



NEWS RELEASE

TAAL AGREES TO PURCHASE ASSETS SUPPORTING BLOCKCHAIN TRANSACTION PROCESSING OPERATIONS

Vancouver, British Columbia – February 17, 2020 – TAAL Distributed Information Technologies Inc. CSE:TAAL | FWB:9SQ | OTCQB:SQRMF ("TAAL") is pleased to announce that today it has entered into an asset purchase agreement (the "**Agreement**") with Tansley Equipment Limited, Fractical Sense Limited and Laser Lollipop Limited (together, the "**Sellers**"), three companies affiliated with Mr. Calvin Ayre, to acquire over 50,000 non-operational cloud computing units located in the United States (the "**Transaction**").

The aggregate purchase price (the "**Purchase Price**") payable by TAAL to the Sellers for the North American cloud computing assets to be acquired is approximately US\$4,093,374. Closing of the Transaction ("**Closing**") is expected to occur on or about March 9, 2020 (the "**Closing Date**"). On the Closing Date, TAAL intends to satisfy the Purchase Price by issuing to Mr. Ayre that number of non-voting participating shares in the capital of TAAL (the "**NVPS**") that is equal to the total Purchase Price divided by the volume weighted average price ("**VWAP**") of the common shares in the capital of TAAL (the "**Common Shares**") trading on the Canadian Stock Exchange (the "**CSE**") over the ten (10) trading days preceding the Closing Date. For purposes of determining the VWAP in United States dollars, reference will be made to the daily exchange rate for Canadian dollars quoted by the Bank of Canada on the Closing Date. As of May 2, 2020, the date after which the convertible debenture currently held by Mr. Ayre and due May 1, 2020 is converted into Common Shares, the NVPS held by Mr. Ayre will be subject to an exchange agreement providing that, at any time Mr. Ayre's holdings of Common Shares falls below 40% of the issued and outstanding Common Shares of TAAL, that number of NVPS that brings his holdings of Common Shares to 45% will be exchanged until such time that there are no more NVPS held by him available for exchange.

At Closing, TAAL is expected to pay certain prepayments to the hosting providers who act as custodian for the cloud computing assets to be acquired pursuant to the Transaction. Such prepayments are expected to be reimbursed by the Sellers, at their option, in fiat currency, Bitcoin Core (BTC) coins or Bitcoin Satoshi Vision (BSV) coins on or about April 12, 2020. In addition, the Sellers are expected to reimburse TAAL for de-racking and packing expenses to prepare the cloud computing assets for shipping. Additionally, Mr. Ayre has agreed to a three (3) month lock-up of the NVPS issued to him in connection with the Transaction, subject to exceptions for private or over-the-counter trades outside of the facilities of the CSE or pledging arrangements to secure debt.

Closing is subject to customary conditions, including no material adverse change in respect of TAAL having occurred, receipt of required consents and approval of the CSE (including with respect to the listing and posting for trading of the Common Shares exchangeable for the NVPS). The Agreement will be filed on TAAL's SEDAR profile on the SEDAR website at www.sedar.com.

The purpose of the Transaction is to use the acquired cloud computing assets to support TAAL's ongoing operations and blockchain infrastructure in order to generate cash proceeds. TAAL intends to upgrade the cloud computing assets acquired in the Transaction with TAAL's custom components and to optimize them using TAAL's proprietary techniques, enhancing their performance and efficiency. The cloud computing assets are expected to be deployed to support ongoing blockchain transaction processing operations and establish a significant operational footprint within North America. The cloud computing assets to be acquired in the Transaction are expected to be utilized by TAAL to offer specialized services to enterprises that require large volumes of transactions processed within North America indelibly on a reliable blockchain (also known as 'block building'). TAAL expects that Bitcoin SV (BSV) is the best blockchain to support such specialized services to enterprises for large transaction volumes because of BSV's massive scaling and microtransaction capabilities. Further to TAAL's press release of January 28, 2020, TAAL has been seeking partners to host up to 90 megawatts of computing power. The North American cloud computing assets are expected to provide that computing power.

Subsequent to TAAL's upgrade and optimization program, the North American cloud computing assets are expected to be deployed after the passing of a Bitcoin network wide event termed the "Halving" which takes place approximately every 4 years. Upon Halving, the subsidy component of the block creation reward is reduced by one-half. The subsidy is expected to decrease from its current 12.5 coins to 6.25 coins per block successfully processed on the Bitcoin SV (BSV) network in April 2020, and on the Bitcoin Core (BTC) network in May 2020. Deployment of the North American fleet will occur after the Halving to ensure SHA-256 based blockchain networks have stabilized after such event and to preserve capital resources.

TAAL has recently invested US\$3.2 million within the last two quarters to upgrade, enhance and optimize the performance of its currently owned assets operating in Kazakhstan. TAAL expects to continue its upgrade and optimization program.

About TAAL Distributed Information Technologies Inc.

TAAL is a Canadian based technology company engaged, through its subsidiaries, in the business of operating, managing and developing cloud computing data infrastructure and system technology to support global blockchain applications related to Bitcoin SV, Bitcoin Core and other SHA-256 based digital assets.

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The CSE accepts no responsibility for the adequacy or accuracy of this release.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This news release includes "forward-looking information" as defined under applicable Canadian securities legislation. Forward-looking information and statements include, but are not limited to, disclosure regarding possible events, that are based on assumptions about future economic conditions and courses of action, disclosure with respect to the timing, success and completion of the acquisition of the cloud computing assets pursuant to the Transaction (on the terms presently contemplated or otherwise), statements with respect to the

upgrade and optimization of TAAL's cloud computing assets, including those acquired pursuant to the Transaction (and the success and benefits in connection therewith), statements with respect to Bitcoin SV (BSV) (and the expected benefits thereof) and, in certain cases, can be identified by the use of words such as "expects", or variations of such words and phrases or statements that certain actions, events or results "may" or "will", or the negative forms of any of these words and other similar expressions.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Such factors include, 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, integration issues, personnel and staffing requirements, technological change and obsolescence and risks that the conditions to closing in respect of the Transaction will not be satisfied. Actual results and future events and actions could differ materially from those anticipated in such forward looking information. Accordingly, readers should not place undue reliance on forward looking information. All forward looking information in this news release is made as of the date hereof and qualified by these cautionary statements and those in our continuous disclosure filings available on SEDAR at www.sedar.com. TAAL disclaims any intention or obligation to update or revise such forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.