly via processing contracts.

As noted above, Blockchain Computing Units that are successful in adding a block to the blockchain are automatically awarded Digital Assets for their effort (*i.e.* Block Subsidies) and these Block Subsidies currently act as the primary incentive for Digital Asset Hashing. However, SHA-256 based blockchain networks are designed in such a way that the Block Subsidies for adding new blocks to the blockchain systematically decrease over time and the production of new Digital Assets (and creation of Block Subsidies) will eventually cease. Once this existing incentive mechanism (*i.e.* the Block Subsidies) ceases to be profitable, the timing of which will depend in part on Digital Asset prices, the Company believes that Blockchain Infrastructure operators will have to rely upon Transaction Fees to incentivize them to continue Hashing operations and applying services to the blockchain.

The Company further believes that high Transaction Fees (per transaction) would be a deterrent to the widespread adoption of any Digital Asset as currency/cash and the use of blockchain for information processing and

accordingly, endorses the approach advocated by the BSV blockchain which is based on the concept of a "micro-Transaction Fee based economy". In short, the Company believes that in order to maximize the potential of blockchain technology, including use of Digital Assets as currency and the use of blockchain for information processing, what is required is a blockchain network which scales the blockchain sufficiently to support a large enough volume of micro-transactions per recorded block, such that it is profitable enough for participants to secure the network, even at Transaction Fees of less than one cent per transaction. The Company believes that the development of such a Transaction Fee based economy will foster innovation on and adoption of BSV, while still incentivizing Blockchain Infrastructure operators to secure and further scaling the blockchain to allow for the largest addressable customer base. Key to this economy will be the focus on transactional volumes, low fees and the encouragement of an open development community in which the ecosystem can evolve. This strategy focuses on building micro-services-based SaaS platforms, so that users big or small can use and be charged for the precise services that they use, even if such services may be less than \$0.01 per use.

For a discussion of the Company's Transaction Processing business, see "*Our Business Focus – Transaction Processing*".

Blockchain Computing Equipment

The first wave of blockchain servers for SHA-256 based blockchain operations used central processing units ("CPUs") used in standard home computers. Industry participants soon discovered that graphic processing units ("GPUs") provided them with more processing power and the second wave of computers entered the blockchain network. Today, SHA-256 based blockchain networks are well into a third wave of blockchain server devices which consist of computers that are designed solely for blockchain computing purposes. Such devices include ASIC machines built by specialized companies like Bitmain Technologies Ltd., Shenzhen MicroBT Electronics Technology Co. Ltd. and Bitfury Holding B.V. These new computers are significantly more expensive and incur substantial electricity costs in order to continuously power and cool their devices than standard home computers.

Digital Asset Hashing Pools

As discussed above see "*Blockchain Software*", SHA-256 based blockchain network protocol was created in a manner to make it more difficult to solve for new blocks as the processing power available on the network increases. Therefore, the difficulty of finding a valid Hash value has grown exponentially since the first blocks were created. Currently, the likelihood that an individual acting alone will be successful in realizing a Digital Asset reward on an SHA-256 based blockchain is extremely low. As a result, blockchain computing "pools" have developed in which numerous Blockchain Computing Units act cohesively and combine their processing power to solve blocks. When a pool solves a new block, the participating pool members split the resulting Digital Asset reward among themselves based on the processing power they each contributed to solve for such block. Pools provide participants with access to smaller, but steadier and more frequent, Digital Asset payouts. Operational fees are paid to the pool operator (typically 1% to 2% of payouts).

For a discussion of the Company's Digital Asset Hashing Pool business, "TAAL POOL", see "*Our Business Focus – Digital Asset Hashing Pool Management*".

Our Business Focus

While TAAL continues to operate its Digital Asset Hashing operations, which the Company expects will be a key revenue driver in the short- to medium-term, in order to ensure a sustainable business in the long-term, we are also committed to transitioning towards a business model focused on cloud-based Transaction Processing and building other professional grade value-added products and services for Blockchain Infrastructure.

Each of the Company's current business lines, and certain of the Company's service offerings under development, are discussed in further detail below.

The Company has in place anti-money laundering ("AML") and sanction policies that set out minimum standards of compliance and establishes a risk-based approach towards assessing and managing money laundering and terrorist financing risks applicable to the company.

The Company performs due diligence checks on a risk-based approach tailored to its activities and products. Customer due diligence is a key process to avoid engaging in business with persons who could damage TAAL's reputation.

Digital Asset Hashing

TAAL's Digital Asset Hashing operations commenced on May 1, 2019 as a result of the acquisition of Freschette. Freschette indirectly owned and operated Blockchain Computing Equipment in the Republic of Kazakhstan, representing 270 PH/s of Hashrate. See "*General Development of the Company's Business - Acquisition of Blockchain Infrastructure Assets in Kazakhstan*".

In May 2020, due to high network Hashrate (*i.e.* competition) and depressed Digital Asset prices in advance of the uncertainty and potential opportunities related to the Halving, TAAL put a moratorium on its Digital Asset Hashing operations. TAAL has since transferred its remaining functional Blockchain Computing Equipment from Freschette to the Company's Canadian operating subsidiary, CanadaCo and on January 6, 2021 recommenced its Digital Asset Hashing operations in Canada. Upon all assets being transferred from Freschette and operations wound up, Freschette was sold to an unrelated party in Q1 2021.

The Company, through CanadaCo, hosts its Blockchain Computing Equipment, currently representing approximately 200 PH/s of custom modified blockchain computing power, with a third-party hosting provider, at the provider's facility in Alberta, Canada. The hosting arrangement became effective on October 20, 2020 for an initial term of two years with automatic one-year renewals thereafter but may be terminated by the Company on 90 days notice after June 20, 2021, and by either party on 30 days notice in the case of material breach. The Company may also suspend operations for up to 90 days if Digital Asset Hashing economic conditions become unfavourable, in which case TAAL would be obligated to pay a standby fee. Fees under the hosting agreement are paid in advance based on a fixed price per kWh of electricity for the expected power consumption of the Blockchain Computing Equipment as adjusted retrospectively for actual Hashing performance of the Blockchain Computing Equipment (rather than actual energy consumed). Management believes this is a significant advantage over more conventional hosting arrangements in which the host's energy expense is fixed regardless of Hashing performance. With this arrangement, TAAL is only billed for its portion of actual Hashing performance realized.

TAAL uses custom modified equipment and the latest generation of equipment available from current major manufacturers. Selection of specific equipment is based on a variety of factors, including price, availability and performance.

TAAL recently announced the deployment of 175 PH/s of blockchain computing power with a Canadian hosting provider. During the first quarter of 2021 another 40 PH/s will come online with the same hosting provider. During the second quarter of 2021 another 76 PH/s will be deployed. It is expected that by the end of 2021 TAAL will deploy at least 400 PH/s of computing power.

Taal Tech purchases all Hashing power from CanadaCo and licenses TAAL Orchestrator software from DIT to control and coordinate the Hashing operations and enable it to realize Block Rewards on the BSV SHA-256 blockchain. All Block Rewards realized through operations are sold by Taal Tech to TAAL Trading for fiat currency based on the value of the Digital Assets at the time of transfer. Ultimately, TAAL Trading disposes of Digital Assets

through Digital Asset exchanges for fiat currency. TAAL Trading also holds some Digital Assets for investment and strategic business purposes and may from time to time engage in hedging activities to increase access to capital. Any Digital Assets held by TAAL Trading are deposited with Curve, Inc. or Bitcoin Suisse AG, arms length third-party Digital Asset custody service companies based in the U.S. and Switzerland, respectively.

No financial crime risk has been identified by the Company in connection with its for Digital Asset Hashing operations. This activity is operated for TAAL's own account. TAAL creates new Digital Assets and does not transfer these to any unidentified third parties.

For the fiscal year ended December 31, 2019, the Company's revenue as a result of its Digital Asset Hashing operations reflected approximately 90% of its revenues (or approximately \$15.5 million). For the nine months ended September 30, 2020, the Company's revenue as a result of its Digital Asset Hashing operations reflected approximately 64% of its revenues (or approximately \$5.3 million).

Digital Asset Hashing Pool Management

Taal Tech operates "**TAAL POOL**", which is a private Digital Asset Hashing Pool for TAAL's Blockchain Equipment fleet and enterprise scale clients. Third-parties (*i.e.* clients) with Hashing power can enter into a pool participation agreement to participate in TAAL POOL, which in turn operates on the BSV SHA-256 blockchain. Taal Tech's proprietary TAAL Orchestrator software is used to coordinate the Hashing of all TAAL POOL participants to realize Block Rewards. TAAL Orchestrator is a blockchain network management tool. It allocates work, manages and coordinates communications among pooled Blockchain Computing Units in order to allow the pool to create new blocks on the BSV Blockchain. TAAL Orchestrator also communicates with Blockchain Nodes and provides data analytics and manages separate groups of Blockchain Computing Units. The Block Subsidies that are realized by the pool are allocated to TAAL and its pool clients, net of Taal Tech's pool management fees, based on the proportion of TAAL POOL Hash Rate each client contributed since the last distribution. Currently, unlike some other pooling providers, Taal Tech retains all Transaction Fees. This is consistent with TAAL's pivot towards sustainable income from Transaction Fees rather than relying on Block Rewards. In the future, a portion of basic Transaction Fees may be shared with TAAL POOL participants, while premium Transaction Fees negotiated with enterprise users of TAAL Console will be retained by TAAL.

Taal Tech also manages another public Digital Asset Hashing Pool in return for a management fee deducted from the Block Rewards realized by that pool. Public Digital Asset Hashing Pools managed by Taal Tech also use TAAL Orchestrator software to manage and allocate participant Hashing.

Before accepting any third-party participants in TAAL POOL, TAAL performs due diligence using a risk-based approach and AML screening. TAAL does not accept participants located in certain jurisdictions based on a country risk rating.

For the nine months ended September 30, 2020, the Company's revenue as a result of its Digital Asset Hashing Pool Management operations reflected approximately 31% of its revenues (or approximately \$2.4 million).

Transaction Processing

Our cloud-based Transaction Processing business model is intended to facilitate businesses building applications and contributing data onto a public, permission-less, and scalable blockchain. We believe that our first-mover advantage will allow us to acquire market share by growing our existing user base through our application programming interface service ("**TAAL Console**"), which will help build a substantive and stable flow of transactions for processing.

TAAL Console is an online portal through which customers (*i.e.* Transaction Generators) can send data to Taal Tech to be encoded into the BSV blockchain in a predictable timeframe and for a known cost and can manage their account with TAAL. TAAL Console, which is currently in Beta testing, also provides end point key management, real time activity dashboard, and an API library for building on BSV and testing and development environments. Transaction Generators have the choice of being invoiced flexibly in US\$ or paying BSV per the amount of data submitted for processing. Without direct submission to TAAL Console, Transaction Generators have to rely on a 'blind' submission to get their data into the blockchain (*i.e.* where data is submitted to a peer on the network without knowing who the peer is and how many connections away the peer is from a validator). Transaction Fees are set by validators when they accept or reject submitted data. When making a blind submission to a peer-to-peer network, both the fee for submission to a validator and the time for embedding the data into the blockchain (referred to as confirmation time) are unpredictable and vary with each submission.

Taal Tech uses its own Hashing operations, located in Alberta, Canada, and the Hashing operations of other TAAL POOL participants to encode client data onto the BSV blockchain. Transaction Generators have the option of basic and professional service level packages to access TAAL Console. Upon being onboarded, Transaction Generators can send data directly to the TAAL Console cloud portal. Enterprise scale Transaction Generators enter into an individualized transaction processing agreement with Taal Tech specifying the amount of data, pricing and timing of processing. Payment can be in the form of BSV or periodic fiat payments. TAAL Console manages the Transaction Generator's keys and acts as a conduit to TAAL-controlled Blockchain Computing Equipment, which processes the data. Taal Tech is able to customize the resources available to it, ensuring service level agreements with Transaction Generators are met.

As discussed above (see "*Bitcoin: BTC and BSV – Transaction Fees*"), the Company endorses the approach advocated by the BSV blockchain which is based on the concept of a 'micro-Transaction Fee based economy'. In short, the Company believes that in order to maximize the potential of blockchain technology, including use of Digital Assets as currency and the use of blockchain for information processing, what is required is a blockchain network that scales the blockchain sufficiently to support a large enough volume of micro-transactions per recorded block, such that it is profitable enough for participants to secure the network, even at Transaction Fees of less than one cent per transaction. This strategy focuses on building micro-services-based SaaS platforms, so that users big or small can use and be charged for the precise services that they use, even if such services may be less than \$0.01 per use. In order to be profitable, this business model necessarily needs large transaction volumes and is largely dependent on the widespread adoption of digital assets, blockchain technology, and specifically, the BSV network and ecosystem. See "*Risk Factors – Risks relating to the Blockchain and Digital Assets*".

The Company believes the financial crime risk is low for TAAL's transaction processing business. TAAL only provides a data processing service, and TAAL conducts ongoing monitoring of its business relationship with clients on a risk-based approach including scrutiny of transactions to ensure that the transactions being conducted are consistent with TAAL's knowledge of the customer and its business, including where necessary the source of funds and ensuring that the documents, data or information held are kept up-to-date.

Software Development and Intellectual Property Licensing

On August 6, 2020 Taal Tech filed a patent with respect to Secure Token Protocol blockchain technology that allows Tokens to be created natively for the BSV network which underpins its substantiated tokens by actualizing satoshis (STAS) tokenization technology. Such Tokens are Digital Assets that are validated by computers operating on the blockchain directly, unlike more common Data Token Protocol systems which require separate protocol servers. STAS allows developers to create new Digital Assets based on the BSV blockchain similar to how Ethereum smart contracts can be used to create Tokens. The Company believes that BSV has a distinct advantage over Ethereum in terms of cost and superior scalability in both transaction volume/capacity and block size that has been demonstrated on the BSV stress test network (1 gigabyte sustained) and BSV main network (360 megabyte peak) that is unequaled by any other blockchain technology. The Company believes that its STAS technology

represents an opportunity for the migration of legitimate Tokens based on other blockchains and the creation of new Tokens that require enterprise level scaling to the BSV network.

The STAS technology and patent rights were transferred to DIT, which has established a beta testing group of BSV virtual infrastructure developers, including software developers and service providers (e.g. providers of Digital Asset wallets and blockchain explorers and Token validation service providers), that contribute to the BSV ecosystem. Beta testing licensees currently enjoy a royalty free license to use STAS technology. In the future, licensees will be permitted to use the technology for any purpose *other than* the creation of Digital Assets on a royalty free basis as well as to use directly, and the right to sublicense STAS technology, for the creation of Digital Assets in return for a royalty based on the number of Digital Assets created. Licensees will also be required to provide validation services to their clients to whom they have sublicensed STAS technology and collect royalties from such clients on behalf of DIT.

Prior to June 1, 2019, TAAL generated licensing fees by licensing TAAL Orchestrator pursuant to a license agreement with Bigfoot Holdings Group Ltd. ("**CoinGeek**"), an affiliate of Calvin Ayre, for the use by it and its affiliates. That arrangement has since been terminated, and the Company now generates revenue from TAAL Orchestrator indirectly, through the incorporation and use of the software in TAAL POOL.

In the future, the Company intends to expand its licensing services, including by leveraging the access and rights to intellectual property that the Company secured through the strategic licensing agreement with nChain. See "*General Development of the Company's Business - Licencing deal with nChain*".

Business Lines under Development

In addition to the core business lines discussed above, the Company is also in various stages with the development and/or monetization of other offerings, including as set out below:

Blockchain Search Services

On September 15, 2020, Taal Tech, purchased all of the issued and outstanding shares of WhatsOnChain. WhatsOnChain developed proprietary BSV blockchain explorer technology. A blockchain explorer decodes data stored on the BSV blockchain. It acts as a browser for the blockchain, similar to how web browsers like Firefox or Google Chrome are used for browsing Internet web pages. WhatsOnChain proprietary intellectual property also allows users to query the BSV blockchain for specific information, such as block ID, transaction ID and metatags, to retrieve specific blocks and transactions and encode data to the blockchain. Some of these services are currently being offered free of charge. All of the WhatsOnChain technology and intellectual property was transferred to DIT in the first quarter of 2021. TAAL expects to further develop premium services based on the WhatsOnChain technology and offer these in the future with fees based on BSV micropayments for usage.

Blockchain Computing

On April 2, 2020 Taal Tech filed a patent application in the U.K. with respect to a method and device for generating random numbers using blockchain technology. TAAL believes that the computational power being deployed in Blockchain Infrastructure, can be leveraged for blockchain computing, in addition to generating blocks and securing the blockchain. The patent outlines the generation of a significant stream of high-quality random numbers which has, in the past, been cumbersome and expensive due to the need for random environmental inputs. In turn, these high-quality random numbers have multiple use-cases, including complex and advanced computational applications, such as artificial intelligence (AI) modelling scenarios within scientific, medical tracking and research and financial computer simulations that are in high demand. TAAL believes that, via this method, it can deliver an improved environment and random inputs to advanced users of computer-based simulations and AI systems. All of

the intellectual property rights with respect to the patent were transferred to DIT where development of this technology continues.

Competitive Conditions

The enterprise blockchain space, although in its infancy, has attracted attention across many industries. Forecasts suggest that global blockchain technology revenues will experience massive growth and the market is expected to climb to over US\$39 billion by 2025. The financial sector has been one of the quickest to invest in blockchain.¹ Beyond the financial sector, distributed ledgers and other blockchain capabilities are rapidly expanding² and blockchain technology is positioned to do for networks of enterprises and business ecosystems what enterprise resource planning did for the single company.³ Gartner, a leading research and advisory company, conducted a survey of blockchain service providers, which revealed that 14% of enterprise blockchain projects moved into production in 2020, up from 5% in 2019. Gartner expects production use cases to keep growing by double digit percentages in 2021.⁴ Gartner also predicted that by 2021, 90% of enterprise blockchain platform implementations in place in 2019 would require replacement within 18 months to remain competitive, secure and avoid obsolescence.⁵ Fifteen (15%) percent of supply chain transactions are also estimated to use blockchain for the provenance of ethical and sustainable practices to increase digital trust in 2021. And, by 2025, analysis has suggested that 10% of financial institutions will use blockchain technology for know your client compliance to create a transparent, auditable record of entities.⁶

As TAAL is focused on processing blockchain transactions for enterprise on the BSV blockchain, TAAL does not expect its primary competition to arise from other infrastructure providers on the BSV network, but rather from competitive networks and blockchains and competing technologies, including those discussed below. While TAAL believes that the BSV network is the blockchain that will achieve widespread acceptance, providing the scalability and volume required for the Company to achieve its business plans, there can be no assurances that BSV blockchain, or any blockchain, will receive widespread acceptance or use. A contraction in the use of the BSV network, or the widespread adoption of another blockchain protocol, could have a material adverse effect on the Company's business. See "*Risks relating to the Business of the Company – Acceptance and Adoption of Blockchain, Digital Assets and the BSV Blockchain*" and "*Risks relating to the Blockchain and Digital Assets*" for further information.

General

Hyperledger is a competing blockchain platform that offers the necessary framework, standards, guidelines and tools, to build open-source blockchains and related applications for use across various industries. Hyperledger is a 'permission' based or 'private' blockchain, as compared to the BSV blockchain which is a public 'permissionless'

¹Shanhong Liu, *Blockchain technology market size worldwide 2018-2025*, <https://www.statista.com/statistics/647231/worldwide-blockchain-technology-market-size/#statisticContainer>.

² Research and Markets, *Global Blockchain Technology Market Report 2021-2026: Accenture will Lead the Charge for Systems Integration and Companies like Amazon, Dell, HPE, and IBM*, <https://www.globenewswire.com/news-release/2021/02/04/2169614/0/en/Global-Blockchain-Technology-Market-Report-2021-2026-Accenture-will-Lead-the-Charge-for-Systems-Integration-and-Companies-like-Amazon-Dell-HPE-and-IBM.html>.

³ EY, *How public blockchains are making private blockchains obsolete*, https://www.ey.com/en_ca/blockchain.

⁴ Gartner, *3 Blockbuster Blockchain Trends in 2021*, <https://blogs.gartner.com/avivah-litan/2021/01/13/3-blockbuster-blockchain-trends-in-2021/>.

⁵ Finyear, *Gartner Predicts 90% of Current Enterprise Blockchain Platform Implementations Will Require Replacement by 2021*, https://www.finyear.com/Gartner-Predicts-90-of-Current-Enterprise-Blockchain-Platform-Implementations-Will-Require-Replacement-by-2021_a41190.html.

⁶ Susan Galer for Forbes, *Blockchain Trends 2021: How To Build Trusted Business Through Digital Transformation*, <https://www.forbes.com/sites/sap/2020/12/14/blockchain-trends-2021-how-to-build-trusted-business-through-digital-transformation/?sh=13b10aff4eca>.

blockchain. The integrity of the Hyperledger network, unlike permissionless systems, is based on users' trust of the entity managing the database. A compromise of such managing entity would necessarily entail a compromise of the entire network. Additionally, use of Hyperledger entails significant membership fees and the technology has limited scalability possibilities. However, the size of the Hyperledger group, its affiliation with a well-known brand, IBM, and its large marketing team has been a positive driver for legitimizing the blockchain industry as a whole and demonstrating enterprise scale usage cases.

Another competitive platform is Ethereum. Launched in 2015, Ethereum is an open-source, blockchain-based, permissionless software platform used for its own cryptocurrency, 'ether'. It enables smart contracts and distributed applications (DApps) to be built and run without any downtime, fraud, control, or interference from a third-party. There are more developers working on Ethereum than any other blockchain with over €350,000,000 of assets that have been Tokenized through the Ethereum platform.⁷ Microsoft reported over 11,000⁸ of its Ethereum development kits having been downloaded by developers and over 3000⁹ decentralized applications are currently running on the Ethereum platform. Over 200,000 developers¹⁰ are currently working on the Ethereum platform.

Amazon Web Services (AWS), a subsidiary of Amazon, offers managed blockchain hosting services. AWS provides purpose-built tools to support a centralized ledger database that maintains an immutable and cryptographically verifiable record of transactions, or a multi-party, fully managed blockchain network that helps eliminate intermediaries. The AWS platform was launched in July 2002. AWS had \$17.46 billion in annual revenue in 2017. By end of 2018, the number had grown to \$25.65 billion. In 2019, AWS reported 37% yearly growth and accounted for 12% of Amazon's revenue (up from 11% in 2018). AWS clients include Nestle, BMW, and Sony Music, according to the AWS website.

R3 is an enterprise software firm which focuses on distributed database technology. It leads a consortium of over 300 members such as financial institutions, banks, trade associations and fintech companies. R3's Corda platform is an open-sourced private permissioned blockchain platform that enables businesses to transact directly and in strict privacy using smart contracts based on Intel SGX technology to ensure that logic remains private. The Corda platform provides for deployment of blockchain technology behind corporate firewalls and enables clients to use blockchain features within a 'walled-garden' ecosystem which enhances security.

Advantages of Bitcoin SV (BSV)

TAAL, at its core, believes that BSV is the superior blockchain protocol and accordingly, TAAL's infrastructure is dedicated to the BSV blockchain, because of what the Company believes are its significant advantages over competing platforms.

It is important to clarify that while "a Bitcoin", the "Bitcoin protocol", the "Bitcoin blockchain" and the Bitcoin ticker symbol "BSV" are commonly used interchangeably, they are each separate and unique concepts.

As discussed above, see "*Blockchain Industry – Digital Assets and Digital Asset Exchanges – Bitcoin: BTC and BSV*", the Company believes that BSV, or Bitcoin Satoshi Vision, is a true representation to the original Bitcoin as described in the 2008 white paper, *Bitcoin: A Peer-to-Peer Electronic Cash System* published under the pseudonym

⁷ ConsenSys, *How €350M Worth of Real Estate Was Tokenized on Ethereum*, <https://consensys.net/blog/enterprise-blockchain/how-350m-worth-of-real-estate-was-tokenized-on-ethereum/>.

⁸ Microsoft, *Blockchain Development Kit for Ethereum*, <https://marketplace.visualstudio.com/items?itemName=AzBlockchain.azure-blockchain>.

⁹ State of the DApps, *DApp Statistics*, <https://www.stateofthedapps.com/stats/platform/ethereum#new>.

¹⁰ Ryan Daws, *Ethereum officially kicks off its One Million Devs initiative*, <https://developer-tech.com/news/2020/jan/20/ethereum-officially-kicks-its-one-million-devs-initiative/>.

Satoshi Nakamoto. The BSV blockchain was designed to massively scale with big blocks that can hold high volumes of payment transactions and other forms of data to support enterprise applications.

Bitcoin SV is much more than just a Digital Cash to be used for global payments; it is also an immutable global public data ledger that enterprises can use to power blockchain applications that transform their businesses in new and exciting ways. This "Satoshi Vision" was undermined by some prior Bitcoin developers who limited the capabilities of Bitcoin's blockchain in favor of off-chain scaling strategies, but it is finally possible to scale on-chain now that the BSV protocol is being restored to Bitcoin's original design.

The Company believes that BSV is the only protocol that can unleash the true power of blockchain technology. By using Bitcoin's original design, as described in the white paper, and locking down the original protocol, BSV enables application developers and major enterprises to build on top of a stable and regulatory-friendly blockchain much the same way as businesses have built for years on top of a stable Internet protocol.

The key advantages to the BSV include:

Scalability: Only BSV is built for long-term scalability. Its technical UTO design and the economic system of Proof-of-Work provide the structure and incentive to scale. The "Satoshi Vision" was always for Bitcoin to massively scale. BSV currently has a default block cap of 2 GB, but the expectation is for even higher block caps in the near future. The BSV roadmap contemplates a removal of the block cap entirely to let miners configure for themselves, based on what block sizes they will accept. Big blocks are critical to attract big business. Just like companies want a stable platform to build upon, they will only develop enterprise-level applications on a Bitcoin blockchain they know is *scalable* – with throughput capacity established *in advance* to support their high-volume needs. Bigger blocks are also needed to support the increased diversity of transactions, which businesses want to perform, such as token and smart-contract transactions, in addition to simple payments.

Stability: BSV is oriented around a stable protocol giving business a solid foundation. Most other blockchain networks treat protocol like software, adding cost and complexity. BSV seeks to restore Bitcoin to the original protocol. This means re-enabling the original opcodes and removing artificially imposed limits (such as the limit of 201 opcodes per script). This approach rests on the belief that the original Bitcoin protocol has all it needs to sustain a vibrant, scalable network. The Company believes the world's largest enterprises will not invest significant time and resources to build applications on Bitcoin's blockchain if the base protocol may frequently change at the whim of a developer group. TAAL believes that the BSV will restore the original Satoshi protocol, and then keep it stable. Any significant protocol changes after that are anticipated to be rare and implemented only with strong consensus and adequate testing. Developers can experiment *on top* of the base layer rather than change the foundation on which operations are based. BSV offers a Bitcoin protocol that is solid rock, not moving sand. With a solid-rock foundation, global businesses can reliably build robust applications, projects, and ventures upon BSV – just as they reliably build upon the long-stable Internet protocol.

Unowned: By having no owner, BSV is not tied to the success of any one business. Further, there is no entity that can bar, delete, or alter content, making it a public system. This can be contrasted with a network like Hyperledger, which is used to create private blockchains.

Proof-of-Work: Proof-of-Work brings accountability and competition to network operators.

Extensible: BSV comes with a scripting language that can be used for smart contracting and computation. Other Bitcoin forks have removed this functionality.

Compliant: BSV's transparency makes compliant use of the network simple. Some other blockchain networks seek to remove transparency making compliance extremely difficult. For Bitcoin to achieve global adoption, businesses and consumers need confidence that using its currency and blockchain is legally safe. We cannot ignore regulations that govern how a company operates on the Bitcoin blockchain, which is why the BSV ecosystem attracts businesses and applications who want to build in a regulation-friendly environment. BSV's ethos is to act responsibly, respect the law, and attract enterprise usage.

Digital Asset Hashing

The business of Digital Asset Hashing is competitive. The Company competes with other companies, individuals and groups that operate Blockchain Computing Equipment. Blockchain Infrastructure operators range from individuals to professional Hashing operations with dedicated data centers, including those of the kind operated by other Canadian publicly-listed companies like Hut 8 Mining Corp., HIVE Blockchain Technologies Ltd., Bitfarms Ltd. and Core Scientific, Inc. This business can be very volatile. Profitability is based on electricity pricing where operations are located, the network difficulty of Hashing to obtain rewards from time to time and the value of Digital Assets at the time they are realized. As network difficulty increases through additional competitors operating on the relevant blockchain network, returns decrease. Conversely, as Digital Asset prices increase, returns increase. The two factors are related, as the desirability of operating on a particular blockchain network will be influenced by the price of the Digital Assets created on that network thus attracting operators and increasing difficulty (reducing rewards).

Additionally, the necessary Blockchain Computing Equipment requires substantial financial outlay and is typically delivered several months after payment. The same equipment is in demand for operations on all three SHA-256 blockchains and can be difficult to obtain in a timely manner. After delivery and installation, market conditions can diverge significantly from what was projected at the time commitment was made to the operations. See *"Risk Factors – Risks Relating to the Business"*.

Employees

As at December 31, 2019, TAAL and its subsidiaries had 7 employees and 5 consultants. As at the date of this Annual Information Form, TAAL and its subsidiaries had 15 employees and 21 consultants.

Foreign Operations

As at the date of this Annual Information Form, Taal Tech, TAAL's operational subsidiary, conducts and coordinates all of TAAL's operations and marketing and TAAL Trading holds and disposes of all TAAL's Digital Assets. Each of Taal Tech and TAAL Trading have offices in George Town Cayman Islands. In addition, TAAL's foreign operations have expanded include DIT's office in Zug, Switzerland, where TAAL's intellectual property development activities are focused. Accordingly, TAAL is dependent upon foreign operations to conduct its operations, marketing, trading of Digital Assets and to develop its intellectual property.

Both Switzerland and the Cayman Islands have well developed legal systems, sophisticated workforces, good infrastructure and stable economies. See *"Risk Factors – Risks Relating to the Business – Relating to doing Business Internationally"*.

RISK FACTORS

An investment in TAAL involves significant risks that must be considered speculative due to the nature of TAAL's business. Readers should carefully consider the risk factors set out below, the other information described elsewhere in this Annual Information Form and those risks set out in TAAL's most recently filed MD&A before making a decision to buy securities of the Company. If any of the following or other risks occur, the Company's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of the Company could decline and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

Risks Relating to the Business

Acceptance and Adoption of Blockchain, Digital Assets and the BSV Blockchain

Blockchain technologies and Digital Assets represent a new technological innovation and a new asset class, respectively. The use of blockchain technologies and Digital Assets to, *inter alia*, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry. The growth of this industry, and the blockchain technology that supports Digital Assets, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of blockchain technologies and Digital Assets will likely have a direct adverse impact on the Company's operations. To date, BSV and other Digital Assets, and the blockchain technology underlying such Digital Assets, have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets, nor as a widely used and adopted technology, thus limiting the ability of end-users to use such assets and technologies to pay for goods and services, or otherwise. Conversely, a significant portion of the demand for Digital Assets is being generated by speculators and investors seeking to profit from trading or investing in Digital Assets. Such speculation has led to increased price volatility which could adversely impact the demand for Digital Assets and the profitability of blockchain computing activities.

The adoption of Digital Assets will require growth in the usage in and of the blockchain for various applications. Adoption of Digital Assets will also require greater regulatory clarity. A lack of adoption and expansion in the use of Digital Assets and blockchain technologies could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, there is no assurance that Digital Assets generally will maintain their value over the long term. The value of Digital Assets is subject to risks related to its use. If growth in the use of Digital Assets and blockchain technology generally occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A contraction in the use of Digital Assets and blockchain technology may result in increased volatility or a reduction in prices, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The use of blockchain technologies and Digital Assets to, *inter alia*, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry. The growth of this industry, and the blockchain technology that supports Digital Assets, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of blockchain technologies and Digital Assets will likely have a direct adverse impact on the Company's operations. Factors affecting the further development of the blockchain (and, specifically the BSV blockchain), and Digital Asset industries, include, but are not limited to: the continued worldwide growth in the adoption and use of blockchain technology, specifically the BSV blockchain, and Digital Assets; governmental and quasi-government regulation of or restrictions on the use of blockchain technologies and Digital Assets or access to and operation of Digital Assets and blockchain technology systems and networks; the maintenance and development of the open-source software protocol of certain blockchain networks, including the BSV network, used to support Digital Assets; advancements in technology, including computing power, that may render existing blockchain technology and/or specifically the BSV network obsolete or too slow; the use of networks supporting Digital Assets for developing smart contracts and distributed applications; anti-competitive

behavior from traditional financial services; consumer sentiment and perception of blockchain technology and Digital Assets and changes in consumer demographics; public tastes and preferences including the availability and popularity of other forms or methods of buying and selling goods and services; the popularity of other forms or methods of buying and selling goods or services, including new means of using fiat currencies; continued volatility in the trading price of Digital Assets; and general economic conditions and the regulatory environment relating to blockchain technology and Digital Assets.

The Company believes that the BSV blockchain is the blockchain that will achieve widespread acceptance, while providing the scalability and volume required for the Company to achieve its business plans. Accordingly, TAAL has focused its attention and resources on this protocol and on developing fiat-based revenue and business channels dedicated to the custom processes of blockchain data and transaction processing for enterprise customers building upon the BSV blockchain. If the Company is incorrect in its beliefs, and the BSV blockchain is unable to achieve widespread acceptance or use, the Company's business, results of operations and financial condition could be materially adversely affected. In particular, the Company relies solely on the BSV blockchain and there are no assurances that BSV blockchain, or any blockchain, will receive widespread acceptance or use. A contraction in the use of the BSV network, or the widespread adoption of another blockchain protocol, could have a material adverse effect on the Company's business, results of operations and financial condition.

See "*Risk Factors – Risks relating to the Blockchain and Digital Assets*" for further information on the risks relating to the Blockchain and Digital Assets.

COVID-19, Pandemics and Epidemics

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and have a material adverse effect on the Company's business, results of operations and financial condition. In particular, the Company cautions that current global uncertainty with respect to the spread of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) ("**COVID-19**"), which has been declared a global pandemic by the World Health Organization, and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company and its future operations remains unknown, rapid spread of the COVID-19 virus may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, ability to visit operational facilities, results of operations and other factors relevant to the Company. The expected impact on global commerce is anticipated to be far reaching. Management is actively monitoring the situation and is taking appropriate steps as needed to ensure minimal disruption to the Company's operations.

Specifically, the impact of COVID-19 has severely limited management's ability to travel, which, given the global nature of the Company's business, management team and clientele, has impacted the Company's ability to manage its business in a traditional manner. Although the Company has adapted well to the new work-from-home environment, limited travel is suboptimal for managing a growing company with operations across the globe. Furthermore, continuing or worsening global restrictions on travel and other restrictions resulting from the COVID-19 pandemic, may limit the ability of developers on the BSV network to create applications, which in turn may have an adverse effect on the speed of transaction volume growth on and widespread adoption of the BSV blockchain. Difficulty with travel will also limit management's ability to inspect firsthand hosting sites and may delay efforts to obtain Blockchain Computing Equipment.

Moreover, since the start of the global pandemic, many companies have faced issues integrating its employees to work at home situations, as recommended by the World Health Organization. TAAL implemented a remote work policy in February of 2020 and, in part due to the nature of our business and our culture of problem solving, we have experienced minimal disruption to our business due to the global pandemic and related issues.

At present, as is common across many industries and geographies, TAAL could be materially and adversely affected by a range of factors and developments related to COVID-19, largely beyond its control. The extent to which the coronavirus impacts TAAL's business, including its operations and market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The public health impact of the coronavirus, as well as the steps taken by governments and businesses around the world to combat its spread, could have an adverse impact on the global economy. Any such economic downturn, either short-term or prolonged, could impact the Digital Asset market as well. Moreover, global economic uncertainty could lead to delays in the adoption or investment in Digital Assets and the blockchain industry.

To the extent that the COVID-19 pandemic continues and/or worsens, the impacts on the global economy are unpredictable and could have a material adverse effect on the Company's business, results of operations and financial condition. In particular, the continued spread of the coronavirus globally could materially and adversely impact TAAL's business including without limitation, employee health, workforce productivity, increased expenses and other factors that will depend on future developments beyond TAAL's control, which could have a material adverse effect on the Company's business, results of operations and financial condition. Such adverse effect could be rapid and unexpected.

Transaction Volumes

The ability of the Company to derive future revenues and become economically viable, depends, in part, on the Company's ability to achieve sufficiently high levels of transaction volume. The Company's current business model assumes future revenue will be made up primarily of high-volume transaction-based revenue generating streams and various fees for value-added services. The ability to achieve such transaction volumes will be dependent upon a number of factors, including the further development and acceptance of blockchain networks, specifically the BSV network, and the acceptance and adoption of the Company's products and services. In addition, cryptocurrencies and blockchains, generally, face significant scaling obstacles and face high barriers to entry, all of which could affect TAAL's ability to achieve sufficiently high transaction volumes. Transaction volumes may also be affected by global macroeconomic conditions, including rising interest rates or inflation, high unemployment, increasing energy and raw material prices, increased volatility in global capital markets, international conflicts, pandemics (such as COVID-19), sovereign debt concerns, currency devaluation and other matters outside of TAAL's control. The failure of any one of the Company's existing or future business lines to achieve sufficiently high transaction volumes could have a material adverse effect on the Company's business, results of operations and financial condition.

Implementation of the Company's Business Plan

The Company's future growth, profitability and cash flows depend upon its ability to successfully implement its business plan, which in turn is dependent upon a number of factors including the Company's ability to derive value based on its current and planned business lines (as disclosed elsewhere in this Annual Information Form).

There can be no assurance that the Company can successfully derive value on any or all of these business lines in the manner or time period that it expects. Further, achieving these objectives will require investments which may result in short-term costs exceeding short-term revenues and therefore may be dilutive to the Company's earnings. The Company cannot provide any assurance that it will realize, in full or in part, the anticipated benefits that the Company expects its strategies will achieve. The failure to realize those benefits could have a material adverse effect on the Company's business, results of operations and financial condition.

Moreover, the Company's future success will also depend on its ability to effectively control and/or reduce costs. There is no guarantee that the Company will be able to successfully implement effective cost control systems or

otherwise reduce its operating costs, as necessary. If the Company is unable to successfully control its operating costs, it may be forced to discontinue operations.

Fluctuations in Revenue and Operating Results

As a relatively new entrant into a new and fast-evolving industry, the Company's future revenue, if any, is difficult to forecast, likely to fluctuate significantly and may not follow past trends or be indicative of the Company's future performance from quarter to quarter. The Company's future revenue, if any, and results will be influenced by a variety of factors, many of which are outside of the Company's control, including: the widespread adoption and acceptance of blockchain technologies, specifically the BSV blockchain; the prevailing price of Digital Assets; the Hashing rate on the BSV network; the price and availability of electricity; competitive conditions within the industry including changes to technologies, new products or services, and pricing by competitors; the Company's ability to keep its products and services from becoming obsolete, including the obsolescence of blockchain technologies and specifically the BSV blockchain; market acceptance of the Company's services and products; the Company's ability to maintain existing relationships and to create new relationships with channel partners; varying size, timing and contractual terms of orders for services or products, which may delay the recognition of revenue; the discretionary nature of purchase and budget cycles of the Company's customers and changes in their budgets for, and timing of, purchases; strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy; general weakening of the economy resulting in a decrease in the overall profitability of blockchain computing activities or otherwise affecting the capital investment levels of participants; timing of service and product development and new service and product initiatives; and the length and variability of the sales cycles for the Company's services and products. Any of such factors could have a material adverse effect on the Company's business, results of operations and financial condition.

Key Personnel

The Company's business lines are highly dependent on the specialized skill, knowledge, abilities, experience and efforts of a number of key personnel, including the current management team. Should these persons or other key employees be unable or unwilling to continue with the Company, the Company's ability to execute its business strategy may be materially adversely affected. The Company does not have key person insurance in effect for management. If anyone of the current management team, or other key personnel, now or in the future, leaves the Company, it could have a material adverse effect on the Company's business, results of operations and financial condition.

All aspects of the Company's business require specialized skills and knowledge. Currently, TAAL has 36 employees, contractors and management personnel with significant experience, and specialized knowledge and skills, in blockchain computing, transaction processing, intellectual property and software development, Digital Assets legal matters and financing and accounting, all of which is sufficient to operate the Company's various business lines. See "*Directors and Executive Officers – Biographies*" for further details on the Company's directors and executive officers experience and knowledge.

In addition, TAAL's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, technical and sales and marketing personnel. Competition for such personnel is intense and the Company may not be able to attract and retain the personnel necessary for the development of its business. The inability to attract or retain qualified personnel in the future or delays in hiring skilled personnel could harm the Company's relations with its customers and suppliers, which could prevent the Company from executing its business strategy and could have a material adverse effect on the Company's business, results of operations and financial condition.

Constraints on Management's Time and Resources

The Company's growth has placed and may continue to place significant demands on its management and its operational and financial infrastructure. The expansion of the Company's infrastructure will require it to commit financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable service levels for its customers, develop and improve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. Managing the Company's growth will require expenditures and allocation of valuable management resources. Failure to effectively manage growth could result in difficulty or delays in serving customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could have a material adverse effect on the Company's business, results of operations and financial condition.

Negative Operating Cash Flow

The Company has negative cash flow from operating activities and has historically incurred net losses. There is no assurance that sufficient revenues will be generated in the near future. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company will be required to raise additional funds through the issuance of additional equity securities or through loan financing. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all.

If the Company is unable to obtain additional financing from outside sources and eventually generate enough revenues, the Company may be forced to sell a portion or all of the Company's assets or curtail or discontinue the Company's operations. If any of these events happen, investors could lose all or part of their investment.

Limited Operating History

The Company has a limited history of operations on which potential investors might evaluate our performance, in addition the industry in which the Company operates and intends to operate is in its infancy and many of the Company's business lines are nascent. Consequently, the Company is subject to many of the risks common in early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues, any of which could have a material adverse effect on TAAL and may force it to reduce or curtail operations. In addition, the Company has a limited history of earnings, and there is no assurance that any of its future operations, services or products will generate earnings, operate or continue operating profitably or provide a return on investment in the future. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Furthermore, the business lines in which TAAL and its subsidiaries operate are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction in which they operate and, as such, are not assured to be profitable. TAAL is pursuing a number of different opportunities in its evolving industry. It is possible that some, or all, of these opportunities will not result in a profitable business line or a productive use of capital or time. This could result in TAAL becoming involved in business opportunities that are not related to its current business plans or strategy.

TAAL may also launch new business lines and pursue new business opportunities, offer new products and services within existing businesses, or undertake other strategic projects. There are substantial risks and uncertainties associated with these efforts and TAAL and its subsidiaries would need to invest significant capital and resources

into such efforts. Additionally, TAAL's revenue and costs may fluctuate due to start-up costs associated with new business or products and services while revenues may take time to develop, all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Acquisition Risks

One of the Company's strategies to grow its business is to continue to pursue accretive acquisitions of complementary businesses, technologies and services, specifically those operating in, or complementary to companies operating in, the blockchain and Digital Asset industries. This strategy will depend on the Company's ability to find suitable acquisitions and finance them on acceptable terms. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and the Company may not be able to complete acquisitions successfully. The Company may require additional debt or equity financing for future acquisitions. Raising additional capital for acquisitions through debt financing would result in increased interest expense and may involve agreements that include covenants limiting or restricting the Company's ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If the Company raises additional capital for acquisitions through equity financing, the ownership interests of existing shareholders will be diluted.

If the Company is unable to acquire suitable acquisition candidates, it may experience slower growth. Further, even if the Company successfully completes acquisitions, it will face challenges in integrating any acquired business. These challenges include eliminating redundant operations, facilities and systems, coordinating management and personnel, retaining key employees, managing different corporate cultures and achieving cost reductions and cross-selling opportunities. Additionally, the acquisition and integration processes may disrupt the Company's business and divert management attention and its resources. If the Company fails to successfully integrate acquired businesses, services, technologies and personnel, it could impair relationships with employees, customers and strategic partners, distract management attention from the Company's core businesses, result in control failures and otherwise disrupt the Company's ongoing business, any of which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company also may not be able to retain key management and other critical employees after an acquisition. In addition, the Company may be required to record future charges for impairment of goodwill and other intangible assets resulting from such acquisitions.

Negative Publicity

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The Company's reputation is very important to attracting new customers, growing market acceptance and adoption of blockchain technologies and specially the BSV blockchain, as well as selling additional products and services to existing customers. While the Company believes that it, blockchain technology and the BSV network, have good reputations and that it, blockchain technology and the BSV network, provide their customers and users with a superior experience, there can be no assurance that the Company, blockchain technology and the BSV network will continue to maintain their good reputations or avoid negative publicity. Any damage to the Company's, blockchain technologies and/or the BSV network's reputations, whether arising from negative publicity, regulatory, supervisory or enforcement actions, matters affecting financial reporting or compliance with Canadian securities laws, security breaches or otherwise could have a material adverse effect on the Company's business, results of operations and financial condition.

Competition Risks

The Company operates in a competitive and emerging industry. Some of the Company's product and service offerings have competitors, or may in the future have competitors, which are already established with a wider variety of services and products, longer operating histories, greater name and brand recognition, larger customer bases, better technology or data, more computing power, and/or greater financial, technical, sales, marketing and other resources than the Company. This competition may result in reduced prices, reduced margins and longer sales cycles for the Company's services and products, or the Company's products and services becoming obsolete. The Company's competitors may be able to undertake more effective marketing campaigns, obtain more data, adopt more aggressive pricing policies, make more attractive offers to potential employees, customers and advertisers, or may be able to respond more quickly to new or emerging technologies or changes in user requirements. Moreover, the Company's competitors may create shortages in supply of hardware or materials needed for the Company to conduct its business, including its Hashing operations, which in turn may increase the price of such hardware and materials as well as making it more difficult for the Company to obtain such hardware and materials. If the Company is unable to retain customers or obtain new customers, its revenues could decline. If any of the Company's larger competitors were to commit greater technical, sales, marketing and other resources to the Company's markets, the Company's ability to compete would be adversely affected. If the Company is unable to successfully compete with its competitors, the Company's revenues will suffer and as a result the Company's business, results of operations and financial condition may be materially adversely affected.

Regulatory Uncertainty

As Digital Assets and blockchain technologies, including those on the BSV network, have grown in popularity and in market size, governments, regulators, and self-regulators (including law enforcement and national securities agencies) around the world are examining the operations of blockchain and Digital Asset users, platforms and services. To the extent that any Canadian or other government or quasi-governmental agency exerts regulatory authority over the Digital Asset industry, the issuance of Digital Assets, and trading and ownership of, and transactions involving the purchase and sale or pledge of, such assets, may be adversely affected, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Future government and quasi-government regulation of blockchain technologies and Digital Assets and their use, or restrictions on or regulation of access to and operation of blockchain networks, including the BSV network, or other similar systems could affect the viability and expansion of the use of Digital Assets and blockchain technology, including those on the BSV network. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, there is a risk that the Company's blockchain technology, services and products may be subject to widespread and inconsistent regulation. The effect of any future regulatory change on Digital Assets and blockchain technology in general is impossible to predict, but such changes could have a material adverse effect on the Company's business, results of operations and financial condition. The legal status of Digital Assets and blockchain technologies varies substantially from jurisdiction to jurisdiction and is still undefined and changing in many of them, including in Canada. Likewise, various government agencies, departments, and courts have classified Digital Assets and blockchain technologies differently. Consequently, the nature of the Digital Asset and blockchain technology industries at this present stage is highly speculative and changes in laws, regulations, policies, and practices could have a material adverse effect on the Company's business, results of operations and financial condition.

The effect of any future regulatory changes with respect to Digital Assets and blockchain technologies, including those on the BSV network, and consequently the demand for the Company's products and services is impossible to predict, but such change could be substantial and could have a material adverse effect on the Company's business, results of operations and financial condition. Governments may in the future restrict or prohibit the acquisition, use, trading or redemption of Digital Assets or the exchange of Digital Assets into fiat currency. Any material restriction

or prohibition in the use of Digital Assets would likely result in a significant reduction in the profitability of the Company's and in turn the Company's ability to continue to operate.

Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. A failure of the Company's products or services or a failure to appropriately update its products or services to reflect and comply with changes to existing laws or regulations or with new laws or regulations may contribute to violations by the Company's customers of such laws and regulations. If the Company's products and services fail to address relevant laws and regulations, it could be subject to claims by customers as well as potential claims by government agencies. Such claims could result in substantial cost and the Company could incur judgments to enter into settlements of claims that could have a material adverse effect on the Company's business, results of operations and financial condition. This increases the costs of doing business, and any such costs which may arise in the future as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make the Company's services less attractive to its customers, limit the manner in which business is conducted, delay the introduction of new services in one or more regions, or cause the Company to change or limit its business practices. There can be no assurance that the Company will be able to increase fees or reduce its costs to fully offset any increase in costs or reduction in revenues that may result from such amendments, changes in practices or new laws which could have a material adverse effect on the Company's business, results of operations and financial condition. Furthermore, failure of the Company's services to address relevant laws and regulations could result in negative publicity, damage its reputation and brand, hinder its ability to attract new customers and cause the loss of current customers, all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Strategic Relationships

Much of the Company's business plans rely on the Company's ability to enter into and continue partnerships with various supplemental products and service providers. If the Company is unable to enter into or maintain these strategic relationships, the Company's business may be adversely affected. Additionally, the relationships between the Company and its strategic partners may deteriorate due to factors within and beyond the Company's control, such deterioration could have a material adverse effect on the Company's business, results of operations and financial condition. Further, while the Company is active in its recruitment of strategic partners, and its due diligence of such partners, there can be no assurance that the Company will be able to effectively recruit strategic partners or that such strategic partners will have a positive effect on the business and operations of the Company.

The Company could lose customers if competitors or users of competing blockchain technology consolidate with the Company's current or potential customers. Furthermore, the Company's current competitors could become larger players in the market or new competitors could form from consolidations. Any of the foregoing events could put the Company at a competitive disadvantage, which could cause the Company to lose customers, revenue, and market share. Consolidation in the industry could also force the Company to divert greater resources to meet new or additional competitive threats, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Brand Awareness

The Company believes that developing and maintaining widespread awareness of its brand in a cost-effective manner is critical to achieving acceptance of its blockchain products and services and attracting new customers. The Company's marketing efforts are primarily directed at the development of new customers, including increasing brand awareness and market adoption of blockchain technologies, specifically BSV blockchain. Brand promotion activities may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses the Company incurs in building its brand. If the Company fails to successfully promote and maintain its brand, including the promotion and acceptance of the blockchain and specifically the BSV blockchain, or incurs substantial expenses, it may fail to attract or retain customers necessary to realize a sufficient

return on the Company's brand-building efforts, or to achieve the brand awareness that is critical for broad customer adoption of the Company's products and services, and blockchain technology generally.

System Interruptions and Third-Party Suppliers

The satisfactory performance, reliability and availability of the Blockchain Infrastructure is critical to the Company's reputation and its ability to attract and retain customers. Any system interruption that results in the unavailability of the Company's Blockchain Infrastructure or impairs access could result in interruption of operations, loss of customers, diversion of technical and other resources, negative publicity, loss of data, damage to the Company's reputation and brand and cause its business and operating results to suffer. Any one or more of the foregoing occurrences could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may experience temporary system interruptions for a variety of reasons, including network failures, power failures, software errors, an overwhelming number of users trying to access its network or process transactions during periods of strong demand, unauthorized access, computer viruses, human error, natural disasters or acts of sabotage or terrorism. In addition, certain of the Company's computing and Hashing operations and datacenters are hosted by third-party service providers over which the Company has limited control. These arrangements with third-party suppliers may be subject to price fluctuations. Alternative sources of hosting may not always be available or available at acceptable prices. An inability to obtain or maintain third-party suppliers for its hosting capabilities could have a material adverse effect on the Company's business, results of operations and financial condition.

Moreover, the Company depends on third-party service providers to provide continuous and uninterrupted access to the elements of the Blockchain Infrastructure, as well as adequate hosting services for the Company's blockchain operations. The Company has limited control over their performance, which may make the Company's business lines vulnerable to performance failures of its service providers. In addition, if for any reason the Company's relationship with any such third-party were suspended or terminated, the Company may not be able to access its files and data, and if accessed, it would require a significant amount of time to transition the hosting of the Company's datacenters to a new third-party service provider. Because the Company is dependent on third-parties for the implementation and maintenance of certain aspects of its systems and because some of the causes of system interruptions may be outside of its control, the Company may not be able to remedy such interruptions in a timely manner, if at all. As the Company relies on its servers, computer and communications systems and the internet to conduct its business, any system disruptions could negatively impact its ability to run its business and either directly or indirectly disrupt its customers' businesses, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Cyber-Based Attacks and Network Breaches

The Company is highly dependent on its Blockchain Infrastructure to securely process, transmit and store electronic information, including intellectual property, proprietary business information of the Company and that of the Company's customers and suppliers, and personally identifiable information of the Company's customers and employees. Such confidential information resides on the Company's data centers and is transmitted over the Company's network. Advances in computer capabilities, new discoveries in the blockchain industry or other developments may result in a compromise or breach of technology used by the Company to protect confidential information. Servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with the Company's and/or a third-party's computer systems, which could lead to a loss of critical data or the unauthorized disclosure of confidential information.

If the Company is unable to prevent such security or privacy breaches, its operations could be disrupted, or the Company may suffer loss of reputation, financial loss, risk of litigation and other regulatory penalties because of

lost or misappropriated information, including sensitive customer data. The Company may need to expend significant resources to protect against and remedy any potential security breaches and their consequences. If the Company is unable to maintain protections and processes at a level commensurate with that required by its customers, such inability could have a material adverse effect on the Company's business, results of operations and financial condition.

Moreover, there are Canadian and foreign laws regarding privacy and the storing, sharing, use, handling, maintenance, disposal, transmittal, disclosure and protection of personally identifiable information and sensitive data. Specifically, personally identifiable information is increasingly subject to legislation and regulations to protect the privacy of personally identifiable information that is collected, processed and transmitted. Any violations of these laws and regulations may require the Company to change its business practices or operational structure, address legal claims and sustain monetary penalties and/or other harms to its business.

The regulatory framework for privacy issues in Canada and in foreign markets is constantly evolving and is likely to remain uncertain for the foreseeable future. The interpretation and application of such laws is often uncertain and such laws may be interpreted and applied in a manner inconsistent with its current policies and practices or require changes to the features of the Company's product and services. If either the Company or its third-party service providers are unable to address any privacy concerns, even if unfounded, or to comply with applicable laws and regulations, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada), it could result in additional costs and liability, damage the Company's reputation and harm its business.

Intellectual Property

The protection of the Company's intellectual property rights, including its technology, is crucial to the success of its business. The Company relies on a combination of copyright, trademark and trade secret law and contractual restrictions to protect its intellectual property. The Company may, in the future, obtain patents for elements of its intellectual property, where appropriate. The Company's intellectual property rights, including future patents, may provide only limited protection for its technology and may not be sufficient to provide competitive advantage to the Company. Furthermore, management cannot assure investors that any patents will be issued to the Company as a result of any current or future patent applications, or that any issued patents will be valid or enforceable. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's technology or obtain and use information that the Company considers proprietary. Policing the Company's proprietary rights is difficult and may not always be effective.

Competitors may adopt service names similar to the Company's own, thereby impeding the Company's ability to build brand identity and possibly leading to customer confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the Company's trademarks.

Litigation before the courts or proceedings before other governmental authorities and administrative bodies in Canada or any jurisdiction in which the Company operates or intends to operate may be necessary in the future to enforce the Company's intellectual property rights, protect its patent and copyright rights, trade secrets and domain names and determine the validity and scope of the proprietary rights of others. The Company's efforts to enforce or protect its proprietary rights may be ineffective and could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, results of operations and financial condition.

Confidentiality Agreements and Trade Secrets

In order to protect the Company's technologies and processes, the Company relies in part on confidentiality agreements with its employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information, including trade secrets, and may not provide an adequate

remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover the Company's trade secrets and proprietary information, and in such cases the Company could not assert any trade secret rights against such parties. To the extent that the Company's employees, contractors or other third-parties with whom it does business use intellectual property owned by others in their work for the Company, disputes may arise as to the rights in related or resulting know-how and inventions. The loss of trade secret protection could make it easier for third-parties to compete with the Company's product and services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise the Company's ability to enforce its trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights, and failure to obtain or maintain protection of its trade secrets or other proprietary information could have a material adverse effect on the Company's business, results of operations and financial condition.

Third-Party Proprietary Rights and Licenses

As the Company develops and expand its blockchain products and services, the Company may become increasingly subject to infringement claims from third-parties. Likewise, if the Company is unable to maintain adequate controls over how third-party software and data are used, the Company may be subject to claims of infringement. While the Company does not believe its blockchain computing activities and other products and services will infringe on the proprietary rights of third-parties, there can be no assurance that third-parties will not claim such infringement by the Company with respect to the Company's products currently under development or future products. Any claims, whether with or without merit, could: be expensive and time consuming to defend; cause the Company to cease making, licensing or using applications that incorporate the challenged intellectual property; require the Company to redesign its products, services and applications; divert management's attention and resources; and require the Company to enter into royalty or licensing agreements in order to obtain the right to use necessary technology.

Any one or more of the foregoing outcomes could have a material adverse effect on the Company's business, results of operations and financial condition. Additionally, the Company may be liable for damages for past infringement if a court determines that the Company's software or technologies infringe upon a third-party's patent or other proprietary rights.

In addition, from time to time, the Company may require third-party technology licenses to develop new products or product enhancements. Third-party licenses may not be available to the Company on commercially reasonable terms or at all or may require the Company to secure substitute technology of lower quality or performance standards, or at greater cost, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Open-Source Software

Some of the Company's services and technologies may incorporate software licensed under so-called "open-source" licenses. In addition to risks related to license requirements, usage of open-source software can lead to greater risks than use of third-party commercial software, as some open-source licensors do not provide warranties or controls on the origin of the software. Additionally, open-source licenses typically require that source code subject to the license be made available to the public and that any modifications or derivative works to open-source software continue to be licensed under open-source licenses. These open-source licenses typically mandate that proprietary software, when combined in specific ways with open-source software, become subject to the open-source license. If the Company combines its proprietary software with open-source software, it could be required to release the source code of its proprietary software.

The Company relies on multiple software programmers to design its proprietary technologies, and although the Company takes steps to prevent its programmers from including open-source software in the technologies and software code that they design, write and modify, the Company does not exercise complete control over the

development efforts of its programmers, and the Company cannot be certain that its programmers have not incorporated open-source software into its proprietary services and technologies or that they will not do so in the future. In the event that portions of the Company's proprietary technology are determined to be subject to an open-source license, the Company could be required to publicly release the affected portions of its source code, re-engineer all or a portion of its technologies, or otherwise be limited in the licensing of the Company's technologies, each of which could reduce or eliminate the value of its services and technologies and could have a material adverse effect on the Company's business, results of operations and financial condition.

Rapidly Changing Technology and Innovations

The market for the Company's services and products, specifically the market for blockchain technologies including those relating to the BSV network, is characterized by rapidly changing technology, evolving industry standards and increasingly complicated customer requirements which can quickly render existing services and products obsolete, unmarketable and exert downward pressures on prices. The Company's success will therefore be dependent on its ability to anticipate and quickly react to changes in technology or industry standards and successfully develop and introduce new, enhanced and competitive services and business lines on a timely basis. There are no assurances that the Company will successfully develop new services, business lines, or enhance and improve existing business lines, that new or enhanced and improved business lines, services or products will be feasible, profitable or achieve market acceptance, or that the introduction of new products or enhanced products by others, including the success of alternative blockchain technologies and blockchain networks other than the BSV network, will not render the Company's business lines obsolete. If the Company cannot develop business lines, services or products that are competitive in technology and price and that meet customer needs, the Company's business, financial condition and results of operations could be materially adversely affected.

Profitability of Hashing Operations

If Digital Asset rewards and transaction fees relating to blockchain computing operations are not sufficiently high to incentivize blockchain computing activities or to cover costs associated with hosting, parties engaging in blockchain computing may cease expending processing power to solve blocks and confirmations of transactions on a given Digital Asset blockchain could be slowed. The Company's operations may be subject to certain minimum fees and/or penalties owing to hosting providers should operations be reduced.

As discussed elsewhere in this Annual Information Form, the Company does not see a profitable future for companies that are focused solely on, or primarily reliant on, Hashing activities as their primary revenue driver. Accordingly, TAAL is shifting towards a Transaction Processing business model. There can be no assurances that the Company's shift will be successful. Further, there can be no guarantees that the Company's beliefs around the future viability of Digital Asset Hashing will be correct, nor can there be any guarantee that if the Company continues to pursue its Digital Asset Hashing operations that such operations will remain profitable. Any of these events could have a material adverse effect on the Company's business, results of operations and financial condition. See "*Narrative Description of the Company's Business – Our Business Focus*".

Electricity Supply and Hashing Operations

Our Hashing operations and other blockchain services consume a significant amount of energy to process the computations, transactions and to cool down mining hardware. A steady and inexpensive power supply is crucial to the efficient and economically viable operation of TAAL's business. While TAAL currently has access to adequate power sources, there can be no assurances that the Company's operations will not be affected by power shortages or an increase in energy prices in the future. In particular, our power supply and Hashing operations could be disrupted by natural disasters, such as floods, fires, inclement weather, mudslides, earthquakes, or other similar events beyond the control of the Company or its suppliers, any of which could result in damage to, or destruction of, computing and/or Hashing equipment, damage to life or property, environmental damage, and possible legal

liability for which the Company may not be insured or is underinsured for. Additionally, government regulators may potentially restrict or limit the ability of electricity suppliers to provide electricity to Hashing operations, such as ours. Energy prices can experience significant volatility and there can be no assurances that they will not increase significantly in the future. Further, the Company may experience power shortages due to seasonal variations in the supply of power. Power shortages, power outages or increased costs of power could have a material adverse effect on the Company's business, results of operations and financial condition.

Traditional Financial Service Providers

A number of companies providing blockchain and Digital Asset-related products and services have had challenges finding banks and insurance companies willing to provide them with banking and insurance services, and a number of blockchain and Digital Asset-based companies have had their existing bank accounts closed by their banks for various reasons. Banks and insurance companies may not provide banking or insurance services, or may cut off banking or insurance services, to businesses that provide blockchain and/or Digital Asset-related products and services or to those that accept Digital Assets as payment for a number of reasons, such as perceived compliance risks or costs. The inability to open bank accounts or to obtain insurance may make it difficult to operate the Company's Digital Asset operations. In addition to banks and insurance companies, other third-party service providers including accountants and lawyers may also decline to provide services to companies engaged in blockchain and Digital Asset related business because of the perceived risk profile associated with such business or the lack of regulatory certainty. The failure of blockchain and Digital Asset related businesses to obtain necessary services could have a material adverse effect on the Company's business, results of operations and financial condition.

Additional Capital Requirements

Although the Company believes it will have sufficient funds to fund its business lines and to progress its business plans for the foreseeable future, the Company may need to raise additional funds through public or private debt or equity financings in the future to fund ongoing operations, take advantage of opportunities, including more rapid expansion of the business or the acquisition of complementary products, technologies or businesses, develop new products, respond to competitive pressures and for general corporate and working capital purposes. Any additional capital raised through the sale of equity will dilute the percentage ownership of the Company of each shareholder and such dilution may be significant. Any additional capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the Company's conduct of its business. Upon bankruptcy or liquidation, holders of the Company's debt securities and lenders with respect to any other borrowings will each be entitled to receive a distribution of the Company's available assets prior to the holders of the Common Shares. Furthermore, there is no assurance that the Company will be successful in obtaining the required financing for these or other purposes when needed on reasonably commercial terms or at all. A failure to obtain additional financing could prevent the Company from making expenditures that may be required to grow or maintain its operations, resulting in delay or indefinite postponement of its business plans.

Moreover, if, whether by reason of changes in law, regulation or interpretation, or by reason of TAAL's or its subsidiaries conduct, TAAL becomes unable to sell securities to investors in particular jurisdictions, the liquidity and market price of the Common Shares would be negatively impacted, which would make it more difficult for TAAL to sell additional Common Shares or otherwise raise capital. Such difficulties could lead to the bankruptcy or insolvency of TAAL, which may lead to material or complete losses for holders of Common Shares.

Indebtedness and Future Debt Offerings

The Company has and anticipates having indebtedness. Its ability to make payments of principal and interest on its debt will depend on its future operating performance and its ability to enter into additional debt and equity financings which, to a certain extent, is subject to economic, financial, competitive and other factors beyond the Company's

control. If, in the future, the Company is unable to generate sufficient cash flows to service its debt, the Company may be required to refinance all or a portion of its existing debt or obtain additional financing. Furthermore, borrowing rates are near historical lows in Canada. An increase in interest rates would result in higher interest expense on any borrowing tied to variable rates of interest, partially offset by lower current or deferred income tax expense. There can be no assurance that any such refinancing would be possible or that any additional financing could be obtained on terms acceptable to the Company or at all. The inability to obtain additional financing, or financing at interest rates acceptable to the Company, could have a material adverse effect on the Company's business, results of operations and financial condition and any additional equity financing would result in the dilution of shareholders.

Risks Relating to doing Business Internationally

The Company is subject to risks generally associated with doing business in international markets. Conducting business in existing and new international jurisdictions does and will require management's attention and financial resources, which would otherwise be spent on other parts of the business. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Company's business, results of operations and financial condition and include without limitation:

- adverse currency rate fluctuations;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Company's ability to repatriate non-Canadian earnings in a tax effective manner;
- the imposition of Canadian, United States and/or other international sanctions against a country, company, person or entity with whom the Company does business that would restricts or prohibits the Company's continued business with the sanctioned country, company, person or entity;
- downward pricing pressure on our products in the Company's international markets, due to competitive factors or otherwise;
- political, social or economic unrest or instability, including without limitation military conflicts and acts of terrorism, military repression, war or civil war, social and labour unrest, organized crime, hostage-taking and violent crime;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; and
- difficulties in enforcing or defending intellectual property rights.

Moreover, governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Furthermore, some of the Company's operations and sales are conducted in parts of the world that experience illegal sales practices or corruption or are operated under legal systems susceptible to undue influences to some degree. Although the Company has policies and procedures in place that are designed to promote legal and regulatory compliance, the employees, business partners and consultants of the Company could take actions that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could result in loss, reduction or expropriation and/or a material adverse effect on the Company's business, results of operations and financial condition.

Furthermore, the Company's experience with selling products and services in its current international markets may not be relevant or may not necessarily translate into favourable results if it sells in other international markets. If

and when the Company enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Company's brand and/or different customer requirements. As a result, the Company may be less successful than expected in expanding sales in its current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Company's overall growth and profitability. To build brand awareness in these new markets, the Company may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets. These or one or more of the other factors may harm the Company's business, results of operations or financial condition. Any material decrease in our international sales or profitability could also adversely impact the overall business, results of operations or financial condition of the Company.

The Company will continue to monitor developments and policies in the emerging markets in which it will operate and assess the impact thereof to its business lines, however such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Anti-Money Laundering and Corrupt Business Practices

The Company may conduct business in regions which have experienced high levels of business corruption and other criminal activity. The Company and its personnel are required to comply with applicable anti-bribery laws, including the Canadian *Corruption of Foreign Public Officials Act*, as well as local laws in all areas in which the Company does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering terrorism financing and sanctions circumvention and corruption. The failure of some of the governments where the Company does business to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in those countries could adversely affect ability of those countries to attract foreign investment and thus have a material adverse effect on its economy which in turn could have a material adverse effect on the Company's business, results of operations and financial condition. Moreover, findings against the Company, the directors, the officers or the employees of the Company, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against the Company, the directors, the officers or the employees of the Company. Any government investigations or other allegations against the Company, the directors, the officers or the employees of the Company, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company seeks to implement AML measures, counter terrorism financing ("CFT"), 'know your client' ("KYC"), sanctions policies, and other policies and procedures that are consistent with Canadian, Cayman Islands, and applicable foreign laws and regulations surrounding AML matters, foreign corrupt practices and terrorist financing. Nonetheless, the Company may not be able to prevent illegal or corrupt activity from occurring on or through its services. The use of cryptocurrencies and Digital Assets for illegal purposes on or through the Company's services, or allegations or investigations with respect to potential such use, could result in significant legal and financial exposure to the Company, including permanent damage to the Company's reputation. Moreover, the Company manages operations for customers in countries where risks of sanctions under Canadian or other foreign laws is likely, including Russia and China, whether or not the Company is involved in AML or other corrupt practices investigations. Due to the pseudonymous nature of blockchain transactions the Company may inadvertently without its knowledge engage in transactions with persons named on sanction lists. As the Company's business requires the Company to download and retain one blockchain to effectuate its ongoing business, it is possible that such digital ledger contain prohibited depictions. To the extent government enforcement authorities or regulators may enforce these and other laws and regulations that are impacted by decentralized distributed ledger

technology, the Company may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm our reputation and affect the value of our securities.

The Company currently does and will in the future rely on third-party service providers to assist it in complying with AML, CFT and sanctions matters, and other corrupt practices legislation, and there can be no assurances that such service provides will detect or prevent all real or potential illegal activity or comply with all aspects of applicable law and regulation. Any failure of the Company or its service providers to comply with AML, CFT, sanctions, KYC or other foreign corrupt practices legislations or regulations could have a material adverse effect on the Company's business, results of operations and financial condition.

Property and Other Insurance Risks

The Company's operations and computing equipment, including its Hashing operations, are subject to all of the hazards and risks normally encountered for computing equipment, blockchain and Digit Assets, including Digital Asset Hashing, companies. Such hazards include the loss of computing and Hashing equipment resulting from natural disasters, including floods, fires, inclement weather, mudslides, earthquakes, or other similar events beyond the control of the Company or its suppliers, any of which could result in damage to, or destruction of, computing and/or Hashing equipment, damage to life or property, environmental damage, and possible legal liability for which the Company may not be insured or is underinsured for. Further, any failure in TAAL Orchestrator's software including its ability to effectively manage our blockchain network, could have a material adverse effect on the Company's business, results of operations and financial condition.

While the Company maintains director and officer insurance, the Company otherwise has no material liability insurance coverage, business interruption or property insurance. Instead, we self-insure. If we incur losses that are material, our business, operating results and financial condition could be adversely affected, and we may not have recourse to an insurer. Even in the case of a loss for which that the Company maintains insurance, there is no guarantee that any such insurance coverage will be sufficient or that insurance proceeds will be paid to us.

Changes in Accounting Standards or Interpretations

The Company routinely makes accounting estimates and judgments in the ordinary course of business. Such accounting estimates and judgments will affect the reported amounts of its assets and liabilities at the date of its financial statements and the reported amounts of its operating results during the periods presented. Additionally, the Company interprets the accounting rules in existence as of the date of its financial statements when the accounting rules are not specific to a particular event or transaction. IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Company's business, including revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. There has been limited precedent to date set for financial accounting of blockchain technology companies and Digital Assets. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change the Company's reported financial performance or financial condition in accordance with generally accepted accounting principles.

If the underlying estimates are ultimately proven to be incorrect, subsequent adjustments could have an adverse effect on the Company's operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments could require the Company to restate its historical financial statements. The Company continually reviews accounting rules and regulations and works with its auditors and third-party experts on all significant accounting and valuation matters. Moreover, the Company's implementation of and compliance with changes in accounting rules and interpretations could adversely affect the Company's reported financial position or operating results or cause unanticipated fluctuations in the Company's reported operating results in future periods. The accounting rules and regulations that the Company must comply with are complex and continually changing.

The Company cannot predict the impact of future changes to accounting principles on its financial statements going forward.

Public Company Risks

As a public company whose Common Shares currently trade and are listed on the CSE, TAAL incurs significant legal, accounting, investor relations and other expenses in respect of its status as a publicly listed company. The Company also has incurred and will incur costs associated with current corporate governance requirements, including requirements implemented by the applicable securities regulatory authorities, the CSE. TAAL incurs and will incur significant costs as a result of compliance with these public company requirements, which will require substantial attention from the Company's management team and could divert their attention away from the day-to-day management of the Company's business.

As a company in the Digital Asset industry, TAAL may experience higher-than-anticipated operating expenses as well as higher independent auditor and consulting fees and may need to hire additional qualified personnel to continue to satisfy these public company requirements. If TAAL is unable to satisfy its obligations as a public company, TAAL could be subject to a de-listing of its Common Shares, fines, sanctions or other detrimental regulatory actions.

Changes in Tax Laws

The Company is subject to federal, provincial and local income taxes in Canada and in foreign jurisdictions. The Company's future effective tax rates and the value of its deferred tax assets could be adversely affected by changes in tax laws. In addition, the Company is subject to the examination of its income tax returns by the Canadian Revenue Agency and other tax authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of its provision for income tax. Significant judgment is required in determining the Company's worldwide provision for income taxes. Although the Company believes it has made appropriate provisions for taxes in the jurisdictions in which it operates or will operate in, changes in the tax laws or challenges from tax authorities under existing tax laws could have a material adverse effect on the Company's business, results of operations and financial condition.

Holding Company Risks

The Company is a holding company and a substantial portion of its assets are the share of Taal Tech and DIT. As a result, investors in the Company are subject to the risks attributable to the Company's current and future subsidiaries. As a holding company, the Company conducts substantially all of its operating business through Taal Tech, which generates and will generate substantially all of its revenue for the foreseeable future. Consequently, the Company's cash flows are dependent on the earnings of Taal Tech and its other subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, including Taal Tech, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Risks relating to the Blockchain and Digital Assets

Uncertainty in the Market for Blockchain Technologies and Digital Assets

The market for blockchain technologies, including the market for blockchain technologies underlying the BSV network, is still emerging and the market demand, price sensitivity and preferred business model for performing

blockchain computing activities, generally and on the BSV network specifically, remains highly uncertain. As such, the Company's growth will be dependent on, among other things, the size and pace at which the blockchain computing industry develops (which, in turn, is largely dependent upon the continued growth and demand for Digital Assets, including BSV, and blockchain technologies). If this market does not gain widespread acceptance and declines, remains constant or grows more slowly than anticipated, the Company may not be able to grow, and its overall revenues and operating results will be materially and adversely affected. In addition, other competing technologies may be developed that have advantages over the Company's products and services, and manufacturers of other products or developers of other services based on these competing technologies may be able to deploy their products and services at a lower cost enabling them to compete more effectively.

Volatility in the Prices of Digital Assets

The prices of Digital Assets have historically been subject to dramatic fluctuations and are highly volatile. A decline in the prices of such Digital Assets and extreme volatility could have a material adverse effect on the Company's business, results of operations and financial condition. A significant portion of demand for Digital Assets is generated by speculators and investors seeking to profit from short or long-term holding of these assets. Such speculation may inflate and make the price of the applicable Digital Asset more volatile.

Several factors may influence the market prices of Digital Assets, including, but not limited to: the ability of the Digital Assets to trade in a secondary market, if at all; the availability of a Digital Asset exchange or other trading platform for Digital Assets; global Digital Assets on the network and the Digital Asset supply and/or demand; global Digital Assets on the network and demand for the Digital Assets, which can be influenced by the growth of applications on the network, new types of Digital Assets, growth of businesses making use of the network and Digital Assets; general acceptance of Digital Assets by retail merchants and commercial businesses, for example, as payment for goods and services, general adoption of online Digital Asset exchanges and digital wallets that hold Digital Assets, the perception that the use and holding of Digital Assets as safe and secure, and the regulatory restrictions on their use; purchasers' expectations with respect to the rate of inflation; changes in the software, software requirements or hardware requirements underlying the Digital Assets; changes in the rights, obligations, incentives, or rewards for the various holders of the Digital Assets; interest rates; currency exchange rates, including the rates at which Digital Assets may be exchanged for fiat currencies; government-backed currency withdrawal and deposit policies of Digital Asset exchanges; interruptions in service from or failures of major Digital Asset and security exchange on which Digital Assets are traded; investment and trading activities of large purchasers, including private and registered funds, that may directly or indirectly invest in Digital Assets; coordinated algorithmic behavior, including trading, by a large pool of Digital Asset holders; monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, if any, that affect the use of Digital Assets; global or regional political, economic or financial events and situations; and expectations among participants that the value of Digital Assets will soon change.

Irrevocability of SHA-256 Blockchain Transactions

Digital asset transactions are irrevocable and stolen or incorrectly transferred Digital Assets may be irretrievable. Digital asset transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of Digital Asset or a theft of Digital Asset generally will not be reversible, and the Company may not be capable of seeking compensation for any such transfer or theft. To the extent that the Company is unable to seek a corrective transaction with the third-party or is incapable of identifying the third-party that has received the Company's Digital Assets through error or theft, the Company will be unable to revert or otherwise recover incorrectly transferred Digital Assets. The Company will also be unable to convert or recover Digital Assets transferred to uncontrolled accounts.

Internet Infrastructure

The success of blockchain and other Digital Assets platforms will depend on the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Digital assets have experienced, and are expected to continue to experience, significant growth in the number of users and amount of content. There can be no assurances that the relevant Digital Asset and Blockchain Infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. The failure of these technologies or platforms could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Associated with the BSV Digital Asset Network.

The open-source structure of SHA-256 blockchain network protocols means that the core developers and other contributors of and to each blockchain network are generally not directly compensated for their contributions in maintaining and developing the blockchain network protocol. A failure to properly monitor and upgrade the blockchain network protocol or insufficient maintenance and development of open-source software protocols of blockchain networks could damage such networks, including the BSV network.

The core developers of an SHA-256 blockchain network can propose amendments to the blockchain network's source code through software upgrades that alter the protocols and software of the blockchain network and the properties of Digital Assets, including the irreversibility of transactions and limitations on the creation of new Digital Assets. Proposals for upgrades and related discussions take place on online forums, including, for example, GitHub.com and Bitcointalk.org. To the extent that a significant majority of the users and operators on a blockchain network install such software upgrade(s), the blockchain network would be subject to new protocols and software.

The acceptance of blockchain network software patches or upgrades by a significant, but not overwhelming, percentage of the users and operators of the blockchain network could result in a "fork" in the blockchain protocol underlying the network, resulting in the operation of two separate networks. Without an official developer or group of developers that formally control a blockchain network, any individual can download the relevant network software and make desired modifications, which are proposed to users and operators on the blockchain network through software downloads and upgrades, typically posted to development forums. A substantial majority of operators and Digital Asset users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the blockchain network. There is no guarantee the BSV blockchain on which the Blockchain Computing Units operate will not be adversely affected by a modification or the failure of a modification to be implemented.

Cyberattacks and other Security Breaches on a SHA-256 based Blockchain

The structural foundations of blockchain and Digital Assets, and the software applications and other interfaces or applications that are anticipated to be built upon them, are unproven, and there can be no assurances that any blockchain, including the BSV blockchain, and the creation, transfer or storage of Digital Assets thereon will be uninterrupted or fully secure, which may result in impermissible transfers of Digital Assets, a complete loss of users' Digital Assets or an unwillingness of users to access, adopt and utilize Digital Assets and/or blockchain. Moreover, Digital Assets, blockchain and the decentralized applications using any Digital Asset network (and any technology, including blockchain technology, on which they rely) may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software, Digital Assets or blockchain, which may result in the loss or theft of Digital Assets. These attacks may include but may not be limited to the following:

- "**51% attacks**" is an attack that occurs when an attacker controls a majority of the computing power for a particular blockchain. A group of computers that successfully obtain this computing power, either individually or as part of a blockchain computing pool, may prevent other computers from completing blocks, theoretically allowing themselves to monopolize the formation of new blocks and blockchain computing the rewards; they can block other users' transactions; or they can make it appear as though they still have Digital Assets that have been spent, which is known as a "double-spend attack." Successful 51% attacks have been launched against blockchains other than the BSV blockchain, and it has been reported that the blockchain computing pool ghash.io briefly exceeded 51% of the computing power on the bitcoin network, although not as part of an attack. A 51% attack may also allow an attacker to use its monopoly over new blocks to "censor" other users' transactions by actively preventing them from being written to the blockchain.
- A "**finney attack**" is an attack that occurs when an attacker enters into a transaction but does not announce it to the network. In this case, a blockchain computing operator can double-spend Digital Assets by transferring them to another user (for example, a merchant website); and then create a new block with a double-spend of those same Digital Assets; for the attack to be successful, this block must be released so that it is added to the blockchain before the target user's transaction. Once the block that the attacker releases is accepted, the legitimate transaction will not be accepted and the honest user will not receive the Digital Assets, thereby being out of a payment. Typically, developers and users who accept "quick transactions" (transactions that are accepted before the counterparty can confirm that the transaction has been written to the correct version of the blockchain) when accepting payment on the network are vulnerable to this type of attack. These attacks can be avoided by requiring that several additional network operations to be written to the blockchain following any given transaction before considering that transaction complete; developers may be incentivized not to do so, however, to allow for quicker processing of network operations on their application.
- Selfish-blockchain computing attacks occur when a computing operator with less than 50% of the total computing power on a SHA-256 based blockchain successfully computes a new block and starts adding a new block to a 'private' version of the blockchain, that is not shared with the network. Over time, with enough attempts, the attacker can temporarily develop private versions of the blockchain that are longer than the public blockchain. Because the core nodes of the Digital Asset network are programmed to accept the longest version of the blockchain on the network as the correct one, this private blockchain, once made public, may gain acceptance from the network over the existing (shorter) public blockchain. A sufficiently powerful selfish computing operator with as little as 25% of the computing power on the Digital Asset network could theoretically use this attack to win more Digital Asset rewards than an honest computing operator with the same computing power. This could disrupt the operation of blockchain computing mechanisms, which could lead to disruptions in the normal operation of blockchain and could lead to slowdowns and erratic behavior on the Digital Asset network. As a result, users and developers could be discouraged from participating in the network, and demand for, and the value of, one's Digital Assets could be reduced.
- A "**Sybil attack**" problem, which refers to a situation where a single unique user masquerades as multiple independent network nodes or users. This type of attack is difficult to defend against, even in theory, and may be used to game systems where distributions of rewards or allocation of votes are designed to be based on unique user identities as opposed to ownership of network nodes. Malicious users who are able to pretend to be different users controlling many online accounts can subvert the system to receive Digital Assets as rewards. As a result, users and developers could be discouraged from participating in the network, and demand for, and the value of, one's Digital Assets could be reduced.

Such attacks may adversely affect any blockchain in the specific ways described above, and by creating reduced trust in the integrity of the Digital Asset network, creating bad publicity, and ultimately reducing demand for

decentralized applications on the Digital Asset network. In addition, while SHA-256 blockchain networks require a public key relating to a digital wallet to be published when used in a spending transaction, private keys must be safeguarded and kept private in order to prevent a third-party from accessing the Digital Assets held in such wallet. To the extent a private key is lost, stolen, destroyed or otherwise compromised or rendered inaccessible, and no backup of the private key is accessible, the Company will be unable to access the Digital Assets held in the related digital wallet and the private key will not be capable of being restored by the relevant blockchain network. Due to the decentralized process for transferring BSV, thefts can be difficult to trace, which may make BSV a particularly attractive target for theft. Such a security breach, or indeed any loss of access to the Company's BSV, could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Relating to Holding Digital Assets

Security breaches, computer malware and other computer hacking attacks have been a prevalent concern in the trading of Digital Assets on Digital Asset exchanges. Any security breach or other data security incident caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, the inadvertent transmission of computer viruses or other malware, other forms of malicious attacks, or via other means, including phishing attacks and other forms of social engineering, or malfeasance or negligent acts of the Company's personnel, could result in loss of Digital Assets.

In addition, the operation of any element of the Digital Assets network or any other electronic platform may be severely and adversely affected by the malfunction of its technology and the technology of third-parties. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as a result of a design flaw in the design and operation of the network or platform. Moreover, because BSV transfers are irreversible, an improper transfer, for example by accident, fraud or theft, can only be undone by the receiver of BSV agreeing to return such BSV. To the extent the Company improperly transfers BSV to the wrong recipient, the Company may be unable to recover such BSV, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Transactions Records on Blockchain Hashing Computers

To the extent that any blockchain Hashing computer or applicable software ceases to record transactions in solved blocks, such transactions will not be recorded on the blockchain until a block is solved by a Hashing computer that does not require the payment of transaction fees. Currently, there are no known incentives for a Hashing operator to elect to exclude the recording of transactions in solved blocks. However, to the extent that any such incentives arise (for example, a collective movement among Hashing operations or one or more blockchain Hashing Pools forcing Digital Asset users to pay transaction fees as a substitute for, or in addition to, the award of new Digital Assets upon the solving of a block), Hashing computers could delay the recording and confirmation of a significant number of transactions on the blockchain. If such delays became systemic, it could result in greater exposure to double-spending transactions and a loss of confidence in the Digital Asset network. Such delays could also cause the Company to be in breach of its service level commitments to customers.

General Risks

Economic, Financial and Geopolitical Risks

The financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Financial developments unrelated to the Company or to its industry may materially adversely affect the Company over the course of time. Volatility in the market price of the Common Shares due to unrelated financial developments could hurt the Company's ability to raise capital for the financing of acquisitions or other reasons. A reduction in access to capital, combined with reduced economic activity, may materially

adversely affect businesses and industries that collectively constitute a significant portion of the Company's customer base. As a result, these customers may need to reduce their purchases of the Company's products or services, or the Company may experience greater difficulty in receiving payment for the products or services that these customers purchase from it. Any of these events, or any other events caused by turmoil in world financial markets, could have a material adverse effect on the Company's business, results of operations and financial condition.

Further, the market for the Company's products and services will depend, in part, on geopolitical conditions affecting the broader market. The Company may be required to relocate assets and the costs associated with such relocation could be substantial. Acts of terrorism and the outbreak of hostilities, wars or armed conflicts between countries can create geopolitical uncertainties that may affect the global economy. Downturns in the economy or geopolitical uncertainties may cause the Company's customers to delay or cancel projects, reduce their overall capital or operating budgets or reduce or cancel orders for products or services, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Conflicts of Interest

Certain of the officers, directors and consultants of the Company are also directors, officers or shareholders of other companies or act for other companies in other capacities. Such associations may give rise to conflicts of interest from time to time. Additionally, the involvement of officers, directors and consultants in other projects and business may reduce the time and effort they can expend on the business and interests of the Company. See "*Cease Trade Orders, Bankruptcies, Penalties or Sanctions – Conflicts of Interest*".

The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company's current principal shareholder, Mr. Calvin Ayre, holds significant voting power in the Company and the interests of Mr. Ayre could potentially conflict with or differ from the interests of the Company's other shareholders. The Company has in the past, currently, and may in the future enter into agreements with entities related to, controlled by, or in which Mr. Ayre has an interest, for services or as a customer. Moreover, our principal shareholder may have other business interests in the blockchain and cryptocurrency industries. Accordingly, conflicts of interests between our principal shareholder's interests and the Company's interests may arise from time to time that may be resolved in a manner detrimental to the Company or its shareholders. As long as our principal shareholder owns or controls a significant number of our outstanding Common Shares, he will have the ability to exercise substantial control over the Company's actions which require shareholder approval, including the election and removal of directors, any amendments to our Articles, and the approval of any merger, acquisition or other significant corporate transaction requiring shareholder approval. This concentration of ownership may also have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to gain control of the Company. Such efforts and the effect of such control could have a material adverse effect on the Company's business, results of operations and financial condition. See "*Interest of Management and Others in Material Transactions*" for further information.

Credit Risk

The Company will be exposed to credit risk for accounts receivable in the event that counterparties do not meet their obligations. The Company will attempt to mitigate this credit risk to the extent possible by requiring up-front deposits and strict payment terms; however, both economic and geopolitical uncertainty can influence the ultimate

collectability of these receivable amounts. Failure to collect outstanding receivables could have a material adverse effect on the Company's business, results of operations and financial condition.

Currency Fluctuation Risks

The Company anticipates that the majority of its revenue will be earned in BSV while its direct costs of sales will be incurred in various foreign currencies and its general operating expenses incurred in Canadian dollars. BSV that is not held for strategic purposes is converted into U.S. dollars. Fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar and other currencies, could have a material adverse effect on the Company's business, results of operations and financial condition. The Company does not intend to engage in currency hedging schemes but will attempt to hedge or mitigate the risk of currency fluctuations by actively monitoring and managing its foreign currency holdings relative to its foreign currency expenses.

Volatility in the Market Price and Trading Volume of Common Shares

The market and trading volume of our Common Shares has been volatile and will likely continue to be subject to significant fluctuations, which could result in substantial losses for investors holding Common Shares. In addition, stock markets have historically experienced substantial price and volume fluctuations. Broad market and industry factors may harm the market price of the Common Shares and, the price of the Common Shares could fluctuate based upon factors that have little or nothing to do with the Company. Furthermore, any negative change in the public's perception of the prospects of blockchain and Digital Asset companies in general or the market in general could depress our Common Share price regardless of our results. Volatility or depression in the capital markets, particularly with respect to blockchain and Digital Asset company stocks, could also affect our ability to raise additional capital. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has been instituted against that company. If the Company were involved in any similar litigation, it could incur substantial costs, management's attention and resources could be diverted and it could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Relating to Investments in Blockchain and Digital Asset Companies

One or more countries or jurisdictions may take regulatory actions now or in the future that severely restrict the right to acquire, own, hold, sell or use Digital Assets. Such actions or restrictions may also result in the restriction of holding or trading in our Common Shares or cause the price of our Common Shares and any affected Digital Asset to decrease, possibly substantially. Such actions or restrictions would likely materially and adversely affect the effectiveness of TAAL's and TAAL's subsidiaries assets and the value of any investment in TAAL. Shareholders are urged to consult legal advisors in their own relevant jurisdictions with respect to the current and prospective lawfulness of their purchasing, holding or selling Common Shares.

Dividends

The Company has never declared or paid any dividends on its securities and does not have any present intention to pay cash dividends on the Common Shares nor does the Company anticipate paying any cash dividends on the Common Shares in the foreseeable future. The Company currently intends to invest future earnings, if any, to fund growth. Any future determination as to the declaration and payment of dividends will be at the discretion of the Board and will depend on the Company's financial condition, operating results, contractual restrictions, capital requirements, business prospects, solvency tests imposed by applicable corporate law and other factors the Board may deem relevant.

Securities Analysts

The trading market for the Common Shares will rely in part on the research and reports that industry or financial analysts publish about the Company or the Company's business. The Company does not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of the Company, the trading price of the Common Shares would likely decrease. Even if the Company does obtain analyst coverage, if one or more of the analysts covering the Company's business downgrade their evaluations of the Common Shares or their price, the price of the Common Shares could decline. If one or more of these analysts cease to cover the Common Shares, the Company could lose visibility in the market for the Common Shares, which in turn could cause the price of the Common Shares to decline.

Forward-Looking Information

The forward-looking information relating to, among other things, future results, performance, achievements, prospects or opportunities of the Company included in this Annual Information Form (including, in particular, the information contained in the sections entitled "*General Development of the Company's Business*" and "*Narrative Description of the Company's Business*"), are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Company that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this Annual Information Form. See "*Caution Regarding Forward Looking Information*".

Litigation Risks

The Company is not currently involved in any material litigation; however, it may be involved in legal proceedings, claims and other litigation in the future. The Company may be subject to various legal proceedings and claims arising out of the ordinary course of business. The outcome of litigation, regulatory investigations and arbitration disputes are inherently difficult to predict and as a result there is the risk that an unfavorable outcome could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of the resources of the Company. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms. An investigation or claim brought against the Company could also result in unanticipated costs and reputational harm.

Indemnification Risks

The Company has indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors or officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Company and in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, the indemnitees had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements will also provide for the advancement of defense expenses to the indemnitees by the Company provided that the indemnitees must repay all advances if it is finally determined that the indemnitees are not entitled to indemnification under the agreements or the payment of any costs is prohibited by applicable law. The obligation to repay advances of defense expenses will be unsecured and no interest will be charged thereon. Any claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

Enforcement of Judgments

The Company is incorporated under the BCBCA and its principal executive offices are located in Vancouver, Canada. Certain of the directors and officers of the Company as well as the Company's auditor Marcum LLP reside or are organized in a jurisdiction outside of Canada. Consequently, it may be difficult for an investor to effect service of process within Canada on those persons or entities.

DIVIDEND POLICY

The Company has never declared or paid any dividends on its securities and does not have any present intention to pay cash dividends on the Common Shares nor does the Company anticipate paying any cash dividends on the Common Shares in the foreseeable future. The Company currently intends to invest future earnings, if any, to fund growth. Any future determination as to the declaration and payment of dividends will be at the discretion of the Board and will depend on the Company's financial condition, operating results, contractual restrictions, capital requirements, business prospects, solvency tests imposed by applicable corporate law and other factors the Board may deem relevant. All Common Shares rank equally as to the entitlement to dividends, and the NVPS rank *pari passu* to Common Shares as to the right to receive dividends.

DESCRIPTION OF SHARE CAPITAL

The following description of our share capital summarizes certain provisions contained in the notice of articles and articles of the Company. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the notice of articles and articles of the Company, which are available under our profile on SEDAR at www.sedar.com.

Authorized Share Capital

As at the date of this Annual Information Form, the authorized share capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of non-voting participating shares ("NVPS") without par value. On December 31, 2019, there were 13,822,998 Common Shares issued and outstanding; and as at the date of this Annual Information Form, there are 24,819,643 Common Shares and 2,279,215 NVPS issued and outstanding.

Common Shares

The holders of the Common Shares are entitled to receive notice of all meetings of shareholders, to attend and to cast one vote per Common Share held at all such meetings. The quorum for the transaction of business at a meeting of shareholders is one or more persons present and being, or representing by proxy, two or more shareholders entitled to attend and vote at such meeting. Each Common Share entitles the holder thereof to one vote per Common Share. Common Shares rank *pari passu* as amongst themselves and the NVPS, on a per share basis, as to the right to receive dividends, and to receive the remaining property and assets of the Company on the other distribution of assets of the Company among its shareholders for the purposes of winding up its affairs or any return of capital (whether on liquidation, dissolution, winding up or otherwise). The Common Shares have no pre-emptive, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions and there is no sinking or purchase fund provisions in relation to Common Shares.

NVPS

The NVPS rank *pari passu* as amongst themselves and the Common Shares, on a per share basis, as to the right to receive dividends, and to receive the remaining property and assets of the Company on the other distribution of assets of the Company among its shareholders for the purposes of winding up its affairs or any return of capital

(whether on liquidation, dissolution, winding up or otherwise); however, a holder of NVPS is not entitled to a vote at, nor to notice of or to attend, a meeting of shareholders other than a meeting of the holders of NVPS, or in certain limited circumstances as set out in the Articles of the Company. Specifically, in addition to any other requirements of the BCBCA, as long as NVPS are outstanding, the Company shall not (by amendment, reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or otherwise) without first obtaining the approval of the shareholders, as a separate class, in writing holding at least a majority of the issued and outstanding NVPS:

- a) create or issue any class or series of shares or any other equity security (including any other security convertible into, or exercisable or exchangeable for, any such equity security) having special rights or restrictions ranking in any way senior to or *pari passu* with, the NVPS or amend the special rights or restrictions attaching to any class or series of shares existing at such time to rank in any way senior to or *pari passu* with, the NVPS;
- b) increase or decrease the number of authorized shares of any class or series of shares having special rights or restrictions ranking in any way senior to or on parity with, the NVPS that the Company is authorized to issue; or
- c) alter or change the special rights or restrictions of the NVPS in any manner.

The NVPS are not listed for trading on the CSE.

Exchange Agreement

On March 9, 2020, the Company entered into a share exchange agreement (the "**Exchange Agreement**") with Calvin Ayre in connection with the issuance to him on that date 2,279,215 NVPS.

Pursuant to the Exchange Agreement, at any time and from time to time, if the percentage of Common Shares held by Calvin Ayre falls below 40% of all of the issued and outstanding Common Shares at any such that time, such number of NVPS shall be exchanged for an equal number of Common Shares issued by TAAL required to result in Mr. Ayre owning 45% of all of the issued and outstanding Common Shares immediately following the exchange. In addition, the NVPS will be exchanged for Common Shares in connection with any sales, transfers or assignments of any number of NVPS to any other person who is not an affiliate of Calvin Ayre, subject to applicable securities laws.

Options

The Company has established a 'rolling' stock option plan (the "**Stock Option Plan**") for its directors, officers, employees and consultants pursuant to which the aggregate number of Common Shares reserved for issuance thereunder may not exceed, at the time of grant, in aggregate 10% of the Company's issued and outstanding Common Shares from time to time.

The Stock Option Plan was initially adopted on October 31, 2014 and most recently amended on October 16, 2020, when the Board approved the addition of change of control provisions described below, along with certain other minor housekeeping amendments.

As of the December 31, 2019, the Company had 410,000 options ("**Options**") to purchase Common Shares under the terms of the Stock Option Plan outstanding to acquire an aggregate of 410,000 Common Shares at a price range of \$1.10 to \$7.70 per Common Share, subject to customary adjustments.

As of the date of this Annual Information Form, the Company has 1,642,500 options to purchase Common Shares under the terms of the Stock Option Plan outstanding to acquire an aggregate of 1,642,500 Common Shares at a

price range of \$1.10 to \$3.65 per Common Share, subject to customary adjustments, which expire between June 12, 2021 and March 19, 2030.

Share Unit Plan

On October 16, 2020, the Board approved a share unit plan (the "**Share Unit Plan**"), under which the Company's directors, officers, employees and consultants may be awarded performance share units ("**PSUs**") or restricted share units ("**RSUs**"), each of which track the value of the Company's Common Shares over time. Shareholder approval of the Share Unit Plan was obtained on December 10, 2020.

On January 28, 2021, the Company issued 200,000 RSUs, payable in equal tranches over three years, being the only awards issued under the Share Unit Plan.

Articles

The Company's articles include Advance Notice Provisions (as defined below) and provisions related to forum selection. A copy of the articles may be obtained by contacting the Company and are available for review under the Company's profile on the SEDAR website at www.sedar.com.

Advance Notice Provisions

At our annual general meeting held on December 10, 2020, our shareholders approved the inclusion of certain advance notice provisions with respect to the election of our directors in our articles (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings of our shareholders; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days nor more than 65 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders (the "**Notice Date**") is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date, and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date.

MARKET FOR SECURITIES

Trading price and volume

The Common Shares are listed and posted for trading on the CSE under the trading symbol "TAAL". The following table sets forth the price range and trading volume of the Common Shares as reported by the CSE for the most recently completed financial year ended December 31, 2019 as well as the periods up to the date of this Annual Information Form.

Month	Monthly High Price	Monthly Low Price	Total Monthly Volume
January 2019.....	\$3.60	\$1.50	327,683
February 2019.....	\$2.65	\$1.40	276,576
March 2019.....	\$2.20	\$1.25	321,635
April 2019.....	\$2.10	\$1.40	334,196
May 2019.....	\$4.00	\$1.25	396,453
June 2019 ¹	—	—	—
July 2019 ¹	—	—	—
August 2019 ¹	—	—	—
September 2019 ¹	—	—	—
October 2019 ¹	—	—	—
November 2019.....	\$2.00	\$1.10	527,725
December 2019.....	\$1.35	\$0.95	892,166
January 2020.....	\$2.75	\$1.11	508,726
February 2020.....	\$3.72	\$2.00	508,798
March 2020.....	\$2.90	\$1.35	471,043
April 2020.....	\$2.45	\$1.75	455,889
May 2020.....	\$2.45	\$1.81	633,445
June 2020.....	\$2.42	\$1.99	405,816
July 2020.....	\$2.20	\$1.83	414,831
August 2020.....	\$2.29	\$1.62	360,023
September 2020.....	\$2.05	\$1.71	198,803
October 2020.....	\$1.95	\$1.55	265,767
November 2020.....	\$1.89	\$1.42	495,946
December 2020.....	\$2.70	\$1.86	602,949
January 2021.....	\$3.30	\$2.27	450,005
February 2021.....	\$8.75	\$2.55	1,143,712

Notes:

(1) The Common Shares were subject to a trading halt of the CSE between May 29, 2019 and November 14, 2019.

Prior Sales

The following table summarizes details of the Common Shares or securities convertible or exercisable into Common Shares, which includes the NVPS, issued by TAAL during the most recently completed financial year ended December 31, 2019 as well as the period up to the date of this Annual Information Form.

Date of Issuance	Security	Issue / Exercise Price Per Security (\$)	Number of Securities
January 14, 2019	Common Shares	\$1.50	24,980
January 21, 2019	Stock Options	\$2.45	30,000
February 19, 2019	Common Shares	\$1.50	3,167
May 15, 2019	Common Shares	\$0.80	10,000
May 27, 2019	Common Shares	\$0.80	25,000
July 4, 2019	Common Shares ⁽¹⁾	\$1.50	10,000
July 23, 2019	Stock Options	\$3.65	5,000
August 29, 2019	Common Shares ⁽²⁾	\$0.80	100,000
August 30, 2019	Common Shares ⁽³⁾	\$0.80	50,000
August 30, 2019	Stock Options	\$3.65	20,000
September 9, 2019	Common Shares ⁽⁴⁾	\$0.80	275,000
September 12, 2019	Common Shares ⁽⁵⁾	\$0.80	100,000
September 12, 2019	Stock Options	\$3.65	160,000
October 1, 2019	Stock Options	\$3.65	10,000
November 18, 2019	Common Shares ⁽⁶⁾	\$0.80	16,667
December 9, 2019	Stock Options	\$1.10	75,000
December 6, 2019	Common Shares	\$0.80	10,000
December 11, 2019	Common Shares ⁽⁷⁾	\$0.80	141,667
December 16, 2019	Common Shares	\$0.80	406,000
December 19, 2019	Common Shares	\$0.80	93,333
December 19, 2019	Common Shares	\$0.80	191,666
December 20, 2019	Common Shares	\$0.80	20,000
February 7, 2020	Stock Options	\$2.30	10,000
March 9, 2020	NVPS ⁽⁸⁾	\$2.41	2,279,215
March 19, 2020	Stock Options	\$2.12	120,000
April 2, 2020	Stock Options	\$1.82	20,000
May 1, 2020	Common Shares ⁽⁹⁾	\$3.00	9,256,763
May 1, 2020	Stock Options	\$2.10	5,000
September 1, 2020	Stock Options	\$1.90	155,000
September 15, 2020	Common Shares ⁽¹⁰⁾	\$1.97	1,739,882
October 13, 2020	Stock Options	\$1.79	300,000

December 1, 2020	Stock Options	\$1.90	100,000
December 3, 2020	Stock Options	\$2.10	505,000
December 14, 2020	Stock Options	\$1.95	57,500
January 28, 2021	Stock Options	\$2.80	200,000
January 28, 2021	RSUs	\$2.42	200,000

Notes:

- (1) On July 4, 2019, 10,000 Common Shares were issued in connection with the exercise by the holder of 10,000 stock options at an exercise price of \$1.50 per Common Share.
- (2) On August 29, 2019, 100,000 Common Shares were issued in connection with the exercise by the holder thereof of 100,000 warrants of the Issuer at a price of \$0.80 per Common Share.
- (3) On August 30, 2019, 50,000 Common Shares were issued in connection with the exercise by the holder thereof of 50,000 warrants of the Issuer at a price of \$0.80 per Common Share by the holder of such warrants.
- (4) On September 9, 2019, 275,000 Common Shares were issued in connection with the exercise by the holders thereof of, in the aggregate, 275,000 warrants of the Issuer at an exercise price of \$0.80 per Common Share.
- (5) On September 12, 2019, 100,000 Common Shares were issued in connection with the exercise by the holders thereof of, in the aggregate, 100,000 warrants of the Issuer at an exercise price of \$0.80 per Common Share.
- (6) On November 18, 2019, 16,667 Common Shares were issued in connection with the exercise by the holder thereof of, in the aggregate, 16,667 warrants of the Issuer at an exercise price of \$0.80 per Common Share.
- (7) On December 11, 2019, the Company completed the consolidation of its issued and outstanding Common Shares on the basis of one post-consolidation Common Share for each ten pre-consolidation Common Shares.
- (8) Issued as consideration in connection with the Tansley Asset Purchase Agreement among the Company, Tansley, Fractical and Laser, three companies affiliated with Calvin Ayre, to acquire over 50,000 non-operational Blockchain Computing Units (the "Blockchain Computing Assets") located in the United States, with an implied value of \$2.41 per Common Share.
- (9) Issued as consideration for the repayment of the Convertible Debenture issued to Calvin Ayre in connection the share purchase agreement dated March 22, 2019 through the issuance of 9,256,763 Common Shares with an implied value of \$3.00 per Common Share for an aggregate value of \$27,770,289 reflecting the principal plus 15% accrued interest.
- (10) Issued as consideration in connection with the WhatsOnChain Acquisition, with an implied value of \$1.97 per Common Share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets forth the number and class of securities of the Company held in escrow (including securities subject to pooling arrangements) or subject to a contractual restriction on transfer as at the date of this Annual Information Form:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	30,851 ⁽¹⁾	0.12%
Common Shares	1,739,882 ⁽²⁾	7.01%

Notes:

- (1) 30,851 Common Shares held in escrow pursuant to an escrow agreement dated August 10, 2018 (the "**Listing Escrow Agreement**"), among TAAL, TSX Trust Company, as escrow agent, Simon Moor, Own King and Garry Stock, in connection with the Listing Statement and the Change of Business, all in accordance with the policies of the CSE. The 30,851 Common Shares held in escrow will be released from escrow on August 14, 2021, in accordance with the terms of the Listing Escrow Agreement.
- (2) 1,739,882 Common Shares held in escrow pursuant to an escrow agreement dated September 15, 2020 (the "**WOC Escrow Agreement**"), among TAAL, Taal Tech, Liam Missin, Muhammad Waqas Raza, and Simon Ordish, in connection with the WhatsOnChain Acquisition. Of the Common Shares held in escrow, 869,941 (50% of the escrowed Common Shares) will be released from escrow on September 15, 2021, and the remaining 869,941 Common Shares will remain in escrow until September 15, 2025, subject to release upon the achievement of certain development milestones by WhatsOnChain, in accordance with the terms of the WOC Escrow Agreement. Any Common Shares remaining in escrow subsequent to September 15, 2025, will be redeemable by TAAL for nominal consideration, in accordance with the terms of the WOC Escrow Agreement.

DIRECTORS AND EXECUTIVE OFFICERS

The board of directors (the “**Board**”) of the Company consists of seven directors. The Company's directors are elected annually by shareholders at each annual meeting. All directors hold, and the below directors are expected to hold, office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed.

Applicable corporate law permits the Board to appoint directors to fill any casual vacancies that may occur. The Board is permitted to add additional directors between successive annual meetings of shareholders so long as the number appointed does not exceed more than one-third of the number of directors appointed at the previous annual meeting. Individuals appointed as directors to fill casual vacancies on the Board or added as additional directors hold office like any other director until the next annual meeting at which time they may be elected or replaced.

The following table sets forth the name, province or state, country of residence, positions held with the Company, principal occupations for the preceding five years, and the duration of service with the Company, for each director and executive officer of the Company. Additional biographical information for each director and executive officer is provided below.

Name, Province or State and Country of Residence	Office held with TAAL	Date first appointed Director/Officer	Principal Occupation during the preceding five years	Number and class of securities of the Company
Stefan Matthews Makati City, Philippines	Chief Executive Officer, Executive Chairman and Director	Chief Executive Officer October 7, 2020 Director September 2018	Founder and chairman of nChain Group, 2015 to present	1,125,000 Common Shares
Michael Cella ⁽¹⁾⁽³⁾ Florida, USA	Director	August 2019	President WCF Holding, LLC, 2013 to present, business, financial, and project development advisory services	Nil
Michael Darcy ⁽¹⁾⁽²⁾ Ontario, Canada	Director	December 2019	Vice President, Finance at OPTrust, formerly Assistant VP, Corporate Finance, Middle Office and Operational Due Diligence at OPTrust 2017-2019, Director Corporate Finance at OPTrust 2015-2017	40,000 Common Shares
Angela Holowaychuk ⁽³⁾ . British Columbia, Canada	Director	January 2019	CEO of the Company from 2019 to March 2020, COO of the Company from 2018 to 2020, CMO of the Company from 2020 to present. CEO of nCrypt Financial Ltd. 2011-2018	Nil
Marco Strub ⁽²⁾⁽³⁾ Zurich, Switzerland	Director	October 2018	Principal and CEO of Sircon AG, portfolio	18,000 Common Shares ⁽⁴⁾

Name, Province or State and Country of Residence	Office held with TAAL	Date first appointed Director/Officer	Principal Occupation during the preceding five years	Number and class of securities of the Company
Deborah Rosati ⁽¹⁾⁽³⁾ Ontario, Canada	Director	December 2020	management company 2003 to present Founder & CEO of Women Get On Board. Khiron Life Sciences Corp. Lead Director and Audit Committee Chair. Served on the board of Lift & Co as Vice Chair and Chair of the Audit Committee. Served on the board of MedReleaf Corp. (as the Chair of the Audit Committee) as well as chaired the Audit Committee for NexJ Systems Inc. and was on the board of Sears Canada	Nil
Richard Baker ⁽²⁾ Cambridge, U.K.	Director	December 2020	CEO of GeoSpock Limited, a data analytics software company 2017-2021 and chairman and director of TAB.U.K, a fintech data science company	Nil
Christopher Naprawa ... Ontario, Canada	President	October 7, 2020	Chairman of Khiron Life Sciences Corp. President of Khiron 2018-2020, Former Partner at Sprott Capital Partners	Nil
David Allen Ontario, Canada	Chief Financial Officer	January 28, 2021	Canada Goose Inc. VP, Corporate Controller and ERP	Nil
Kal Suurkask British Columbia, Canada	Chief Commercial Officer	January 28, 2021	Interim CEO and Chief Operating Officer of UK-based nChain and CEO of Canadian-based Elevation Public Relations Corporation.	4,000
Jerry Chan Tokyo, Japan	Chief Product and Innovation Officer	October 7, 2020	CEO of the Company March 9, 2020 to October 7, 2020, CPO of the Company October 7, 2020 to present. Headed the Digital Asset Solutions department of SBI Group,	Nil

Name, Province or State and Country of Residence	Office held with TAAL	Date first appointed Director/Officer	Principal Occupation during the preceding five years	Number and class of securities of the Company
			Regional Manager for the Bitcoin Association	
Lars Jörgensen Zug, Switzerland	Chief Operating Officer	December 1, 2020	Deputy General Manager and COO of Nordea Bank in Zurich, Switzerland 1999 – 2018; Executive Director at Sygnum Bank in Zurich, Switzerland 2018 - 2020	15,000 Common Shares
Delphine Forma Zug, Switzerland	Chief Compliance Officer	September 28, 2020	Board member Open VASP Association and the Crypto Valley Association. Global Head of Compliance Lykke Corp AG 2018-2020. Compliance Manager Global Trade and Receivables Finance Financial Crime 2016-2018. Compliance Officer Bank of Tokyo 2015-2016.	Nil

Notes:

- (1) Member of the Audit Committee, of which Michael Cella is the Chair.
- (2) Member of the Compensation Committee, of which Michael Darcy is the Chair.
- (3) Member of the Nominating and Corporate Governance Committee, of which Deborah Rosati is the Chair.
- (4) Mr. Strub holds 10,000 Common Shares indirectly and beneficially through Indutec AG.

The directors and executive officers of the Company, as a group, will beneficially own, directly or indirectly, or exercise control or direction over 1,202,000 Common Shares, representing approximately 4.8% of the Common Shares outstanding.

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Stefan Matthews, Director and Chief Executive Officer

Mr. Matthews has significant senior management and executive leadership experience totalling more than 30 years in the technology and on-line services sector, where he has been responsible for operations in Australia, Japan, Hong Kong, South Korea, Singapore, Spain, Malta and the United Kingdom at the levels of chief information officer, chief technology officer and chief executive officer. He has been actively involved in several initial public offerings (Australia and the United States) and multiple mergers and acquisitions. In 2015, Mr. Matthews was a founder, and is currently the chairman, of the nChain Group, known for global leadership in blockchain and bitcoin research. Mr. Matthews led the formation of a division of the nChain Group that developed a significant bitcoin mining business with a diversified fleet across multiple locations. Prior to founding nChain Group, from 2011 to 2015, Mr. Matthews acted as Chief Technology Officer of Tyche Consulting, a software and technology services provider within the online business sector. Mr. Matthews holds a Bachelor of Financial Administration degree and

an MBA (international business) from the University of New England and in 2019 completed the University of Oxford, Said Business School completed the Artificial Intelligence Program.

Michael Cella, Director

Michael Cella has over 30 years of corporate executive experience and has raised over \$4 billion through private and public offerings for progressively larger and more complex companies. Since 2013, Mr. Cella has acted as President WCF Holding, LLC a business, financial and project development advisory services firm. Prior to this he was a director, Chief Financial Officer and Secretary of Global Alumina Corporation, a TSX listed company formed to pursue a \$5 billion-dollar integrated bauxite mine and alumina refinery in the Republic of Guinea, from 2001 to 2013. Mr. Cella received his Bachelor of Arts degree in Economics in 1978 from Northwestern University and his Master of Management degree in Finance and Management Policy in 1980 from the J. L. Kellogg Graduate School of Management, Northwestern University.

Michael Darcy, Director

Michael Darcy has over 15 years of experience in financial services and corporate finance. As the Vice President, Finance at OPTrust, Mr. Darcy oversees the investment accounting, treasury, corporate financial planning and budgeting process, production of the financial statements of, and facilitates the annual external audit for, the organization. During his time as Vice President, Finance, at Deutsche Bank Canada Branch from 2013 to 2015, Mr. Darcy prepared complex disclosures for regulatory reporting and year-end financial statements and assisted with the undertaking of new business, new products and/or new trading initiatives. Mr. Darcy was the Director, Director Corporate Finance at OPTrust from 2015 to 2017. Mr. Darcy is a member of the Chartered Professional Accountants of Ontario and was qualified as a Chartered Accountant in 2007. Mr. Darcy received his Bachelor of Arts, Political Science and Economics (Honors) in 2003 and Master of Management and Professional Accounting degree in 2005 from Rotman School of Management at the University of Toronto.

Angela Holowaychuk, Director and Chief Marketing Officer

Angela Holowaychuk has over 15 years' experience in emerging technologies, having held senior management positions within the fintech, regtech and most recently, blockchain and bitcoin exchange sectors. Prior to joining the Company, from 2011 to 2018, she acted as the Chief Operating Officer of nCrypt Financial Limited (formerly nTrust Technologies Solutions Corp.), a Digital Asset wallet and exchange platform. She previously acted as the Chief Operating Officer of the Company from 2018 to 2019, prior to her appointment as Chief Executive Officer from October 2018 to March 2020. Mrs. Holowaychuk attended the British Columbia Institute of Technology for Operations and Supply Chain Management.

Marco Strub, Director

Marco Strub has over 25 years of experience as an entrepreneur and executive in the financial services and consulting sectors. Since March 2003, Mr. Strub has been the Principal and Chief Executive Officer of Sircon AG, a portfolio management company based in Zurich, Switzerland. Prior to this, Mr. Strub served as a Partner of Exulta AG, a consulting and administrative services provider, from 1997 to 2003. He has been an independent director of numerous private and publicly traded companies, including Triumph Gold Corp (metals and minerals/mining) and ZincX Resources Corp (metals and minerals/mining), listed on the TSX Venture Exchange. Mr. Strub received a Master of Arts degree from the University of St. Gallen, Switzerland in 1982.

Deborah Rosati, Director

Deborah Rosati is a Fellow Chartered Professional Accountant (FCPA) and certified Corporate Director (ICD.D) with more than 30 years of experience in technology, consumer, retail, cannabis, private equity and venture capital.

Ms. Rosati has previous experience acting as the chair and member of 6 audit committees and the chair and member of 2 nominating and corporate governance committees. Ms. Rosati currently serves on the board of Khiron Life Sciences Corp. (TSXV:KHRN), a health and wellbeing company in the cannabis sector, as lead director and audit committee chair, from May 2015 to June 2018. Prior to this, she served on the board of Lift & Co. (TSX-V:LIFT) as vice chair and chair of the audit committee, from September 2018 to September 2020. In addition to serving on the board of MedReleaf Corp. (TSX:LEAF) as the chair of the audit committee, from June 2017 to July 2018, which was acquired by Aurora Cannabis Inc. (TSX:ACB) in July 2018. She has additionally served on the board of, and chair of the audit committee for, NexJ Systems Inc. (TSX:NXJ), a pioneering intelligent customer management service provided, and served on the board of Sears Canada (TSX: SCC) from May 2007 to August 2018. She is the Founder & CEO of Women Get On Board, a leading member-based company that connects, promotes and empowers women to corporate boards. Deborah has been recognized as a "Directors to Watch" in 2020, a Diversity 50 2014 candidate, and selected in 2012 as one of WCN's Top 100 Canada's Most Powerful Women in the corporate director award category.

Richard Baker, Director

Richard Baker served as Chief Executive Officer to GeoSpock Limited, a Data Analytics software company based in Cambridge U.K., from November 2017 to February 2021. Mr. Baker also currently serves as Chairman and Director of TAB.U.K a Fintech data science company. Prior to this, Mr. Baker co-founded in June 2010 and ran Cleartrade Exchange, a fintech commodities futures exchange, for six years before exiting in 2016 to the European Energy Exchange, a Deutsche Bourse company.

Christopher Naprawa, President

Christopher Naprawa has served as Chairman for Khiron Life Sciences Corp. (TSXV:KHRN), a health and wellbeing company in the cannabis sector, since July 2020. He was President of Khiron for the two years prior where he led the company through raising over \$80 million in equity financings. Prior to his involvement with Khiron, Mr. Naprawa was a Partner at Sprott Capital Partners from January 2017 to July 2018, Managing Director at Primary Capital from September 2013 to December 2016, Head of Equity Sales and Trading at Dundee Securities from August 2011 to July 2013, and Head of Equity Sales at Macquarie Canada from 2004 to June 2011. Mr. Naprawa also founded and acted as CEO for STARTcast Solutions, a software company successfully sold to a large Canadian telecommunications company after 2 years of operations. Mr. Naprawa holds a Bachelor of Arts from Queen's University.

David Allen, Chief Financial Officer

David Allen is a senior finance executive and business leader with over 30 years of experience, including financial and operational leadership in Fortune 250 Canadian companies. David was recently promoted to CFO after serving as Senior Financial Consultant to the Company, prior to which he was VP, Corporate Controller and VP, ERP Projects at Canada Goose Inc. from 2014-2019.

Kal Suurkask, Chief Commercial Officer

Kal Suurkask has more than 15 years of business experience in leading organizational strategy, product sales, and operations. He has held several senior leadership roles in the technology, renewable energy, and entertainment industries. Kal most recently served as Interim CEO and COO of nChain and CEO of Canadian-based Elevation Public Relations Corporation. Kal has founded a number of business ventures, including a renewable energy product start-up. He is the founder of Big Birch Capital Corporation, a private investment company with a portfolio of real estate assets, including restaurants, commercial offices, and residential units across North America. Kal served as Regional Communications Advisor within the Office of the Prime Minister of Canada. Kal holds a B.A. degree

from the University of Western Ontario. In 2011 and 2012, Kal was selected as one of 16 emerging leaders for the prestigious Action Canada Fellowship.

Jerry Chan, Chief Product and Innovation Officer

Jerry Chan holds a BAsC in Electrical Engineering from the University of Waterloo and is a 15-year veteran of financial markets technology, having worked at Goldman Sachs and JPMorgan Technology in the FX, FICC, and Equities GSAT trading desks in both New York and Tokyo. Prior to joining TAAL, Mr. Chan headed the Digital Asset Solutions department of SBI Group, a financial conglomerate in Japan which has a significant investment in the blockchain industry, and also worked as Regional Manager for the Bitcoin Association.

Lars Jørgensen, Chief Operations Officer

Lars Jørgensen is an executive with experience in building, developing and managing high-performing teams, including in the fintech sector and the crypto/blockchain space. Lars is based in Switzerland and has spent 10 years as COO and Deputy General Manager and Executive Board member in a private bank in Switzerland and held the CFO and head of investment fund administration positions in a private bank in Luxembourg with more than 160 employees.

Delphine Forma, Chief Compliance Officer

Delphine Forma is an experienced compliance officer who worked across different countries and industries including large banks in the U.K. such as Bank of Tokyo – Mitsubishi UFJ and HSBC Bank plc., and blockchain/crypto businesses in Switzerland. She holds a diploma from the Sciences Po Lyon, and two master's degrees specialized in European Criminal Business Law and Frauds and Money Laundering Prevention. Delphine is a Board member of the Crypto Valley Association and of the OpenVASP Association (a non-profit association formed to develop a protocol and standards to allow virtual assets providers and others to comply with the Financial Action Task Force's "travel rule" requiring identifying information for parties involved in transfer of Digital Assets).

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders

To the knowledge of management of the Company, no director or executive officer of the Company is, as of the date of this Annual Information Form, or was, within the 10 years prior to the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued (i) while such person was acting in that capacity, or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the knowledge of management of the Company, other than as set forth below, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this Annual Information Form, or has been, within 10 years prior to the date hereof, a director or executive officer of any company (including the Company) that, while such Person was acting in that capacity, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under

any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Deborah Rosati was a director of Sears Canada Inc. which applied for and, on June 22, 2017, obtained an initial order from the Ontario Superior Court of Justice (Commercial List) under the *Companies' Creditors Arrangement Act* (Canada) providing for, among other things, a stay of proceedings in favor of Sears Canada Inc. and certain of its subsidiaries, for an initial period of 30 days, and appointing FTI Consulting Canada Inc. as monitor which was subsequently extended. On March 31, 2020, the Honourable Mr. Justice Hailey granted an Order extending the Stay Period until and including September 30, 2020.

Until September 16, 2020, Deborah Rosati was a director of Lift & Co. Corp. when it made a voluntary assignment for the benefit of its creditors under section 49 of the *Bankruptcy and Insolvency Act* (Canada) following the failure to reach an agreement with holders of the Lift & Co. Corp.'s secured convertible debentures in the aggregate principal amount of \$3,500,000 to the proposed sale of certain of the Lift & Co. Corp.'s assets. The secured convertible debentures matured on September 10, 2020. Lift & Co. did not have the working capital necessary to repay the amount owing on the secured convertible debentures or to continue carrying on its business.

In connection with the bankruptcy of Sears Canada Inc. noted above, numerous current and former directors and officers, which included Deborah Rosati, were sued in connection with two dividends declared and paid by Sears Canada Inc. to its shareholders in 2012 and 2013. Breach of fiduciary duties and other claims were alleged. The claims were settled against all directors and officers without any admission of liability. A payment was agreed to be made by the insurers to settle the claim.

To the knowledge of management of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of management of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has had any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Board are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will consider, among other things, the degree of risk to which the Company may be exposed relative to the potential reward and its financial position at that time.

Stefan Matthews, who is Executive Chairman and CEO of TAAL, also serves as director of nChain and Executive Chair of the nChain Group, as well as a member of the executive committee of Bitcoin Association. The Board and

the independent directors review all potential conflicts of interest with Mr. Matthews. Mr. Matthews abstains from all board decisions that involve any of the nChain Group.

Apart from the foregoing, and except as disclosed elsewhere in this Annual Information Form, to the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management may from time to time serve as directors, officers, promoters and members of management of other private or public companies, and therefore it is possible that a conflict may arise in respect of their duties as a director, officer, promoter or member of management of such other companies.

In addition, the directors of the Company also have other employment or other business or time restrictions placed on them and accordingly will only be able to devote part of their time to the business and affairs of the Company.

Indemnification and Insurance

The Company has indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Company and in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, the indemnitees had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Company.

In addition, the Company's directors and officers are covered under its existing directors' and officers' liability insurance. Under this insurance coverage, the Company will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of the Company's directors and officers, subject to a deductible for each loss, which will be paid by the Company. The Company's individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by the Company. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

AUDIT COMMITTEE

As of the date of this Annual Information Form, the audit committee of the Board (the "**Audit Committee**") is composed of Michael Cella, Deborah Rosati, and Michael Darcy. All of these directors are independent and all of the members of the Audit Committee are "financially literate". The text of the Audit Committee Mandate is attached in Schedule "A".

The Board and senior management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

Relevant Education and Experience

Member	Independent/ Not Independent⁽¹⁾	Financially Literate/ Not Financially Literate⁽¹⁾	Relevant Education and Experience
Michael Cella	Independent	Financially Literate	Michael Cella has over 30 years of corporate executive experience and has raised over \$4 billion through private and public offerings for progressively larger and more complex

<u>Member</u>	<u>Independent/ Not Independent⁽¹⁾</u>	<u>Financially Literate/ Not Financially Literate⁽¹⁾</u>	<u>Relevant Education and Experience</u>
Deborah Rosati	Independent	Financially Literate	<p>companies. Mr. Cella has been President of WCF Holding, LLC, a business, financial and project development advisory services firm, since 2013. Prior to this, from 2001 to 2013, he served as a director, Chief Financial Officer and Secretary of Global Alumina Corporation, a TSX-listed company formed to pursue a \$5 billion-dollar integrated bauxite mine and alumina refinery in the Republic of Guinea. Mr. Cella received his Master of Management degree in Finance and management Policy in 1980 from the J.L. Kellogg Graduate School of Management at Northwestern University.</p>
			<p>Deborah Rosati is a Fellow Chartered Professional Accountant (FCPA) and certified Corporate Director (ICD.D) with more than 30 years of experience in technology, consumer, retail, cannabis, private equity and venture capital. Ms. Rosati has previous experience acting as the chair and member of 6 audit committees. Ms. Rosati currently serves on the board of Khiron Life Sciences Corp. (TSXV:KHRN), a health and wellbeing company in the cannabis sector, as lead director and audit committee chair, from May 2015 to June 2018. Prior to this, she served on the board of Lift & Co. (TSX-V: LIFT) as vice chair and chair of the audit committee, from September 2018 to September 2020. In addition to serving on the board of MedReleaf Corp. (TSX:LEAF) as the chair of the audit committee, from June 2017 to July 2018, which was acquired by Aurora Cannabis Inc. (TSX:ACB) in July 2018. She has additionally served on the board of, and chair of the audit committee for, NexJ Systems Inc.(TSX:NXJ), a pioneering intelligent customer management service provided, and served on the board of Sears Canada (TSX: SCC) from May 2007 to August 2018.</p>
Michael Darcy	Independent	Financially Literate	<p>Michael Darcy has over 15 years of experience in financial services and corporate finance. As the Vice President, Finance at OPTrust, Mr. Darcy oversees the investment accounting, treasury, corporate financial planning and budgeting process, production of the financial statements and facilitates the annual external audit for the organization. During his time as Vice President, Finance, at Deutsche Bank Canada Branch, Mr. Darcy prepared complex disclosures for regulatory reporting and year-end financial statements and assisted with the undertaking of new business, new products and/or new trading initiatives. Mr. Darcy is a member of the Chartered Professional Accountants of Ontario and was qualified as a chartered accountant in 2007. Mr. Darcy received his Bachelor of Arts, Political Science and Economics (Honors) in 2003 and Master of Management and Professional Accounting degree in 2005 from Rotman School of Management at the University of Toronto.</p>

Note:

(1) As defined in NI 52-110 *Audit Committees*

Each member of the Audit Committee has relevant education and experience to allow for:

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

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on any of the exemptions listed in s. 5 of Form 52-110F2, being:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*),
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*),
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or
- (e) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemption*).

Pursuant to Section 6.1 of NI 52-110, the Company is exempt from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 by virtue of the fact that it is a venture issuer. The Company is relying on the exemption in Part 5, which allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 *Disclosure by Venture Issuers* and disclosed in this Annual Information Form, however, notwithstanding the exemption, the composition of the Company's Audit Committee complies with Part 3 of NI 52-110.

Pre-Approval Policies and Procedures

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditor Service Fees (By Category)

Audit Fees

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for audit and assurance and related services were approximately \$319,908 (2018 –\$36,400).

Audit-Related Fees

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for audit related services were \$21,723 (2018 – Nil).

Tax Fees

The aggregate fees billed for tax compliance, tax advice, and tax planning services by the Company's external auditor for the financial year ended December 31, 2019 were Nil (2018 – Nil).

All Other Fees

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for review of unaudited interim financial statements, compilation of consolidated financial statements, and related services were Nil (2018 - Nil).

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is from time to time involved in legal proceedings of a nature considered normal to its business. The Company believes that none of the litigation in which the Company is currently involved, or has been involved, since the beginning of the most recently completed financial year ended December 31, 2019, individually or in the aggregate, is material to its consolidated financial condition or results of operations, other than as described below.

Between June and September 2020, a client of the Company was party to arbitration proceedings in connection with a claim by a former hosting provider (the "**Former Hosting Provider**") that had claimed several entities (including the Company) were jointly and severally liable for US\$3.9 million in relation to the termination of hosting contracts related to the Blockchain Computing Assets. The Company had acquired the Blockchain Computing Assets pursuant to the Tansley Asset Purchase Agreement with Tansley, Fractical and Laser, three companies affiliated with Calvin Ayre. The Former Hosting Provider claimed amounts owing from Tansley and another entity in relation to the termination of hosting contracts between applicable parties and, as a result, refused to release certain equipment in its possession, including the remaining Blockchain Computing Assets, for shipment. Tansley disputed the Former Hosting Provider's claim against the Company on the basis that it was not within the jurisdiction of the arbitration proceedings and the Company was not party to the agreements that gave rise to the proceedings and was therefore removed from the proceedings. The Company, Tansley, the other entities party to the arbitration and the Former Hosting Provider entered into a settlement agreement (the "**Settlement Agreement**") to fully and finally settle and release each other from all claims related to the dispute. The Company does not expect to make any payments under the Settlement Agreement and Calvin Ayre has agreed to personally indemnify the Company from any liabilities arising thereunder.

Under the Settlement Agreement Tansley was to pay the Former Hosting Provider an undisclosed amount over a period of one year. While the Company was removed from the arbitration proceedings, the Company is a party to the Settlement Agreement because it managed Tansley's operations during the applicable period and had certain claims against the Former Hosting Provider on behalf of Tansley which it has released in connection with the settlement.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Annual Information Form, none of (a) the Company's directors or executive officers, (b) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's voting securities, or (c) any associate or affiliate of the persons referred to in (a) and (b), has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years

and to the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Common Shares and NVPS is TSX Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts, other those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last fiscal year, or entered into prior to such date but which contract is still in effect, are as follows:

- the IP Licensing Agreement;
- the WOC Escrow Agreement;
- the Listing Escrow Agreement; and
- the Exchange Agreement.

Copies of such agreements are or will be available under the Company's profile on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

Our Financial Statements have been audited by Marcum LLP, which is independent of the Company within the meaning of the *United States Securities Act of 1933*, as amended, and as administered by the United States Securities and Exchange Commission, and the requirements of the Public Company Accounting Oversight Board (including compliance with Rule 3520).

The audited annual financial statements of Freschette, as at and for the year ended December 31, 2018, together with the notes thereto and the auditors' report thereon of Dale Matheson Carr-Hilton Labonte LLP, are included in the amended business acquisition report amended business acquisition report dated July 29, 2019, in respect of the of the acquisition of Freschette by TAAL on May 1, 2019.

ADDITIONAL INFORMATION

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

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of TAAL's securities and securities authorized for issuance under the Stock Option Plan is, where applicable, contained in TAAL's information circular prepared in connection with the annual meeting of shareholders that was held on December 10, 2020.

Additional financial information is provided in TAAL's consolidated financial statements as at and for the year ended December 31, 2019, together with the independent auditor's report thereon, management's discussion & analysis dated May 26, 2020, for the year ended December 31, 2019, and management's discussion and analysis dated November 27, 2020, for the three and nine months ended September 30, 2020 which have been filed on SEDAR.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

GENERAL

1. **PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE**

1.1 **Purpose**

The primary purpose of the Committee is to assist Board oversight of:

- (a) the integrity of the Corporation's financial statements;
- (b) the Company's compliance with legal and regulatory requirements;
- (c) the External Auditor's qualifications and independence; and
- (d) the performance of the Company's internal audit function and the External Auditor.

2. **DEFINITIONS AND INTERPRETATION**

2.1 **Definitions**

In this Charter:

- (a) "Board" means the board of directors of the Company;
- (b) "Chair" means the chair of the Committee;
- (c) "Committee" means the audit committee of the Board;
- (d) "Company" means TAAL Distributed Information Technologies Inc.
- (e) "Director" means a member of the Board; and
- (f) "External Auditor" means the Company's independent auditor.

2.2 **Interpretation**

The provisions of this Charter are subject to the provisions of the articles and by-laws of the Corporation and to the applicable provisions of the *Business Corporations Act (British Columbia)*, and any other applicable legislation.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. **ESTABLISHMENT AND COMPOSITION OF THE COMMITTEE**

3.1 **Establishment of the Audit Committee**

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

3.2 Appointment and Removal of Members of the Committee

- (a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the Nominating and Corporate Governance Committee of the Board, if any.
- (b) *Annual Appointments.* The appointment of members of the Committee shall take place at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.
- (d) *Removal of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Directors.

3.4 Independence of Members

All members of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

3.5 Financial Literacy

- (a) *Financial Literacy Requirement.* Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
- (b) *Definition of Financial Literacy.* "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

3.6 Qualifications

The Board will appoint to the Committee at least one Director who has accounting or financial management expertise.

3.7 Board Approval Required

No member of the Committee shall serve on more than two public company audit committees without the approval of the Board.

4. **COMMITTEE CHAIR**

4.1 **Board to Appoint Chair**

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

4.2 **Chair to be Appointed Annually**

The designation of the Committee's Chair shall take place at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. **COMMITTEE MEETINGS**

5.1 **Quorum**

A quorum of the Committee shall be two members.

5.2 **Secretary**

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee, who shall record the minutes of each Committee meeting.

5.3 **Time and Place of Meetings**

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least quarterly.

5.4 **In Camera Meetings**

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited consolidated financial statements, the Committee shall meet separately with each of:

- (a) management; and
- (b) the External Auditor

As part of each meeting of the Committee at which the Committee approves the interim quarterly financial statements, the Committee shall meet separately with management.

5.5 **Right to Vote**

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.6 Voting

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

5.7 Invitees

The Committee may invite Directors, officers, consultants and employees of the Company or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

5.8 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

6. **AUTHORITY OF COMMITTEE**

6.1 Retaining and Compensating Advisors

The Committee shall have the sole authority to engage independent counsel and any other advisors as the Committee may deem appropriate in its sole discretion and to set the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

6.2 Funding

The Committee shall have the authority to authorize the payment of:

- (a) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation Fees paid to the External Auditor must be disclosed by category paid;
- (b) compensation for any advisors employed by the audit committee under Section 7 hereof; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.3 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.4 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

6.5 Compensation

The Committee has the authority to communicate directly with External Auditors and management.

7. REMUNERATION OF COMMITTEE MEMBERS

7.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

7.2 Directors' Fees

No member of the Committee may earn fees from the Company or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. INTEGRITY OF FINANCIAL STATEMENTS

8.1 Review and Approval of Financial Information

(a) *Annual Financial Statements.* The Committee shall review and discuss with management and the External Auditor the Company's audited annual financial statements and related management's discussion and analysis ("**MD&A**") together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.

(b) *Interim Financial Statements.* The Committee shall review and discuss with management and, if appropriate, approve the Company's interim unaudited financial statements and related MD&A.

(c) *Material Public Financial Disclosure.* The Committee shall discuss with management and the External Auditor:

- (i) the types of information to be disclosed and the type of presentation to be made in connection with profit or loss or earnings press releases;
- (ii) financial information and earnings guidance (if any) provided to analysts and rating agencies; and
- (iii) press releases containing financial information (paying particular attention to any use of "pro forma" or "adjusted" non-IFRS information).

(d) *Procedures for Review.* The Committee shall be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information *extracted* or derived from the Company's financial statements (other than financial statements, MD&A and profit or loss or earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.

(e) *General.* The Committee shall review and discuss with management and the External Auditor:

- (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;
- (ii) major issues as to the adequacy of the Company's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;
- (iii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements;
- (iv) the effect on the financial statements of the Company of regulatory and accounting initiatives, as well as off-balance sheet transaction structures, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Company;
- (v) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
- (vi) any financial information or financial statements in prospectuses and other offering documents;
- (vii) any other relevant reports or financial information submitted by the Corporation to any governmental body or the public; and
- (viii) pension plan financial statements, if any.

9. **EXTERNAL AUDITOR**

9.1 **External Auditor**

(a) *Authority with Respect to External Auditor.* As a representative of the Company's shareholders, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. In the discharge of this responsibility, the Committee shall:

- (i) have sole responsibility for recommending to the Board the person to be proposed to the Company's shareholders for appointment as External Auditor for the above-described purposes and recommending such External Auditor's compensation;
- (ii) determine at any time whether the Board should recommend to the Corporation's shareholders that the incumbent External Auditor be removed from office;

- (iii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and
- (iv) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.

(b) *Independence.* The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:

- (i) assure the regular rotation of the lead audit partner as required by law and consider whether, in order to ensure continuing independence of the External Auditor, the Corporation should rotate periodically the audit firm that serves as External Auditor;
- (ii) require the External Auditor to submit on a periodic basis to the Committee a formal written statement delineating all relationships between the External Auditor and the Company and engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and recommend that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;
- (iii) unless the Committee adopts pre-approval policies and procedures, it must approve any non-audit services provided by the External Auditor, provided that the Committee may delegate such approval authority to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and
- (iv) review and approve the policy setting out the restrictions on the Company hiring partners, employees and former partners and employees of the Company's current or former External Auditor.

(c) *Issues Between External Auditor and Management.* The Committee shall:

- (i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or an access to requested information;
- (ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor; and
- (iii) review with the External Auditor:
 - (A) any accounting adjustments that were proposed by the External Auditor, but were not made by management;
 - (B) any communications between the audit team and audit firm's national office respecting auditing or accounting issues presented by the engagement;

- (C) any management or internal control letter issued, or proposed to be issued by the External Auditor to the Company; and
 - (D) the responsibilities, budget and staffing of the Company's internal audit function.
- (d) Non-Audit Services.
- (i) The Committee shall either:
 - (A) approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of the Company to the Company (including its subsidiaries); or
 - (B) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.
 - (ii) The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.
 - (iii) The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Company at the time of the engagement as being non-audit services.
- (e) *Evaluation of External Auditor.* The Committee shall evaluate the External Auditor each year and present its conclusions to the Board. In connection with this evaluation, the Committee shall:
- (i) obtain and review a report by the External Auditor describing:
 - (A) the External Auditor's internal quality-control procedures;
 - (B) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor's firm, and any steps taken to deal with any such issues; and
 - (C) all relationships between the External Auditor and the Company (for the purposes of assessing the External Auditor's independence);
 - (ii) review and evaluate the performance of the lead partner of the External Auditor; and

- (iii) obtain the opinions of management and of the persons responsible for the Company's internal audit function with respect to the performance of the External Auditor.
- (f) Review of Management's Evaluation and Response. The Committee shall:
 - (i) review management's evaluation of the External Auditor's audit performance;
 - (ii) review the External Auditor's recommendations, and review management's response to and subsequent follow-up on any identified weaknesses;
 - (iii) receive regular reports from management and receive comments from the External Auditor, if any, on:
 - (A) the Company's principal financial risks;
 - (B) the systems implemented to monitor those risks; and
 - (C) the strategies (including hedging strategies) in place to manage those risks; and
 - (iv) recommend to the Board whether any new material strategies presented by management should be considered appropriate and approved.

10. **INTERNAL CONTROL AND AUDIT FUNCTION**

10.1 **Internal Control and Audit**

In connection with the Company's internal audit function, the Committee shall:

- (a) review the terms of reference of the financial team and meet with the financial team as the Committee may consider appropriate to discuss any concerns or issues;
- (b) in consultation with the External Auditor and the internal audit group, review the adequacy of the Company's internal control structure and procedures designed to ensure compliance with laws and regulations and any special audit steps adopted in light of material deficiencies and controls;
- (c) review management's response to significant internal control recommendations of the internal audit group and the External Auditor;
- (d) review;
 - (i) any internal control report prepared by management, including management's assessment of the effectiveness of the Company's internal control the structure and procedures for financial reporting; and
 - (ii) the External Auditor's attestation, and report, on the assessment made by management;
- (e) instruct the External Auditor to prepare an annual evaluation of the Company's financial team and reviewing the results of that evaluation; and

- (f) periodically review with the financial team any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the financial team.

11. **OTHER**

11.1 **Risk Assessment and Risk Management**

The Committee shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

11.2 **Related Party Transactions**

The Committee shall review and approve all related party transactions in which the Company is involved or which the Company proposes to enter into.

11.3 **Expense Accounts**

The Committee shall review and make recommendations with respect to:

- (a) the expense account summaries submitted by the Chief Executive Officer on an annual basis (as of the end of each financial year);
- (b) the Company's expense account policy, and rules relating to the standardization of the reporting on expense accounts; and
- (c) the director expense policy of the Corporation.

11.4 **Whistle Blowing**

The Committee shall put in place procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

12. **ANNUAL PERFORMANCE EVALUATION**

On an annual basis, the Committee shall follow the process established by the Board and overseen by the Nominating and Corporate Governance Committee (if any) for assessing the performance and effectiveness of the Committee.

13. **CHARTER REVIEW**

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

Approved by the Board of Directors on **June 24, 2020**.

SCHEDULE "B"

GLOSSARY OF TERMS

"**Acquired Software**" has the meaning set out under the heading "*General Development of the Company's Business – License Agreement for TAAL Orchestrator*".

"**Advance Notice Provisions**" has the meaning set out under the heading "*Description of Share Capital – Articles – Advance Notice Provisions*".

"**AML**" means anti-money laundering.

"**Aracore**" means Aracore Technology Corp., its subsidiaries or its predecessors, as the context requires.

"**Arasystems**" means Arasystems Technology Corp., its subsidiaries or its predecessors, as the context requires.

"**Articles**" means the Company's articles dated March 23, 2011, as amended from time to time.

"**Audit Committee**" means the audit committee of the Board.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Blockchain Computing Assets**" has the meaning set out under the heading "*Market for Securities – Prior Sales*".

"**Board**" means the board of directors of TAAL.

"**CanadaCo**" means 12273977 Canada Inc., its subsidiaries or its predecessors, as the context requires.

"**CFT**" means counter terrorism financing.

"**CoinGeek**" means Bigfoot Holdings Group Ltd.

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

"**Company**" means Taal Distributed Information Technologies Inc., its subsidiaries or its predecessors, as the context requires.

"**Compensation Committee**" means the Compensation Committee of the Board.

"**Convertible Debenture**" means the \$24.1 million unsecured convertible debenture accruing interest at 15% issued to Calvin Ayre May 2, 2019 which was due and matured on May 1, 2020.

"**COVID-19**" means the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

"**CSE**" means the Canadian Securities Exchange.

"**DIT**" means Taal DIT GmbH, its subsidiaries or its predecessors, as the context requires.

"**Exchange Agreement**" has the meaning set out under the heading "*Description of Share Capital – NVPS – Exchange Agreement*".

"**Former Hosting Provider**" has the meaning set out under the heading "*Legal Proceedings and Regulatory Actions*".

"**forward-looking statements**" has the meaning set out under the heading "*Caution Regarding Forward Looking Statements*".

"**Fractical**" means Fractical Sense Limited.

"**Freschette**" means Freschette Limited, its subsidiaries or its predecessors, as the context requires.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**IP Licensing Agreement**" has the meaning set out under the heading "*General Development of the Company's Business – Licencing deal with nChain*".

"**KYC**" means know your client.

"**Laser**" means Laser Lollypop Limited.

"**Listing Escrow Agreement**" has the meaning set out under the heading "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

"**nChain**" means nChain Licensing AG.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**Note**" means the loan agreement the Company entered into with Wright International on December 18, 2020 for a total loan in the aggregate principal amount of US\$7,000,000, as further described under the heading "*General Development of the Company's Business – Debt Financing*".

"**Notice Date**" has the meaning set out under the heading "*Description of Share Capital – Advance Notice Provisions*".

"**NVPS**" means the non-voting participating shares of TAAL that are convertible on the occurrence of certain events, into Common Shares.

"**Options**" means options to purchase Common Shares under the terms of the Stock Option Plan.

"**PSUs**" means performance share units.

"**RSUs**" means restricted share units.

"**Settlement Agreement**" means the settlement agreement entered into to between the Company, Tansley, the other entities party to the arbitration and the Former Hosting Provider entered to fully and finally settle and release each other from all claims related to the dispute with the Former Hosting Provider.

"**Share Unit Plan**" means the share unit plan of the company under which the Company's directors, officers, employees and consultants may be awarded PSUs or RSUs.

"**Stock Option Plan**" means the 'rolling' stock option plan of the Company.

"**TAAL**" means Taal Distributed Information Technologies Inc., its subsidiaries or its predecessors, as the context requires.

"**Taal Tech**" means Taal Technologies SEZC, its subsidiaries or its predecessors, as the context requires.

"**TAAL Trading**" means Taal Trading SEZC, its subsidiaries or its predecessors, as the context requires.

"**Tansley**" means Tansley Equipment Limited.

"**Tansley Asset Purchase Agreement**" means the asset purchase agreement dated February 17, 2020, among the Company, Tansley, Fractical and Laser, to acquire the Blockchain Computing Assets.

"**U.S.**" means the United States of America.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**U.K.**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

"**WhatsOnChain**" means WhatsOnChain Limited, its subsidiaries or its predecessors, as the context requires.

"**WhatsOnChain Acquisition**" has the meaning set out under the heading "*General Developments of the Company's Business – WhatsOnChain Acquisition*".

"**WhatsOnChain Agreement**" has the meaning set out under the heading "*General Developments of the Company's Business – WhatsOnChain Acquisition*".

"**WOC Escrow Agreement**" has the meaning set out under the heading "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

"**Wright International**" means Wright International Investments Ltd., an entity wholly-owned by Craig Wright.

SCHEDULE "C" GLOSSARY OF BLOCKCHAIN TERMS

"**API**" means application programming interface. APIs define how programs interact, including their access to, and use of, data through calls or requests made at API endpoints, for instance the URL of a server. Transaction processors share their API endpoints with application developers, who embed this data into blockchain transactions.

"**ASIC**" means an application-specific integrated circuit.

"**BCH**" means Bitcoin Cash.

"**bitcoin**" is common usage referring to native Digital Assets on the SHA-256 based family of blockchains with the genesis block originating on January 9, 2009. Bitcoin core (BTC), Bitcoin Satoshi Vision (BSV) and Bitcoin Cash (BCH) are examples of native Digital Cash based on bitcoin platforms.

"**Block Rewards**" are the Digital Asset rewards on a blockchain network obtained for Proof-of-Work, which are comprised of: (i) Transaction Fees; and (ii) a Block Subsidy.

"**Block Subsidy**" refers to the newly minted Digital Assets that are one of the two parts of a Block Reward, resulting from successfully creating a block in the process of Hashing.

"**blockchain**" simply describes that data is recorded in blocks which are "chained" in order using a secure hashing algorithm to manage the order and to ensure data integrity. A block consists of time ordered validated transactions. Once the block is closed (or Hashed) by using a cryptographic hash function which contains the data of all the transactions in the block, and a reference to the previous block thus creating the chain or link between the blocks, the block is valid and added to the blockchain. New blocks are found and added to the chain by the nodes in the network. Once found, the next block can be filled with new transactions, hashed and the cycle repeats. In effect, a block is analogous to a page in a journal or ledger recording transactions that have occurred and time stamping these.

"**Blockchain Computing Equipment**" includes Blockchain Computing Units and their associated infrastructure such as network switching equipment and electrical transmission, maintenance, monitoring and management equipment.

"**Blockchain Computing Units**" are specialized ASIC computational devices that are optimized for Hashing capacity to execute secure Hashing algorithms that result in Block Rewards. Other commonly used terms for Blockchain Computing Units are "mining rigs," "mining servers," "transaction processing equipment," and sometimes inaccurately as "cloud computers".

"**Blockchain Infrastructure**" is a general term for the physical peer-to-peer network of Blockchain Nodes which are validating transactions and constructing blocks, in conjunction with Blockchain Computing Units performing Hashing operations using a SHA-256 algorithm for the purpose of time-stamping transactions by Hashing them into an ongoing chain of Hash-based Proof-of-Work, and for which participants are incentivized to earn Block Rewards.

"**Blockchain Nodes**" are software programs that run on servers which provide information to, and are part of the peer-to-peer network of, other Blockchain Nodes that comprise the distributed network of computers which are validating transactions and building them into blocks on the relevant blockchain. Blockchain

Nodes provide the methodology for validating transactions and creating blocks based on the rules of the relevant blockchain and pass block information to Blockchain Computing Units for integrity check-sum completion.

"**BSV**" means Bitcoin SV (Satoshi Vision).

"**BTC**" means Bitcoin Core.

"**computational power**" in the context of Hashing is measured in the number of SHA256 Hashes that can be produced in one second. Normally in units of terahash (one trillion Hashes per second -10¹²), petahash (one quadrillion Hashes per second -10¹⁵) or exahash (one quintillion Hashes per second -10¹⁸).

"**Data Token Protocol**" and "**Secure Token Protocol**" means different Token application protocols built as a layer top of a blockchain. Data Token Protocol refers to a Token technology standard which requires a secondary proprietary server software or network in order to manage the token transfer rules, calculate balances, process and record the Token transactions on an offline ledger while the processing events are stored on the blockchain as data. Secure Token Protocol solutions are Token standards where the Tokens are stored on the blockchain and the Token transfer rules are enforced by the blockchain nodes themselves. While Data Token Protocols are suitable for applications where minimizing the transaction size and keeping the processing rules private are of primary importance, Secure Token Protocols are more suitable where the integrity of the Tokens and broad wallet compatibility for the Tokens are desired.

"**Digital Assets**" include Digital Cash and Tokens.

"**Digital Asset Hashing**" refers to Blockchain Infrastructure operators whose business activity is primarily focused on acquiring Block Subsidies, as distinct from businesses that are focused on earning Transaction Fees and providing value-added products and services on the blockchain.

"**Digital Asset Hashing Pool**" is a form of business arrangement whereby Digital Asset Hashing operators can organize themselves into integrated Digital Asset Hashing Pools to combine their Hashrate over a network, in an effort to create blocks collectively and reduce payout variance of Block Rewards. When successful, the Hashrate contributors to the "pool" divide the Block Subsidies among them, less the payment of a pooling fee paid to the manager of the Digital Asset Hashing Pool, proportionate to each Hashrate contributor's share of the total pool Hashrate. Instead of infrequent larger, single payouts for creating a single block on their own, pooling Hashrates provides participating Hashrate contributors with smaller, more frequent payouts, resulting in a more stable income stream. This is sometimes referred to as a 'mining pool'.

"**Digital Cash**" refers to the digital coins, native blockchain Tokens or other digital representations of value that form the Block Subsidy resulting from the process of Hashing. BSV is an example of a Digital Cash.

"**Halving**" is an event built into the source code of the BSV blockchain, and other bitcoin derived blockchain systems. Each halving divides the rewarding of Block Subsidies in newly minted Digital Assets in half and is programmed to occur at the creation of every 210,000th new block, or approximately every four years. The third halving event occurred on April 10, 2020 for the BSV blockchain and occurred on April 8, 2020 and May 11, 2020 for the BTC and BCH blockchains, respectively.

"**Hash**" refers to a cryptographic mathematical function that produces a unique code that can identify a file.

"**Hashing**" is a general term used to refer to the cryptographic computing operation of Blockchain Computing Units on SHA-256 based blockchains.

"**Hashrate**" refers to the computational processing power measured in Hash/second when running SHA-256 operations, which is analogous to FLOPS (floating point operations per second) and is indicative of the amount of computing power expended on Blockchain Infrastructure to support the blockchain network.

"**Mempool**" is the queue of transactions that have been validated and are candidates to be entered into the next block. Depending on the fee that the Transaction Generator proposes to pay and the fee policy of the transaction processor, these transactions may be entered into the next block. Inclusion in the Mempool, however, does not guarantee that a transaction will be entered into a block, only that it will be considered for entry into a block.

"**PH/s**" means petahash per second.

"**Proof-of-Work**" is the consensus mechanism used in the bitcoin blockchain networks, and is an attestation of the output of effort spent in the production of Hash. This algorithm confirms transactions and results in the creation of a new block to add to the blockchain. The purpose of proof of work is to de-anonymize Bitcoin Nodes so that they can be held to account for the blocks they build.

"**satoshi**" means one 100-millionths (1 / 100,000,000) of a bitcoin.

"**SHA-256**" is a mathematical algorithm designed by the United States National Security Agency and first published in 2001 that maps data of arbitrary size (often called a message) to a bit array of a fixed size (the Hash value, Hash, or message digest). It is a one-way function, that is, a mathematical function which is practically not possible to invert (obtain the message again from the Hash alone).

"**smart contracts**" are computer programs which are intended to automatically execute, control or document legally relevant events and actions according to the terms of an agreement. Program logic is added to a transaction output on blockchain that requires certain computation to be done and return TRUE before the bitcoins that are embedded in the output can be spent. This logic may require input from the transaction spender or other external data in order to finalize to a TRUE and valid state.

"**STAS**" is an acronym standing for "substantiated Tokens by actualizing satoshis". STAS is a tokenization technology based on BSV.

"**TAAL Console**" is a merchant API online portal open for the public that acts as a direct endpoint connection for Transaction Generators to send transactions to be written to the blockchain for processing to Taal Tech and manage their account, as further described under the heading "*Narrative Description of the Company's Business – Our Business Focus – Transaction Processing*".

"**TAAL Orchestrator**" is a blockchain network management tool further described under the heading "*Narrative Description of the Company's Business – Our Business Focus – Digital Asset Hashing Pool Management*".

"**TAAL POOL**" is the Digital Asset Hashing Pool operated by TAAL, as further described under the heading "*Narrative Description of the Company's Business – Our Business Focus – Digital Asset Hashing Pool Management*".

"**Tokens**" are digital representations of a real-world property or value, created by an issuer on a blockchain, that can be digitally traded or transferred and can be used for payment or investment purposes or to access a service, including digital representations of property or value that function as a media of exchange, a unit of account, and/or a store of value.

"Transaction Fees" refer to the fees generated from processing and verifying transactions and are claimed by the Transaction Processing entity that created the block. They can be earned as part of the transactions themselves or directly via processing contracts.

"Transaction Generators" refers to the organizations that build applications that create data to be written to the BSV blockchain. Transaction Generators can send their transactions to the open market, applying the default network transaction fee for any transaction processor to process. Alternatively, they can send their transactions directly to Taal Tech through TAAL Console at a negotiated rate.

"Transaction Processing" refers to the process of validating transactions and time stamping them by sequencing and encoding them into blocks, which are then published and added to (thereby extending) the associated blockchain. As remuneration, the Transaction Processing operator is paid a Transaction Fee as described above.

"Zero-Confirmation Transaction" is also sometimes referred to as zero-conf or expressed as 0-conf, these are transactions that have yet to be confirmed and verified in a block. Such 0-conf transactions expose the counterparties to possible double spend risk.