

## 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: January 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.

**On January 7, 2020, the Issuer announced that it would be implementing certain changes to transaction fees charged by its cloud computing operations on the Bitcoin SV network.**

On January 28, 2020, the Issuer announced that it has rejected a proposal to cause mining operations operating on the Bitcoin Cash blockchain to pay a mandatory 12.5% contribution on earned rewards to fund protocol development for the Bitcoin Cash network.

On January 29, 2020, the Issuer announced that it implemented the Miner ID protocol offered on the Bitcoin SV (BSV) network, and on December 20, 2019 and December 24, 2019, at block height 614551, began identifying blocks on the Bitcoin SV blockchain mined by the Company and its fleets under management as TAAL.com. Miner ID is an optional protocol for enabling users to identify and securely transact with mining nodes on the BSV network. Miners validating and confirming blocks on the Bitcoin SV (BSV) network can now be identified by a unique and custom descriptor (i.e. TAAL.com) that is cryptographically verifiable. The Issuer now identifies blocks mined by the Issuer's owned fleet and for blocks mined by third party customer fleets contracted under its managed service offering using Miner ID. The Issuer only receives block reward subsidies and transaction fees for blocks mined by machines under its direct ownership.

On January 29, 2020, the Issuer also announced that it issued a Request for Proposal from qualified firms or individuals to provide managed blockchain mining hosting services.

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

The Issuer has temporarily suspended its application specific integrated circuit ("ASIC") microchip development program in order to focus 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 "First Step Transaction"). The Issuer has begun to generate digital-asset related revenue as a result of the First Step Transaction.

The Issuer's corporate objectives for 2020 are as follows:

1. Grow our infrastructure and assets through M&A.
  2. Increase profitability with renewed risk discipline.
  3. Focus on operational enhancements to decrease operational expenditures and increase yields.
  4. Cross listing on major exchanges.
  5. Collaborations with third party development groups on specialized mining services and solutions to capitalize on the emerging transaction fee model economy in the blockchain mining industry.
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.

**See Item 1 herein.**

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 1 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 1 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.

**N/A.**

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.

**On January 24, 2020 the Issuer entered into an agreement with an arm's length manufacturer to purchase computer components to upgrade the efficiency and performance of its fleet of cloud computers operating in Kazakhstan. The total value of the assets was US\$1.68 million. The components will be installed and operational during the first quarter of 2020.**

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.

**N/A.**

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

**The Issuer engaged Melissa Martensen as Corporate Secretary on January 27, 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.**
14. Provide details of any securities issued and options or warrants granted.  
**N/A.**
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.  
**Melissa Martensen was engaged as an officer of the Issuer (Corporate Secretary) on January 27, 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 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 use of Bitcoin SV, Bitcoin and other digital assets 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, Bitcoin and other digital assets.***  
***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 the market for ASIC chips and mining rigs.***

**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 Statements**

**Except for the statements of historical fact, the information presented in this Monthly Progress Report may constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities and other laws, including, but are not limited to: general business, economic, competitive, political and social uncertainties; uncertain and volatile equity and capital markets; lack of available capital; future demand for Bitcoin SV, Bitcoin Core and other digital assets and risks related to the mining thereof; personnel, staffing requirements and technological change and obsolescence; statements with respect to the Issuer's strategy and business objectives going forward; statements with respect to the anticipated benefits to TAAL or to users resulting from the changes to transaction fees charged by TAAL's cloud computing operations on the BSV network; statements with respect to the effect on TAAL's financial performance (including with respect to revenue, profitability and transaction volume) resulting from the changes to transaction fees charged by TAAL's cloud computing operations on the BSV network; statements with respect to the anticipated results or effects on TAAL or miners who do not pay the 12.5% contribution on earned rewards to pay for sustained protocol development needed for the Bitcoin Cash network; statements with respect to the anticipated benefits, if any, effects, performance, capabilities or importance of the Miner ID protocol (including the professionalism and mechanics thereof); and statements with respect to TAAL's intention to engage qualified individuals or firms for the provision of blockchain mining hosting services (including the terms, timing and process of such potential engagement).**

**Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "aims", "anticipates", "will", "projects", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions "may", "could", "would", "might" or "will" be taken, occur or be achieved.**

**By their very nature, forward-looking statements and information are subject to numerous risks and uncertainties, some of which are beyond the Issuer's control. Forward-looking statements and information are based on the opinions and estimates of management at the date the statements are made, as well as a number of assumptions made by, and information currently available to, the Issuer concerning, among other things: the market for and trading price of Bitcoin SV, Bitcoin and other digital assets; electricity rates in various jurisdictions; future hashing rates on SHA 256-based blockchain networks; future reward rates for computing activities on SHA-256 based**

**blockchain networks; future reward rates for computing activities on SHA-256 based blockchain networks, the expected maintenance costs associated with the assets acquired by the Issuer pursuant to the First Step Transaction; the availability of additional capital to finance growth and future research and development, anticipated revenue and cash flow from the sale of products, the Issuer's ability to obtain necessary governmental permits and approvals in a timely manner and on commercially reasonable terms, access to and availability of components (including personnel) to develop and manufacture blockchain hardware and mining systems, the Issuer's ability to successfully operate and integrate the assets acquired by the Issuer pursuant to the First Step Transaction and new personnel into its current operations, all of which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and information.**

**Factors that could cause actual results to differ materially from those in forward-looking statements include risks related to the Issuer's limited operating history, general business, economic, competitive, political and social uncertainties, uncertain and volatile equity and capital markets, lack of available capital, future demand for Bitcoin SV, Bitcoin and other digital assets and risks related to the operational profitability thereof, integration issues, personnel and staffing requirements, technological change, obsolescence, lack of market acceptance or demand for the Issuer's products, the need for significant additional capital, changes in government legislation, changes in ownership interest in a project, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices and volatility of Bitcoin SV, Bitcoin and other digital assets, environmental risks and hazards, infrastructure and/or operating costs, labor and employment matters, inability to secure necessary permits and approvals on a timely basis or at all, government regulation, uncertainties involved in interpreting marketing and sales data, defects in the Issuer's title to its intellectual property, third party infringement claims, cost increases, exchange rate fluctuations, the Issuer's dependence on key personnel, as well as those factors discussed in the sections "Forward-Looking Information", "Risk Factors" and elsewhere in the Listing Statement (as defined below) available for review on SEDAR. The Issuer undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.**

**Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.**

**The Issuer's ability to predict the results of its operations or the effects of various events on its operating results is inherently uncertain and although the Issuer has attempted to identify important factors that could cause actual**

***results to differ materially from any anticipated future results, performance or achievements expressed or implied by forward-looking statements and information there may be other factors that cause results not to be as anticipated, estimated or intended. Actual results and future events could differ materially from those anticipated in such forward-looking information. The Issuer expressly disclaims any intention or obligation to update or revise any forward-looking statements or information contained in this Monthly Progress Report, whether as a result of new information, future events or otherwise, other than as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements and information and trading in securities of the Issuer should be considered highly speculative.***

## 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 **February 6, 2020**

**Angela Holowaychuk**  
Name of Director or Senior Officer

**(signed) "Angela Holowaychuk"**  
Signature

**President and CEO**  
Official Capacity

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|---|--|----------------------------|
| <b><i>Issuer Details</i></b><br>Name of Issuer            | For Month End                                  | Date of Report<br>YY/MM/DD |
| <b>Taal Distributed Information<br/>Technologies Inc.</b> | <b>January 2019</b>                            | <b>February 6, 2020</b>    |
| Issuer Address  |  |                            |
| <b>1800 - 510 West Georgia Street</b>                     |  |                            |
| City/Province/Postal Code                                 | Issuer Fax No.                                 | Issuer Telephone No.       |
| <b>Vancouver, B.C., 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>President &amp; CEO</b>                     | <b>604.260.6142</b>        |
| Contact Email Address                                     | Web Site Address                               |                            |
| <b>info@taal.com</b>                                      | <a href="http://www.taal.com">www.taal.com</a> |                            |