

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: TAAL Distributed Information Technologies Inc. (the "Issuer")

Trading Symbol: TAAL

Number of Outstanding Listed Securities: 13,822,998

Date: April 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**As disclosed via press release on April 2, 2020, the Issuer appointed a new CFO, Satoshi Kitahama, and Yevgeniy Meshcherekov became VP Finance.**

The Issuer is developing and has made certain announcements with respect to a five year technology roadmap and strategic vision which includes transaction processing using M/API, bulk volume contracts, dynamic rates, and client tiering; managed services for blockchain computer hosting, hash contracts and TAALPool – a public blockchain computing pool; services and pilot projects stemming from the filed patent application announced on April 2 2020 related to the method and device for generating random numbers; blockchain cloud services; and Internet of Things (IoT) agents and services.

The Issuer also issued a press release on April 28, 2020 announcing, among other things, that it has advised its hosting providers that as of May 8, 2020 the Issuer will cease all cloud computing operations in Kazakhstan (as further described in Item 6 herein).

2. Provide a general overview and discussion of the activities of management.

The Issuer has focused on integrating and operating the cloud computing assets it acquired indirectly on May 1, 2019 when it acquired all of the issued and outstanding shares of Freschette Limited from Mr. Ayre. The Issuer has been generating digital-asset related revenue since that time.

Among other things, management activity for the month was focused on:

1. corporate development activities, with a view to growing our infrastructure and assets through M&A;
2. reviewing operations with a view to identifying opportunities for decreasing operational expenditures and risks and increasing profits;
3. exploring collaborations with third party development groups on specialized information processing services and solutions to capitalize on the emerging transaction fee model economy in the blockchain cloud computing industry; and
4. the development of the Issuer's five-year technology roadmap and strategic vision.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

The Issuer is in the process of launching TAALPool, a public blockchain computing pool. The beta implementation M/API is expected to allow for the public to send transactions directly to the Issuer to be processed, query for real-time transaction processing fee rates and confirm the status of a transaction, allowing for further growth and innovation of the Bitcoin SV development ecosystem, as well as build the foundation for the SPV node network, whose 0- confirmation transactional security is based on direct

**block builder interaction, allowing for tighter integration of applications with transaction processors and for future fixed rate transaction processing in fiat currency. The Issuer has made its beta M/API endpoints available to its partners and clients.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**See Item 6 herein.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**See Item 9 herein.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**The Issuer, through its subsidiary Freschette Limited, provided notice to discontinue cloud computing operations in Kazakhstan, which will cease on May 8, 2020.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A**

8. Describe the acquisition of new customers or loss of customers.

**N/A.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**On April 20, 2020, the Issuer acquired a licence to use intellectual property owned by nChain Holdings Limited ("nChain") for a period of ten years. The licensing agreement with nChain provides the Issuer 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 specialised blockchain transaction handling, processing, storage, retrieval and display. Further, this agreement opens the door for the Issuer to work even more closely with nChain to develop advanced blockchain infrastructure solutions**

that form the foundation of the Issuer's strategy to service the emerging growth in high volume transactions coming from business and enterprise investment in blockchain solutions. Pursuant to the licensing agreement, the Issuer will pay nChain US\$1,000,000 in licensing fees over the first year of the agreement.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**Satoshi Kitahama was engaged as a consultant to act as Chief Financial Officer on April 2, 2020.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**N/A.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**N/A for the month of April; however, the outstanding unsecured convertible note debenture issued to Calvin Ayre was repaid on May 1, 2020, through the issuance of 9,256,763 common shares of the Issuer at a conversion price of \$3.00 CAD in settlement of \$27,770,289 CAD, reflecting \$24,148,077.01 CAD in principal plus 15% interest.**

14. Provide details of any securities issued and options or warrants granted.

**20,000 stock options at \$1.82 with a five-year term were granted to Satoshi Kitahama, which will vest over three years.**

15. Provide details of any loans to or by Related Persons.

**N/A.**

16. Provide details of any changes in directors, officers or committee members.

**Satoshi Kitahama was appointed by the Board as new Chief Financial Officer. Yevgeniy Meshcherekov has moved to the position of Vice President Finance.**

**B. Kevin Turner resigned from the advisory board to the Issuer. Calvin Ayre was appointed to the advisory board on May 1, 2020.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**The changes in the market surrounding the regulation of digital assets has the potential to create additional costs to compliance for our business. In addition, the changes to the Bitcoin blockchain inflation schedule otherwise known as the "halving" will have a significant impact on our operating costs,**

as revenue from hashing and operations will be directly affected. Macroeconomically, the COVID-19 outbreak has affected and will likely continue to affect our business as the practical logistics of cross border shipping and transport of computer equipment has been significantly impacted, which presents a material disruption to our strategic build out schedule of infrastructure.

The use of Bitcoin SV, Bitcoin or other digital assets to, among other things, buy and sell goods and services, record information and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer generated mathematical and/or digital asset protocol.

The growth of this industry in general, and the adoption and use of Bitcoin SV blockchain as a medium for commercial data interchange in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the demand for Bitcoin SV and the value added services developed by the Issuer.

Factors affecting further development of the industry include, but are not limited to, continued worldwide growth in the adoption and use of digital assets, governmental and quasi-governmental regulation of digital assets and their use, or restrictions on or regulation of access to and operation of the network or similar digital asset systems, changes in consumer demographics and public tastes and preferences, the availability and popularity of other forms or methods of buying and selling goods and services and general economic conditions and the regulatory environment relating to digital assets, each of which is beyond the reasonable control of the Issuer and could materially adversely affect its business.

See the Issuer's Form 2A Listing Statement, dated July 31, 2018 (the "Listing Statement") filed with the CSE for a description of further trends, risks and uncertainties facing the Issuer.

#### ***Forward-Looking Information***

***Certain statements included in this Monthly Progress Report constitute "forward-looking information" as defined under applicable Canadian securities legislation. The words "will", "intends", "expects" and similar expressions are intended to identify forward-looking information, although not all forward-looking information will contain these identifying words. Specific forward-looking information contained in this news release includes, but is not limited to statements regarding the Issuer's roadmap and strategic vision, the Issuer's expectations regarding TAALPool, the cessation of cloud computing operations in Kazakhstan, expectations regarding the Issuer's collaboration with nChain. These statements are based on factors and assumptions related to historical trends, current conditions and expected future developments. Since forward-looking information relates to future events and conditions, by its very nature it requires making assumptions and involves inherent risks and uncertainties.***

***The Issuer cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from expectations. Material risk factors include the future acceptance of Bitcoin SV and other digital assets and risks related to information processing using those platforms, the ability for the Issuer to leverage intellectual property into viable income streams and other risks set out in the Issuer's Listing Statement and elsewhere in the Issuer's continuous disclosure filings available on SEDAR at [www.sedar.com](http://www.sedar.com). Given these risks, undue reliance should not be placed on the forward-looking information contain herein. Other than as required by law, the Issuer undertakes no obligation to update any forward-looking information to reflect new information, subsequent or otherwise, except as required by law.***

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **May 5, 2020**

**Angela Holowaychuk**

Name of Director or Senior Officer

**(signed) "Angela Holowaychuk"**

Signature

**COO**

Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer	For Month End	Date of Report YY/MM/DD
<b>TAAL Distributed Information Technologies Inc.</b>	<b>April 2020</b>	<b>May 5, 2020</b>
Issuer Address		
<b>1800 - 510 West Georgia Street</b>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<b>Vancouver, BC, V6B 0M3</b>	<b>604-260-6142</b>	<b>604-260-6142</b>
Contact Name	Contact Position	Contact Telephone No.
<b>Angela Holowaychuk</b>	<b>COO</b>	<b>604-260-6142</b>
Contact Email Address	Web Site Address	
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