ZONETAIL INC.

Management's Discussion and Analysis

Year ended December 31, 2019

Introduction

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Zonetail Inc. ("Zonetail" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion dated June 15, 2020, should be read in conjunction with the Company's consolidated financial statements for years ended December 31, 2019 and 2018 with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further information about the Company and its operations can be obtained from the Company's website www.zonetail.com or on SEDAR at **www.sedar.com**.

Caution regarding forward-looking statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of (i) this MD&A; or (ii) as of the date specified in such statement. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of business and outlook

Zonetail provides mobile platforms to hotels and condominiums connecting the guests of a hotel and the residents of a condo to the amenities and services of their building through the convenience of their personal mobile device. Included on both platforms is an explore section highlighting the businesses and services in the local area. These businesses pay to be on the platform to reach the highly sought, but often difficult to reach hotel guest and condo resident.

Zonetail is partnered with AAHOA, the largest association of hoteliers in the world, representing over 25,000 hotels and 50% of the US market. Zonetail is also partnered with Shiftsuite, one of the largest property management system software providers to the condo industry in Canada, with approximately 2,000 condo buildings, representing an estimated 400,000 units.

Throughout 2019, the Company began its rollout of the hotel platform in conjunction with AAHOA, and have launched in 9 major North American cities to date, and plans to work closely with AAHOA to continue the onboarding of hotels, and building the user base, city-by-city.

A major milestone was reached in January of 2019, with the launch of the condo platform. The Company has worked with the condo property management corporations (PMC's) throughout 2019, and continue to do so throughout 2020, to promote the app directly to their residents.

The ad sales for 2019 was focused primarily on the condo vertical as it is the shortest path to sustainable recurring monthly revenue and will continue to be the main focus into 2020 as the Company works toward profitability and navigates the challenges associated with Covid-19. Zonetail has presented the condo offering to over 100 of some of the largest companies across Canada, including large retail and restaurant chains (Of note: SirCorp signed, press released July 9th, 2019), insurance companies, food delivery, specialty services and several others, many of whom view the Company's condo platform to be a better and a more cost-effective alternative to reach condo residents than traditional mediums like direct mail.

In 2019, a second transaction-based revenue stream was introduced ahead of projections, where Zonetail receives payments for purchases made through the application. After several months of work, in early 2020, Zonetail announced the signing of one of the largest food delivery companies in the United States, GrubHub, (press released February 11, 2020).

Throughout 2019, the Company continued to develop the transaction revenue stream. The letter of intent signed with Pineapple Express Delivery, press released on May 29, 2019, is a major step in fulfilling Zonetail's promise to shareholders towards securing a cannabis partnership to deliver cannabis products to hotels and condominiums. The Company is expected to receive a transaction fee for each delivery made, where it is legal to do so. The Company is working with Pineapple Express Delivery to complete the necessary development work and finalize this agreement.

On October 21, 2019, Zonetail announced it has signed a non-binding Letter of Intent to enter into an exclusive partnership agreement with Elby Mobility to offer hotel guests and condo residents its ebikes for rental or purchase. Elby's software will be integrated into Zonetail's hotel and condo mobile platforms, so guests and residents who wish to rent an ebike can simply download the Zonetail app to gain access. Due to Covid-19, the launch of e-bikes through the Zonetail platforms has been delayed but is expected to occur within the next 6 to 9 months.

The Company is in discussions with several other potential partners and advertisers both in Canada and the U.S., and will continue to seek additional partnerships and advertisers including; a major credit card company, food delivery, ride-sharing, national retail and restaurant chains, airlines, among others. Building out strong strategic partners was a major focus of the company in 2019 and continues to be so in 2020. The businesses the Company has signed agreements with and is continuing to pursue the potential to add significant revenues, provide awareness and adoption of the platforms, as well as new and exciting technology advancements.

2020 has been quite a year. The COVID-19 pandemic has hit the travel and restaurant industries hard. Covid has had negative effects on the Company, however, the effects are not considered to be long term. When considering unpredictable events such as Covid-19, it is important to keep in mind that Zonetail is at scale in two verticals, hotels and condos. When one industry is hit with major setbacks as Covid has hit the hotel industry, being at scale in the condo vertical provides Zonetail with flexibility to cope with such challenges where other companies that focus exclusively on the hotel/travel industry do not have such flexibility.

Currently, our efforts continue to be focused on the condo vertical, as the hotel industry will take some time to recover from the current COVID-19 pandemic. However, that does not mean that we are at a stand-still in the hotel vertical, it too continues to progress. Recently the Company was contacted by a group of hotels in the U.S. that want to use this downtime to implement the Zonetail hotel platform into their properties. They know that Covid is going to change the way they do business permanently, and they want to use the Zonetail hotel platform to go 'touchless' in their communication with their guests. They aim to use the platform to minimize all contact between their guests and their staff. Smart thinking. We continue working with hotels like these across the U.S. and in conjunction with AAHOA, to find opportunities where Zonetail can assist our hotel partners in these difficult times.

One of the Company's most significant acheivements in 2019 was working towards an agreement with one of Canada's largest telecom companies (the "Telco"). The efforts of many months of work came to fruition when the Company signed an agreement with the Telco (see press release dated March 9). We launched with the Telco on April 1st and phase one of the project is moving along very well, in spite of the Covid-19 disruption. Currently the Telco is active in over 12,000 condo units across the Greater Toronto Area. Phase two and three (an expansion of that number and scope of touch) is planned to commence shortly after the economy reopens.

The Company is also working closely with the condo property management corporations to maximize our services to the condo residents, providing helpful information on Covid-19 and the safety measures that the property management corps are undertaking to keep their residents informed. Plans are in the works to expand the Condo app to potentially reach thousands more condo buildings in Canada within the next 12 to 18 months.

The Company recently launched several contests with the condo residents, awarding prizes donated by the Telco to continue to increase the awareness, downloads, and usage, of the platform. Of the PMCs that have announced the app to their residents the downloads are strong, and increasing month after month. We now know that when residents learn that there is an app for their building, they want to download it - and that is very promising news. We are working with Shiftsuite, with assistance from the Telco to get the other PMCs to announce the app, and more and more are doing so. We are now approaching another milestone with nearly 10% of condo resident downloads across the buildings that are now live in, and the numbers continue to increase.

In order to continue to mitigate the effects of the pandemic, and to provide the Company with ample working capital, we are in the process of completing a $1.295 million private placement (See below for details). In addition to providing working capital, the use of proceeds includes completing necessary upgrades the condo platform, expanding the number of condo buildings in our portfolio, building on our relationship with Rogers, developing new relationships with other major businesses as the economy reopens and assisting our clients as they adapt to a new post Covid-19 "touchless" world.

Operations

In October of 2019, the Company closed $350,000 of convertible debentures (press released October 16, 2019) to provide essential working capital.

<u>Current private placement</u>

On February 19, 2020, the Company announced a proposed private placement (the "Offering"). The Offering consists of up to 64,784,150 units of the Company (the "Units") being issued at a price of $0.02 per Unit, with each Unit being comprised of one common share (a "Share") and one whole common share purchase warrant (a "Warrant") for potential aggregate gross proceeds of $1,295,683. Each Warrant entitles the holder to purchase one additional Share of the Company at an exercise price of $0.05, for a period of twelve months from the closing date of the Offering.

On June 3, 2020, the Company completed the first tranche of the Offering by issuing an aggregate of 23,960,000 Units, for gross proceeds of $479,200. The final closing of the Offering is expected to close before June 30, 2020

Dispute
On December 19, 2019, the Company served Belgravia Capital International Inc. ("Belgravia") with a statement of claim in the aggregate amount of $6,173,000 plus a declaration that the promissory note owed to Belgravia in the amount of $325,000 is not due or owing. On June 27, 2019 Belgravia brought a nuisance action of insolvency against the Company. Belgravia has taken no further steps in the this action since then, almost 1 year later. On November 1, 2019, Belgravia issued a press release updating the markets on the promissory note, that was maturing on November 1, 2019. Also, on November 1, 2019, Zonetail received a demand notice from Belgravia for full repayment of the promissory note, plus interest. On November 6, 2019, Zonetail issued a press release regarding its ongoing issues with Belgravia Capital. Zonetail notified Belgravia through its counsel that the Company intends to vigorously defend any claim Belgravia intends to make and on December 19, 2019 the Company commensed its claim. Zonetail has asserted a right of off-set based on its position that Belgravia has breached the parties' management services agreements, for which Belgravia was paid by Zonetail, Belgravia's lack of investor relations guidance and for other wrongdoing, has caused and continues to cause substantial consequential damages to the Company. This dispute is before the courts which have seen delays due to the COVID 19 pandemic.

Throughout 2019, the issues surrounding the Company's relationship with Belgravia has had a significant negative effect on the Company's ability to raise capital, drive revenues, and increase value for shareholders. The Company is working diligently to bring a resolution to these issues in a timely and cost effective manner.

Capital management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Commitments and contingencies

From time to time, the Company may be subject to legal proceedings and claims related to matters arising in the ordinary course of business. We do not believe the Company is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

In June 2019, the Company was assess by the Canada Revenue Agency ("CRA") for undocumented professional fees dating back to the 2015 fiscal year end. The assessed liability is approximately $350,000. The Company has since submitted all documentation supporting the professional fees and working with CRA to clear this assessment. The Company does not believe there will be any liability once the process is completed.

On December 19, 2019, the Company served Belgravia Capital International Inc. ("Belgravia") with a statement of claim in the aggregate amount of $6,173,000 plus a declaration that the promissory note owed to Belgravia (see note 10) in the amount of $325,000 is not due or owing. On June 27, 2019 Belgravia brought an action of insolvency against the Company. Belgravia has taken no further steps in this action. The Company has asserted a right of off-set based on its position that Belgravia has breached the parties' management services agreements, for which Belgravia was paid by Zonetail, Belgravia's lack of investor relations guidance and for other wrongdoing, caused and continues to cause substantial consequential damages to the Company. This dispute is before the courts which have seen delays due to the COVID 19 pandemic.

Off-balance-sheet arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

SELECTED ANNUAL INFORMATION

Year ended December 31	**2019**	2018	2017
	$	$	$
Net loss for the year	**1,879,942**	2,914,746	727,562
Total assets [1]	**166,207**	1,416,300	119,925
Loss per share (basic and diluted)	**0.03**	0.07	0.02

(1) As at December 31

SUMMARY OF QUARTERLY RESULTS

For the eight most recent quarters:

	December 31 2019	**September 30 2019**	**June 30 2019**	**March 31 2019**
	$	**$**	**$**	**$**
Total revenue	25,326	17,436	20,781	14,543
Net loss for the period	(390,557)	(414,242)	(521,299)	(553,592)
Net loss per share (basicand diluted)	0.00	0.01	0.01	0.01
Total assets	166,207	180,982	493,681	972,979

	December 31 2018	**September 30 2018**	**June 30 2018**	**March 31 2018**
	$	**$**	**$**	**$**
Total revenue	5,965	7,823	21,120	5,749
Net loss for the period	(1,500,314)	(678,838)	(441,054)	(294,540)
Net loss per share (basic and diluted)	0.03	0.02	0.01	0.01
Total assets	1,416,300	1,846,237	113,527	303,035

Variations in net loss primarily result in changes to professional fees, share based compensation, increases in salaries from 2018 to 2019 and general and administrative costs.

Discussion of operations

The Company's net loss for the year ended December 31, 2019 totalled $1,879,942, compared to $2,914,746 for the year ended December 31, 2018. The decrease in net loss of is principally the result of the following:

- Professional fees decreased by $513,855 for the year ended December 31, 2019, in 2018 the Company was completing its RTO and had an increased level of professional fees.
- Interest expense decreased by $332,900 for the year ended December 31, 2019, as the Company converted all convertible debentures during the year ended December 31, 2018 there was no associated interest and accretion expense in the year ended December 31, 2019.
- Listing expense decreased to zero from $402,801, as the RTO was completed in 2018.
- The decreases were offset by increases in salaries of $251,548 and general and administration of $76,857.

Three months ended December 31, 2019, compared to the three months ended December 31, 2018

The Company's net loss totalled $390,557 for the three months ended December 31, 2019, compared to $1,500,314 for the three months ended December 31, 2018. The decrease in net loss of is principally the result a decrease in professional fees related to the 2018 RTO and a decrease in share based compensation.

Liquidity and financial position

Cash and cash equivalents used in operating activities was $1,232,888 for the year ended December 31, 2019 compared to $2,308,752 in the prior period. Operating activities were affected by the RTO in 2018, and the challenge to raise capital in 2019.

At December 31, 2019, Zonetail had $11,722 in cash and $63,287 in trade and other receivables (December 31, 2018 - $932,650 and $202,169).

Accounts payable and accrued liabilities were $504,497 at December 31, 2019 (December 31, 2018 - $338,088). The Company's cash and accounts receivable balances as at December 31, 2019 are not sufficient to pay these liabilities. As such, management is actively pursuing additional capital financing to fund the operations of the Company.

As of December 31, 2019, and to the date of this MD&A, the cash resources of Zonetail are held with Canadian chartered banks. Trade and other payables are short-term and non-interest-bearing.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2019, the Company is not compliant with this requirement, and continues to seek additional sources of liquidity.

The Company has accumulated a deficit amounting to $8,969,613 as at December 31, 2019 (December 31, 2018 - $7,884,204). The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations. The Company had a net loss and comprehensive loss for the year ended December 31, 2019 of $1,879,942 (year ended December 31, 2018 - $2,914,746). The Company has currently secured a portion of a private placement (see subsequent events) to provide additional working capital to the Company and fund the continued operations. The balance of the private placement is expected to close by June 30, 2020.

Subsequent events

Private placement

On February 19, 2020, the Company announced a proposed private placement (the "Offering"). The Offering consists of up to 64,784,150 units of the Company (the "Units") being issued at a price of $0.02 per Unit, with each Unit being comprised of one common share (a "Share") and one whole common share purchase warrant (a "Warrant") for potential aggregate gross proceeds of $1,295,683. Each Warrant entitles the holder to purchase one additional Share of the Company at an exercise price of $0.05, for a period of twelve months from the closing date of the Offering.

On June 3, 2020, the Company completed the first tranche of the Offering by issuing an aggregate of 23,960,000 Units, for gross proceeds of $479,200. The Company also paid finders fees, a cash compensation of $13,372 and issued 663,000 finders warrants of the Company ("Finders Warrants"). Each Finder Warrant entitles the holder to purchase one Share of the Company at an exercise price of $0.05, for a period of twelve months from the closing date of the Offering.

The Company expects to complete the balance of the Offering by June 30, 2020.

Warrants

On March 1, 2020, 100,000 warrants expired unexercised.

COVID-19

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to Federal and Provincial emergency measures, has requested that its employees and consultants work remotely wherever possible. The Company is evaluating the best way to move its business activities forward during this pandemic and when the emergency measures are lifted.

Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company was as follows:

	For the year ended December 31	
	2019	2018
	$	$
Salaries and benefits	**212,292**	272,846
Share based compensation	**4,280**	235,414

The former Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2019, the Company paid professional fees of $53,127 (year ended December 31, 2018 - $75,833) to MSSI. These services were incurred in the normal course of operations for general accounting, financial reporting and bookkeeping matters.

Due to related parties includes $37,000 accrued for Director's fees which has no terms and is unsecured.

During the year ended December 31, 2018, key management were issued 750,000 shares of the Company with a fair value of $0.18 for services.

Change in accounting policies

Recent accounting pronouncements

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company adopted IFRS 16 for the period beginning January 1, 2019. The impact of the adoption is disclosed in the notes of the Company's consolidated financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. As of January 1, 2019, the Company has adopted IFRIC 23 and has concluded that, based on its current operations, the adoption of IFRIC 23 had no significant impact on the Company's consolidated financial statements.

Accounting standards issued but not yet effective

IAS 1 Presentation of Financial Statements

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. Management does not expect any material impact from the adoption of the standard.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. Management does not expect any material impact from the adoption of the standard.

Outstanding share capital

As at the date of this MD&A the following equity instruments are outstanding:

	Range of Exercise Prices	Number of shares issued or issuable
Common shares		88,734,130
Stock options	$0.09 - $0.25	4,764,000
Warrants	$0.05 - $0.25	25,666,296

Risk factors

Due to the nature of Zonetail's business, the legal and economic climate in which it operates and its present stage of development, Zonetail is subject to significant risks. Zonetail's future development and operating results may be very different from those expected as of the date of this MD&A. Risk factors include, but are not limited to, the following:

- Zonetail is a development stage business and has not reported significant revenues from incorporation;
- uncertainty of profitability in the future;
- Zonetail's history of losses;
- no assurance that any of the contemplated products will generate sustainable earnings or provide a return on investment in the future;
- no market for the securities of Zonetail;
- limited operating history as a development stage company;
- shares in Zonetail are not freely tradable during a restricted period under securities laws;
- dependence on certain entities for advertisement placement;
- competition within Zonetail's markets;
- the requirement to develop the "Zonetail" brand in order for Zonetail to be successful;
- rapid technology developments in Zonetail's markets and the dynamic nature of the hotel industry;
- possible defects in products and services delivered by Zonetail;
- risks associated with loss or theft of user data gathered by Zonetail;
- risks associated with entering new business areas and geographic markets;
- risks associated with building Zonetail's operations and financial infrastructure as it scales its business;
- defects in Zonetail's information technology infrastructure;
- Zonetail's reliance on communications networks owned and operated by third parties;
- the Zonetail app's reliance on third-party platforms;
- risks from potential failure of Zonetail's systems;
- risks associated with displaying third party content;
- risk related to Zonetail's dependence on key personnel;
- government regulation of digital data;
- risks from periodic litigation involving Zonetail;
- risks related to increasing competition in the hotel industry;
- risks related to declines or disruptions in the hotel and travel industries;
- payments-related and fraud risks;
- risk of hacking, theft or exploitation of blockchain;
- risks related to the use of the Ethereum blockchain;
- the regulatory regime governing blockchain technologies is uncertain
- risks related to the acceptance of blockchain technologies;
- risks related to regulatory changes with respect to cryptocurrencies;

- risks related to banking services and cryptocurrencies;
- risks associated with potential intellectual property actions;
- Zonetail's ability to raise adequate capital;
- Zonetail's management and conflicts of interest;
- dependence on the internet and cellular data networks;
- the additional regulatory burden as a public company;
- risks related to the COVID-19 pandemic; and
- changes in accounting and tax rules (whether expected or unexpected).

Disclosure of internal controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements, and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.