

TAAL Distributed Information Technologies Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS For the three and six months ended June 30, 2022

Date of Report: August 11, 2022

The following management's discussion and analysis ("**MD&A**") for TAAL Distributed Information Technologies Inc. ("**TAAL**" or the "**Company**") should be read together with the accompanying unaudited condensed interim consolidated financial statements and the notes thereto for the three and six-month periods ended June 30, 2022 and 2021 (the "Unaudited Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are stated in Canadian dollars unless otherwise indicated.

In this MD&A, unless the context requires otherwise, all references to "we", "us", "our", "TAAL", and the "Company" refer to TAAL Distributed Information Technologies Inc., including its subsidiaries, and all references to "Management" refer to the executive officers of the Company.

Caution Regarding Forward Looking Statements

This MD&A includes certain statements that may be deemed forward-looking statements and information, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**") and relate to Management's expectations about the Company's future performance or to future events. 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" and "would") which are not historical facts. More specifically, forward-looking information in this MD&A includes, but is not limited to, information contained in statements with respect to: the effects of the COVID-19 pandemic; the development of advanced blockchain transactional systems and the Bitcoin Satoshi Vision ("**BSV**" or "**BitcoinSV**") blockchain platform; the relocation of certain of TAAL's Blockchain Computing Units (as defined in Appendix A), the expected timing for delivery and coming online of newly purchased Blockchain Computing Units, TAAL's expectations with respect to the future of Transaction Processing (as defined in Appendix A); and TAAL's strategic vision and related objectives.

The forward-looking statements and information included in this MD&A 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 MD&A, 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 (as defined in Appendix A); the Company's ability to adequately manage the changing legal and regulatory landscape with respect to Digital Assets and the blockchain industry; the acceptance and widespread adoption of blockchain, specifically the BSV blockchain, and the Company's products and services; 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 that could cause actual results to differ materially from those in forward-looking statements include factors discussed in this MD&A, including under the heading "*Risks & Uncertainties*" in this MD&A, under the headings "*Caution Regarding Forward Looking Statements*" and "*Risk Factors*" in the Company's most recent Annual Information Form (the "**Annual Information Form**") available on SEDAR at www.sedar.com. To the extent any forward-looking statements in this MD&A constitute future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to

demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, 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 other than as required by applicable laws. The Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances other than as required by applicable laws.

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

NON-IFRS FINANCIAL MEASURES

This MD&A presents certain measures which do not have a standardized meaning prescribed under generally accepted accounting principles ("**GAAP**") in accordance with IFRS which may constitute "non-GAAP" financial measures as defined under applicable securities laws. These financial measures are used by management to supplement its analysis and evaluation of operating performance and are intended to assist readers in understanding the Company's performance. However, none of the non-GAAP measures should be construed as an alternative to financial measures calculated in accordance with GAAP. Furthermore, these non-GAAP measures may not be comparable to similar measures presented by other issuers and should not be construed as an alternative to financial measures determined in accordance with IFRS. Non-GAAP measures used in the MD&A include:

- "**EBITDA**" (Earnings before Interest, Taxes, Depreciation, and Amortization). EBITDA represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization; and,
- "**Adjusted EBITDA**" represents EBITDA adjusted to exclude share-based payments, fair value loss or gain (loss) on re-measurement of Digital Assets, gain (loss) on foreign exchange, and costs associated with one-time transactions.

See "*Selected Unaudited Financial Information*" for a reconciliation of EBITDA and Adjusted EBITDA to Net Income (Loss).

Defined Terms

See Appendix A for defined terms.

OVERVIEW

TAAL is a vertically integrated Blockchain Infrastructure and technology company. The Company is engaged in the ownership and management of scalable, clean-energy Blockchain Infrastructure upon which we strive to deliver blockchain-as-a-service solutions for Web 3.0 services and applications with global reach, enabling the next era of global data commerce and delivering real world utility.

TAAL's business model is designed to drive revenue through two distinct business units: blockchain operations in which Block Subsidy rewards make up most of the income and, secondly, through service fees generated from customer use of our Blockchain Infrastructure and related added value services. By granting access to the Company's integrated software services platform known as TAAL Console, clients can utilize a variety of proprietary software solutions and licenses that allow them to write, read, perform analytics, and eventually manage storage on the BitcoinSV blockchain network.

For the Company to deliver on these initiatives, we require a blockchain network that supports limitless scalability and unbounded transactional volume. We believe that the public BSV network is superior to other blockchain networks as it is the fastest public ledger, with the capability to support over 50,000 transactions per second. It is also powered by bitcoin scripting, each transaction can be a smart contract, a cryptographically secure token or a non-fungible token ("NFT"). BitcoinSV technology is also more energy efficient than other blockchain technologies.

Operational Highlights:

- TAAL is able to deploy its blockchain cloud computing power across all three SHA-256 based blockchain networks - Bitcoin Core ("**BTC**"), BitcoinSV ("**BSV**"), and Bitcoin Cash ("**BCH**") - switching chains economically and dynamically to optimize yield. Thus, throughout the quarter, the Company applied part of its computing power on the BCH network to maximize profit. As a result, in Q2 the Company realized Block Rewards in excess of 58,000 coins on the BSV network and 8,400 coins on the BCH network.
- During the quarter TAAL reported that a material portion of the Company's owned and managed Blockchain Computing Equipment, totaling 480 Petahash/second ("**PH/s**"), is located with a clean-energy, enterprise scale service provider in Siberia, Russia. While these operations continue, subject to continuous risk assessments, throughout the quarter the Company executed network rebalancing initiatives to reduce its dependency on this facility, such as acquiring rented computing power, totaling 100 PH/s to supplement the Company's owned and managed Hashing power.
- For the quarter ended June 30, 2022, the Company's revenue as a result of its Digital Asset Hashing operations was \$7.3 million. \$2.5 million of this total revenue came from a cloud computing agreement where TAAL manages a third party's Blockchain Computing Units.
- The Company has taken delivery of additional Blockchain Computing Units, which once online will represent approximately 300 PH/s in output. As of June 30, 2022, the Company has paid for these additional units in the amount of \$27.4 million. Subsequent to the quarter, in July of 2022, the Company secured hosting capacity for approximately 3,000 Blockchain Computing Units. These machines will be located at a site in Ohio, USA. These units are expected to arrive in North America and come online in early Q4 2022.
- On December 16, 2021, the Company acquired 100% of the outstanding shares of Chief Fuels Inc. which holds land and an industrial building located in New Brunswick, Canada with anticipated access to 50 megawatts of hydro-electric power having the potential to power 1.4 Exahash/second ("**EH/s**") of Hashing capacity. As at June 30, 2022, the Company had made \$7.2 million in deposits to develop power access for the facility. During the second quarter the Company sold the shares of Chief Fuels Inc. to a strategic partner that has committed to developing the facility in preparation of TAAL entering into a long-term hosting agreement with the purchaser. A gain of \$27.4 million was recorded in the second quarter for the sale of Chief Fuels Inc. The purchaser has agreed to invest up to US\$20 million of capital expenditures to install and commission the heavy plant and infrastructure at the facility and is committed long-term to developing and operating the site as a blockchain cloud computing data center exclusively for TAAL. The deposits made by TAAL prior to the sale will be credited to TAAL during the term of the hosting arrangement.
- The Company sold for US\$4 million, Blockchain Computing Units representing less than 100 PH/s of Hashing power to a former hosting provider of the Company during the second quarter. A gain of \$3.7 million was recorded upon the sale of the units.
- In addition, subsequent to the quarter, the Company acquired approximately 1,000 Blockchain Computing Units in New Mexico, USA for US\$3.8 million that commenced immediate blockchain cloud computing operations under a hosting agreement with the vendor representing 100 PH/s of Hashing power.

- During the quarter WhatsonChain processed a total of 216 million requests, 161 million API requests and 15.8 million web site visits.
- Subsequent to the end of the quarter the Company paid down US\$5 million of long-term debt.

Financial Highlights:

Three months ended June 30, 2022

- Gross revenue for the quarter was \$7,253,924, up from \$6,659,117 over the comparable quarter of the prior year which represents an increase of \$594,807. The increase was due to Block Reward revenue generated from a significant ramp up of blockchain cloud computing operations in the latter half of 2021, with Company-owned machines being brought online and the addition of the third-party contracted Hashing power largely offset by lower prices for Digital Assets.
- Cost of revenue during the quarter was \$7,072,121, up from \$2,694,240 over the comparable quarter of the prior year which represents an increase of \$4,377,881. The increase was due to more Blockchain Computing Units in operation at third-party hosting facilities and depreciation on the additional machines.
- The revaluation of Digital Assets resulted in an unrealized loss of \$2,306,220 compared to \$8,822,049 in the comparable period in the prior year, and a realized loss of \$260,890 on the sale of Digital Assets compared to \$138,177 in the second quarter of the prior year, due to the weaker performance of the Digital Asset market, resulting in a loss before operating expenses of \$2,385,307 compared with a loss of \$4,995,349 income in the comparable period of the prior year.
- Operating costs totaled \$12,190,291 compared to \$5,146,695 in the prior year. A significant portion of the \$7,043,596 increase in costs is due to the increase of \$5,490,360 in non-cash stock-based compensation expense which was primarily related to acquisition costs. Other increases included management fees, salaries and wages, professional fees, travel and entertainment, marketing and investor relations and a loss on foreign exchange compared to the prior year. The increase in costs was largely a result of the expansion in operations including the hiring of additional management and staff, primarily in Zug, Switzerland which hosts multiple skilled and technical professionals.
- During the quarter the Company sold Blockchain Computing Units operating in Alberta comprising of approximately 77 PH/s of Hashing capacity for US\$4 million. The resulting gain on the disposal of the equipment was \$3.7 million. Due to a lack of alternate hosting capacity and site-specific enhancements made to the equipment it was decided that the best option was to sell the equipment to the hosting provider.
- During the quarter the Company sold the shares of Chief Fuels Inc. ("**Chief**") to a strategic partner that has committed to developing the facility in preparation of TAAL entering into a long-term hosting agreement with the purchaser. A gain of \$27.4 million was recorded for the sale of the subsidiary. As a result of the sale, the vesting of the Company shares paid in exchange for the initial acquisition of the shares of Chief was accelerated. This entailed recording a charge of \$6.6 million in share-based payments expense for the quarter.
- Net income for the quarter was \$16,271,541, compared with a net loss of \$10,141,208 over the comparable quarter of the prior year which represents an increase in income of \$26,412,749 due largely to gains on asset sales offset by value adjustments, operating costs for management fees, salaries and wages and share-based payments.

- Adjusted EBITDA for the three months ended June 30, 2022 was a loss of \$4.2 million compared to earnings of \$0.6 million for the same period in the prior year.

Six months ended June 30, 2022

- Gross revenue for the six months was \$15,966,425, up from \$7,623,105 over the prior year which represents an increase of \$8,343,320. The increase was due to revenue generated from a significant ramp up of blockchain cloud computing operations in the latter half of 2021, with Company-owned machines being brought online and the addition of the third-party contracted Hashing power.
- Cost of revenue for the six months was \$12,020,001, up from \$3,317,950 over the prior year which represents an increase of \$8,702,051. The increase was due to more machines in operation at third-party hosting facilities and depreciation on the additional machines.
- The revaluation of Digital Assets resulted in an unrealized loss of \$2,299,460 compared to \$5,895,610 in the prior year, and a realized loss of \$3,279,767 on the sale of Digital Assets compared to a gain of \$1,845,492 in the prior year, due to the weaker performance of the Digital Asset market, resulting in a loss before operating expenses of \$1,632,803 compared with \$255,037 of income in the prior year.
- Operating costs totaled \$25,377,085 compared to \$10,250,956 in the prior year. A significant portion of the increase of \$15,126,129 in operating costs is attributable to non-cash, share based payment expense of \$12,664,963 for certain executive board members and for the purchase of Chief. Other increases include management fees, salaries and wages compared to the prior year. The increase in costs was largely a result of the expansion in operations including the hiring of additional management and staff, as well as in connection with the office in Zug, Switzerland, partially offset by a reduction in the loss on foreign exchange compared to the previous year.
- Net income year-to-date is \$3,595,178, compared with a net loss of \$7,500,201 over the prior year which represents an increase in income of \$11,095,379 due largely to the gains on asset sales partially offset value adjustments, operating costs for management fees, salaries and wages and share-based payments.
- Adjusted EBITDA for the six months ended June 30, 2022 was a loss of \$5.1 million compared to a loss of \$2.9 million for the same period in the prior year.
- Cash outflows used in operations were \$4,651,875 for the six months compared with \$1,306,562 in the comparable period of the prior year due to the increase in the loss from operations. Net cash inflows from investing activities were \$8,780,810 largely due to the proceeds received on the sale of equipment and a subsidiary which was partially offset by instalment payments made for Blockchain Computing Units to be delivered in the second half of 2022, compared with a use of \$10,407,145 in the comparable period of the prior year primarily due to deposits on hashing equipment and the purchase of equipment and leasehold improvements.
- Net cash outflows used in financing activities were \$177,601 for the period due to payment of lease obligations. In the prior year cash flows from financing activities was \$15,802,858 due to the net proceeds received from the common share issue and options exercise.

Business Analysis

The Company's key business lines and revenue streams are described below.

Blockchain Cloud Computing Operations

TAAL operates an extensive fleet of Blockchain Computing Equipment totaling approximately 430 PH/s which is exclusively focused on the Bitcoin protocol, a SHA-256 public blockchain that presents itself in three networks or tokens – Bitcoin Core ("BTC"), BitcoinSV ("BSV") and Bitcoin Cash ("BCH"). TAAL blockchain cloud computing operations are deployed from time to time across all three networks to maximize profit. Most of the Company's revenue comes from the Block Subsidy portion of Block Rewards and ultimately underpins our Blockchain Infrastructure-as-a-service business.

The Company uses its proprietary, cloud-based TAAL Orchestrator software to operate its owned and managed equipment that directs Hash power into Digital Asset Hashing Pools and performs the economic switching across the three SHA-256 networks.

For the six months ended June 30, 2022, the Company's revenue as a result of Block Rewards obtained through its Block Compute operations was \$16.0 million.

Effective May 1, 2021 the Company entered into a cloud computing agreement with a third-party to procure exclusive use of up to 340 PH/s of Hashing power to supplement Company-owned power. For the six months ended June 30, 2022 the Company generated \$6.1 million in Digital Asset Hashing revenue from this arrangement.

During the first half of 2022, a material portion of the Company's Blockchain Computing Equipment and blockchain cloud computing operations, and operations that the Company manages, are in Siberia, Russia. A combination of TAAL owned equipment and leased equipment is hosted with an enterprise scale service provider that has served the industry and other client operators for several years, offering competitive power rates and power primarily produced from clean energy sources, such as hydro. At the present time, TAAL's operations in Russia are continuing, subject to continuous risk management assessments. The Company has decided to discontinue deploying new equipment in this operation and will reduce its dependency on this facility via a network rebalancing program that is underway. The Company continues to monitor and assess the global situation and will update shareholders in the event of any significant developments. The Company has commenced curtailing its operations in Russia and expects to discontinue operations in that jurisdiction by end of 2022 which will be replaced by Hashing power in North America.

Blockchain Infrastructure-as-a-service

TAAL Console

Following some of the major cloud computing companies who present all their portfolio of software and services through an automated service portal, the Company has delivered an integrated software services platform, known as the TAAL Console. This is the new home and primary portal for clients to manage their accounts, submit transactions, provision of API keys, access reports and analytics and access documentation and support. TAAL Console will be the long-term home for a host of new services and features scheduled for release in 2022.

Digital Tokenization Solutions

The Company believes that industries will increasingly use tokens to digitize physical world assets and intangible or software assets. STAS digital asset tokenization protocol is an on-chain native Bitcoin script-based solution. The Company licenses this technology to companies, individuals, and organizations that are looking to build custom token solutions for any number of use cases, across numerous industries. TAAL released the STAS Whitepaper and a Software Development Kit and has seen positive adoption during the public beta phase; a number of use cases are highlighted on TAAL.com. TAAL is working towards incorporating other token protocols, along with STAS, into an online web-based tool or "Token Studio", allowing Web 3.0 applications or enterprises the ability to create and mint tokens using their chosen protocol to help meet their business requirements.

WhatsonChain

As blockchain technology evolves and gains use cases in data processing, the Company believes in the future blockchain based data will be accessible through a Metanet (or "Internet like") protocol. To position itself in this new industry the Company acquired WhatsOnChain (www.whatsonchain.com), a blockchain explorer that allows users to analyze activity on the BSV blockchain. WhatsOnChain is the market leading "blockchain search" engine for the BSV network, enabling "internet style search" of the public files stored on chain. In addition, WhatsonChain offers a robust set of tools, APIs, endpoints and documentation to support developers building applications on the BSV blockchain. This web-based platform offers freemium usage of up to 3 calls per second and is a client acquisition tool for TAAL's platform services and growing development and partner community.

Additional Services

Additional value-added services the Company is deploying across 2022 include, but are not limited to, TAAL API, Node-as-a-service, TAAL client, Token Studio and UTXO management services. These services significantly reduce the complexities for enterprises looking to operate a blockchain based business.

Transaction Processing

As more enterprises start to use the blockchain as a utility network and take advantage of the solutions outlined above, the resulting activity generates transactions on the BSV blockchain, from which TAAL derives additional revenue in the form of Transaction Fees. Our cloud-based Transaction Processing architecture supports our first-mover strategy, creating long term revenue channels as Block Subsidies continue to reduce every four years and will allow us to acquire market share by growing our existing user base through TAAL Console, which in turn will help build a substantive and stable flow of transactions for processing.

Industry Trends

Several macro industry trends are driving research and development capital into developing blockchain products and services for large enterprise customers. Trends such as the growing expectations of consumer choice, food security, the development of virtual economic ecosystems (i.e. the Metaverse), the launch of over 100 central bank backed digital currencies globally, supply chain digitisation, smart city development and transformations within the automotive industry with the shift to electric vehicles and connected autonomous vehicles, single source data for medical records, and big data, are examples. There are talented companies working to build these solutions in many industry verticals, globally. Many of these companies have participated in conferences and industry events where TAAL has been a key sponsor. As these companies develop software and solutions for their customer segments, someone must be positioned to process the countless transactions that must then be written to the BSV blockchain. As large enterprises

begin to adopt blockchain technology solutions for product and information tracking and security, we expect that they will increasingly rely on third-party service providers for the managing and processing of increasing volumes of blockchain transactions.

From a consumer choice perspective, we are seeing a number of trends emerge. Developers are working with food and beverage companies, enabling consumers to see the origin of not only food but food packaging as well. This gives consumers greater choice and builds trust between buyers and sellers of food. We are also seeing social media companies being compelled to allow users to participate in the economic rewards of these platforms, paid in 'micro-payments' to the user. Elsewhere, developers are working on blockchain solutions for gamers so they can have a permanent record of their history, thereby creating trust with other gamers and platforms. In this environment, personal identity and gaming credentials linked to rewards and payments completed all need to be processed and written to the blockchain.

The growing adoption of blockchain technology is beginning to be seen in other industries as well, including the banking industry, where most major G20 financial institutions now have dedicated blockchain departments and are deploying capital and resources to prepare for a future where blockchain is a central component of the financial system.

Transaction Processing in particular is, in our view, the next opportunity in the blockchain industry. The 2008 bitcoin whitepaper, *Bitcoin: A Peer-to-Peer Electronic Cash System*, describes how the Block Subsidy is programmed to disappear, and participants will eventually be incentivized with Transaction Fees alone. We expect to see the migration to a Transaction Fee based blockchain computing business model that is not dependent on Block Subsidy incentives.

Accordingly, the Company is focused on the Transaction Processing business model and will, when, among other things, the market conditions and opportunities are right, transition away from a reliance upon the Block Subsidies. To ensure a sustainable business in the long-term, we are committed to building professional grade value-added products and services. We believe the value of a blockchain is only realized when it is used at scale, and the business of Transaction Processing (creating blocks) on a blockchain for a reward is only sustainable with the existence of a constant and massive daily flow of transactions for processing.

We expect awareness of the BSV Blockchain and its capabilities to continue growing. This can be seen via the BitcoinSV ecosystem website (www.bitcoinsv.com) which now boasts over 350 companies building applications and services on BSV. As awareness grows and more developers create applications on BSV, the need for Transaction Processing services will also grow. Awareness and education are key for TAAL and other industry players in the BSV community and TAAL management is focused on increasing awareness through its marketing and business development.

Recently, there has been growing concern regarding energy consumption associated with digital Hashing or Block Computing of Bitcoin. The low power consumption of the BSV network has become a notable feature, as detailed in a report published in November 2021. MNP, a Canadian accounting company, conducted a research study focused on the environmental impact of the three primary "Bitcoin" blockchains: Bitcoin Core ("BTC"), Bitcoin Cash ("BCH"), and BitcoinSV ("BSV"). The MNP report determined that BSV is unequivocally the leader in energy efficiency. Designed to accommodate massive levels of transactions, BSV outcompetes BTC and BCH because it is unbounded by block size. Proof of that came in February 2022, when TAAL processed a world-record 4-gigabyte block, which followed a record month of transactions for the BSV blockchain in January. The network recorded more than 100 million transactions, a 20 times increase from the January 2021 volume.

"Transactions are the ultimate measure of throughput," MNP wrote in its report, Blockchain technology and energy consumption: The quest for efficiency. "The number and size of the transactions in a block will affect the size of the block. BTC has a strictly limited block size approaching 4MB. BCH has a much more permissive

limit of 32MB. BSV is unbound by block size. Since mining is what consumes energy, and blocks are the product of mining: the more transactions in a block, the lower the energy consumption per transaction. Similarly, the larger a block can be (measured in megabytes), the lower the energy consumption per megabyte."

Among the notable findings in the report was the difference between the per-megabyte consumption of energy for the three protocols. In 2021, BTC peak usage was 991 MWh/MB compared to BCH's peak of 194 MWh/MB and the superior energy efficiencies of the BSV network with a peak of 12.3 MWh/MB.

The MNP study cited the differences in energy consumption between the three blockchains as a key reason for declaring BSV as the industry champion for the planet's health.

In addition, TAAL has recently observed a significant shift in the macroclimate for Digital Assets globally. China enforced a blanket ban on various Digital Asset classes and any Digital Asset Hashing operations taking place domestically. Kazakhstan followed suit with the closure of over 50 mining operators in late 2021. Similarly, Russia has banned payments for goods and services being made in Digital Assets. There has been an exodus of Blockchain Computing Equipment from these countries and a significant migration and expansion of overall Hashing power in other parts of the world. Specifically, North America has been a more favourable destination with large relocations of fleets to North America and states such as Texas and New York being significant beneficiaries.

Historical BSV Price

As noted, the market price for BSV continues to experience volatility in line with other Digital Assets.

On June 30, 2022 the price of BSV was approximately \$70 (US\$54). At the date of this MD&A the price of BSV was approximately \$78 (US\$61).

SELECTED UNAUDITED FINANCIAL INFORMATION

<i>(In CAD dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 7,523,924	\$ 6,659,117	\$ 15,966,425	\$ 7,623,105
Adjusted EBITDA ¹	\$ (4,207,843)	\$ 628,506	\$ (5,107,968)	\$ (2,860,027)
Net income (loss)	\$ 16,271,541	\$ (10,141,208)	\$ 3,595,178	\$ (7,500,201)
Basic income (loss) per share	\$ 0.40	\$ (0.29)	\$ 0.10	\$ (0.24)
Diluted income (loss) per share	\$ 0.33	\$ (0.29)	\$ 0.08	\$ (0.24)

	June 30, 2022	June 30, 2021
Total assets	\$ 85,954,993	\$ 49,352,545
Total non-current financial liabilities	\$ 14,140,878	\$ 1,360,638

¹ See "Non-IFRS Financial Measures" and the reconciliation of Adjusted EBITDA to Net Loss below.

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income/ (loss)	\$ 16,271,541	\$(10,141,208)	\$ 3,595,178	\$(7,500,201)
Accretion of lease	2,149	1,094	4,612	1,094
Interest expense	250,277	2,774	499,381	930
Depreciation and amortization	1,019,809	679,601	2,125,531	1,046,675
EBITDA	17,543,776	(9,457,739)	6,224,702	(6,451,502)
(Gain)/ loss on revaluation of digital assets	2,306,220	8,822,049	2,299,460	5,895,610
(Gain)/loss on sale of digital asset:	260,890	138,177	3,279,767	(1,845,492)
Gain on sale of subsidiary	(27,404,928)	-	(27,404,928)	(2,479,063)
Share-based payments	6,613,857	1,123,397	14,155,260	1,490,297
(Gain)/ loss on foreign exchange	166,979	(14,243)	41,902	527,234
Gain on sale of equipment	(3,694,637)	1,016	(3,694,637)	(20,055)
Share of loss in associate	-	15,849	(9,494)	22,944
Adjusted EBITDA	\$ (4,207,843)	\$ 628,506	\$(5,107,968)	\$ (2,860,027)

The following table summarizes the maximum number of common shares outstanding as at March 31, 2022, and as of the date of this MD&A, if all outstanding stock options and warrants were converted to common shares.

	As at June 30, 2022	As at the date of this MD&A
Common shares	40,592,886	40,592,886
Common shares, issued and unreleased	3,758,452 ^{(1)/(2)}	3,758,452 ^{(1)/(2)}
Warrants to purchase common shares	4,757,079	4,757,079
Options to purchase common shares	3,166,938	3,166,938
Restricted share units	226,709	226,709

Notes:

- (1) On September 15, 2020 1,739,882 common shares were issued in connection with the acquisition of WhatsOnChain Limited and are subject to a lock-up agreement dated as of that date (the "WOC Lock Up Agreement"). On September 15, 2021 1,043,930 common shares were released pursuant to the terms of the WOC Lock-Up Agreement. The remaining 695,952 common shares remain in escrow until September 15, 2025, subject to release upon the achievement of certain developmental milestones, in accordance with the terms of the WOC Lock-Up Agreement. Any common shares remaining in escrow subsequent to September 15, 2025, will be redeemable by TAAL for nominal consideration. Amounts reflect the issued but unreleased common shares under the WOC Lock-Up Agreement as at June 30, 2022.
- (2) On December 16, 2021 1,187,500 common shares were issued pursuant to a share purchase agreement (the "Chief Agreement") in connection with the acquisition of Chief and are subject to a lock-up agreement dated as of that date (the "Chief Lock-Up Agreement"). An additional 2,250,000 common shares were issued on April 14, 2022. 3,062,500 shares remain in escrow and will be release in tranches through December 2023. Amounts reflect the issued but unreleased common shares under the Chief Lock-Up Agreement as at June 30, 2022.

If all the Company's outstanding options and warrants were exercised as of the date of this MD&A, the Company would receive approximately \$35.8 million in total gross proceeds on those exercises. There is no current expectation this event will occur. For further information and details concerning outstanding share data, options, and warrants, refer to the Unaudited Financial Statements.

SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

<i>(All amounts in 000's, except per share figures)</i>	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
	2022	2022	2021	2021	2021	2021	2020	2020
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$ 7,254	\$8,713	\$14,690	\$12,351	\$6,659	\$ 964	\$ 139	\$ 245
Net income (loss)	16,272	(12,676)	832	2,067	(10,141)	2,641	(12,200)	(6,013)
Basic income (loss) per share	0.40	(0.33)	0.04	0.06	(0.29)	0.09	(0.50)	(0.25)
Site operating costs	5,724	(3,543)	(7,542)	(3,225)	(1,853)	(58)	-	(37)

A subsidiary of TAAL holds Digital Assets from time to time. The subsidiary spot liquidates Digital Assets produced; however, management may elect to hold portions of the Digital Assets if it is not beneficial or necessary to convert to fiat currency at that time for strategic purposes. As at June 30, 2022, the Company held \$5,279,410 in Digital Assets. Accordingly, a significant reduction in Digital Asset prices could have a material adverse effect on the Company's working capital position. See "Risk Factors" for further information

on the risks associated with Digital Assets. The Company is exploring treasury controls and portfolio management plans to reduce the risk and has implemented an Investment Committee to oversee its Digital Asset strategy. In the future, we hope to enter better hedging and structured trades to ensure stability from our Blockchain Infrastructure management operations as well as focusing more on stable Transaction Processing fees and value-added services businesses, which will result in fiat currency cashflow and less exposure to capital market price fluctuations.

FINANCIAL CONDITION

Off-Balance Sheet Arrangements

The Company is not committed to any off-balance sheet arrangements.

Key Management Compensation

The Company considers its executive officers and executive directors to be key management. The Company incurred management and directors' fees, salaries and wages, professional fees and share-based payments totaling \$15,373,878 for the six-month period ended June 30, 2022 compared to \$3,602,604 for the six months ended June 30, 2021 in respect of services provided to the Company. The significant increase is largely due to the grant of shares and options to the Chairman of the Board of Directors and Chief Executive Officer in connection with their revised consulting arrangements with the Company and share-based payments related to the Chief acquisition.

Transaction with Related Parties

The Company is a member of the Bitcoin Association for BSV, a non-profit association formed under the laws of Switzerland. TAAL pays CHF50,000 per year in membership dues to the Association. Stefan Matthews and Calvin Ayre are on the executive committee of the Bitcoin Association for BSV. Neither Mr. Matthews nor Mr. Ayre participated in the management decision making process that resulted in TAAL becoming a member of the Association.

Subsequent to the quarter, the Company purchased Zero 32 Associates Ltd. from one of its executives for a purchase price of £50,000 plus an adjustment for cash on hand. The company will be used as a UK subsidiary to employ developers working for Taal in that country. The acquisition was reviewed and approved by the Audit Committee and the Board and the executive did not participate in the approval to purchase Zero 32 Associates Ltd.

Liquidity and Capital Resources

The Company recommenced Block Compute operations in January 2021. The Company's financial success and continuation as a going concern will be dependent on, among other things, the extent to which it can successfully maintain and optimize profitable operations and generate funds therefrom and develop new income streams from management services, software licensing, specialized blockchain services, Transaction Processing services and/or raise equity capital or borrowings sufficient to meet current and future obligations. No assurance can be provided that any future equity or debt capital raises would be successful, or available to us on favorable terms.

The Company's Unaudited Financial Statements have been prepared assuming the Company will continue as a going concern, notwithstanding that the Company has an accumulated deficit. As of June 30, 2022, the Company had net working capital of \$37,763,518 (December 31, 2021 - \$15,451,908) and shareholders' equity of \$69,564,651 (December 31, 2021 - \$51,402,157).

For the six months ended June 30, 2022, net cash used by operating activities was \$4,651,875 which does not include the Digital Assets obtained through Digital Asset Hashing operations, but not converted to cash. For the six months ended June 30, 2022, cash provided by investing activities was \$8,780,810 and was used for deposits on Blockchain Computing Units and to invest in equipment which was more than offset by proceeds from the sale of equipment and a subsidiary, and the Company used \$177,601 for financing activities.

As at June 30, 2022, the Company had current assets of \$40,039,549 (December 31, 2021 - \$18,720,946) consisting primarily of cash and cash equivalents of \$8,169,900 (December 31, 2021 - \$3,979,970), accounts receivable of \$18,041,578 (December 31, 2021 - \$79,707), other receivables of \$8,145,158 (December 31, 2021 - \$1,013,290) Digital Assets of \$5,279,410 (December 31, 2021 - \$12,653,838), and prepaid expenses and other current assets of \$403,503 (December 31, 2021 - \$994,141) largely representing trade prepaids.

Responding to COVID-19:

The health and well-being of our employees and their families, and of those in the communities in which we live and work, are of paramount importance to us. As such, we implemented a remote work policy in late February 2020, prior to the World Health Organisation issuing its pandemic warning in March 2020 with respect to the spread of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) ("**COVID-19**"). A majority of employees and consultants continue to work remotely. Despite these restrictions, at our core is a culture of problem-solving and our approach to COVID-19 has been no different, requiring adjustments for time zones to improve communications both internally and with our clients, customers and prospects. As a result, despite the effect on global financial markets and logistical supply chains, we have had minimal disruption to our business. See "*Risks & Uncertainties – Pandemic Risk*" below.

Risks & Uncertainties

An investment in securities of the Company involves a high degree of risk, should be considered highly speculative due to the nature of the Company's business and the industry in which it operates and should only be made by persons who can afford the risk of loss of their entire investment. See headings "*Caution Regarding Forward Looking Statements*" and "*Risk Factors*" in the Annual Information Form or a discussion of other risks and factors affecting the Company. The Company's significant risk exposures and the impact of the Company's financial instruments are summarized below.

Technology Risk – 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 their 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.

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-governmental regulation of or restrictions on the use of blockchain technologies and Digital Assets, or restrictions on Proof-Of-Work based tokens and networks, 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 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 or if it is found to be unstable or unsecure, the Company's results of operations and financial condition could be materially adversely affected. In particular, the Company relies primarily 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*" in the Annual Information Form for further information on the risks relating to the Blockchain and Digital Assets.

Limited Operating History

The Company has a limited history of operations with respect to its current business model 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.

Development Risks

TAAL may be subject to risks in connection with the development of the property owned by Chief. into a commercially viable enterprise scale blockchain cloud computing data center. TAAL management has not undertaken a project of this magnitude in the past and will rely primarily on outsourced construction consultants. The development could be delayed, and such delays could be material. The project may experience cost overruns and such overruns may need to be addressed by TAAL. Local governments and regulators may make operating a facility in New Brunswick less desirable in the future. The economic viability of the facility will be subject to the power market and other market forces in the future which are uncertain.

The Company may require additional capital to maintain operations if its operations continue to be unable to produce positive cash flow. The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions, the market and demand for Digital Assets as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of common shares from its treasury, control of the Company may change, and existing shareholders will suffer additional dilution.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company settles its revenue and incurs a portion of its expenses in U.S. dollars and Swiss Francs. Therefore, the fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of equity.

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. The liquidity of BSV may affect the Company's business, and in the case that the Company is unable to convert BSV into sufficient Canadian dollars, U.S. dollars and/ or Swiss Francs there may be a material adverse effect on the Company's business, results of operations and financial condition. Fluctuations in the exchange rate between the Canadian dollar, the U.S. dollar, the Swiss Franc and other currencies could also 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.

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is exposed to price risks with respect to its Digital Assets earned and held.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, trade and other receivables. Cash and cash equivalents are maintained with highly rated financial institutions and may be redeemed upon demand. The Company prepays its hosting obligations and manufacturers of Blockchain Computing Units and is exposed to the creditworthiness and business stability of hosting providers and manufacturers. All accounts receivable balances are expected to be settled in full when due and because of the nature of the customer.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount if these financial assets as recorded in the consolidated statement of financial position.

Hosting Provider Risk

The Company hosts its Blockchain Computing Equipment with full service hosting providers and has limited access to its Blockchain Computing Equipment. The performance and physical security of our blockchain cloud computing operations are reliant on such hosting providers. Although hosting providers are contractually obligated to Taal to perform to industry standards, any failure on the part of a hosting provider will subject our blockchain cloud computing operations to risk, which can be material. The hosting providers may be subject to curtailment of its power supply at the discretion of the electrical utility which is beyond the control of the hosting provider.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the Company's cash flow projections. If future cash flows are uncertain, liquidity risk increases. The Company manages liquidity risk through the management of its capital structure. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and cash equivalents and Digital Assets held. The Company's cash and cash equivalents are held in corporate bank accounts available on demand. The Digital Assets are held in secure wallets and are available on demand.

Geopolitical risk

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.

A material portion of the Company's Blockchain Computing Equipment and equipment that it manages is located in Russia. This equipment is subject to political risk and uncertain local regulation in that jurisdiction. Such operations may also be subject to discontinuation due to international sanctions of payments into Russia. Additionally, the Company may be overly reliant on local hosting providers, including providers in Russia, and may have limited ability to take direct action with respect to the equipment located in that jurisdiction.

Taxation risk

The Canadian government has proposed legislation that could restrict some or all of the Company's Canadian-based entities from claiming input tax credits for amounts paid on the purchase of goods and services. The Company is actively working with a group of other affected entities in asking that the legislation be reconsidered and further clarification provided. The impact of the possible outcome is unknown at this time.

Pandemic risk

While disruption to the Company's business as a result of COVID-19 has been minimal to date, 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 and financial condition. In particular, the Company cautions that current global uncertainty with respect to the spread of COVID-19 persists and its effect on the broader global economy may yet 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, the 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.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The Company has prepared the financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's Unaudited Financial Statements.

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

The Company's significant accounting policies, judgements, and estimates are detailed in Note 3 to the Unaudited Financial Statements and include: digital assets, asset acquisition, intangible assets, equipment, functional currency translation, revenue from contracts with customers, basic and diluted loss per share, share capital, share-based payments, and share-based payments for asset acquisition.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Appendix A

As a dynamic industry, the blockchain and Digital Assets industry is constantly evolving, and nowhere is this more evident than in the rapidly changing lexicon of words used to describe the many activities, products, services and technology associated with it. The following list of defined terms are used throughout this document, and have the following meanings:

Term	Definition
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 address of a server. Transaction processors share their API endpoints with application developers, who embed this data into blockchain transactions.
BCH	means Bitcoin Cash.
Bitcoin	is a common usage referring to native Digital Assets on the SHA-256 based family of blockchains with the genesis block originating on January 9, 2009. BTC, BSV and BCH are examples of native Digital Cash based on Bitcoin platforms.
Block Compute	Block Compute refers to Blockchain Infrastructure operations generally resulting in Block Rewards and service fees.
Block Rewards	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	a 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	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	Blockchain Computing Units and their associated infrastructure such as network switching equipment and electrical transmission, maintenance, monitoring and management equipment.
Blockchain Computing Units	specialized ASIC (application-specific integrated circuit) computational devices that are optimized for Hashing capacity to execute secure Hashing algorithms that result in Block Rewards.
Blockchain Infrastructure	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	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 or BitcoinSV	means Bitcoin Satoshi Vision.
BTC	means Bitcoin Core.
Data Token Protocol and Secure Token Protocol	mean different Token application protocols built as a layer on 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, and 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	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.
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 Digital Cash.
Halving	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 210,000 th 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. The next halving is expected in the Spring of 2024.
Hash	Hash refers to a cryptographic mathematical function that produces a unique code that can identify a file.
Hashing	Hashing is a general term used to refer to the cryptographic computing operation of Blockchain Computing Units on SHA-256 based blockchains.
Hashrate	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. One Terahash per second (TH/s) is equivalent to one trillion hashing operations per second. One Petahash per second (PH/s) is equivalent to one quadrillion hashes per second.
Proof-of-Work	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.
SHA-256	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	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	the acronym standing for “substantiated Tokens by actualizing Satoshi”. STAS is a tokenization technology based on BSV.
TAAL Console	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 “ <i>Business Analysis – Transaction Processing</i> ”.
TAAL Orchestrator	a blockchain network management tool.
Tokens	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	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 Processing	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	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.