



Zonetail

CORPORATE PRESENTATION

© 2020 Zonetail Inc. All Rights Reserved.

# CAUTIONARY STATEMENTS

## Forward-Looking Information

This presentation contains forward-looking statements that relate to Zonetail's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Zonetail has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to: anticipated use of proceeds from the offering; stability and growth of the global hotel industry; continued reliance of consumers on mobile device applications; the acceptance by hotels/condos and consumers of new technologies; the acceptance by hotels/condos and consumers of blockchain related technologies; Zonetail's ability to attract agreements with new hotels/condos and develop and maintain existing agreements with hotels/condos; Zonetail's ability to retain key personnel; Zonetail's expectations with respect to its ability to develop future generations of the application; Zonetail's ability to develop a hotel booking platform using blockchain technology; regulatory developments, particularly in respect of blockchain, and the regulatory environments in which Zonetail operates; Zonetail's competitive position and its expectations regarding competition (including other developers of blockchain hotel booking platforms); trends in the hotel industry and markets; our ability to expand our sales and distribution infrastructure and our marketing in order to attract advertisers; our ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by our competitors and changing client preferences and requirements; our ability to protect our technology and intellectual property rights; our ability to avoid IT systems-related failures, data privacy risks and obligations, and/or security breaches; expectations regarding Zonetail's revenue, expenses and operations; anticipated industry trends; our ability to raise additional capital; revenue growth guidance; future growth plans and growth strategy; anticipated future development dates in connection with future versions of the application and the Condo app; our ability to successfully complete an RTO and publically list Zonetail.

Forward-looking statements are based on certain assumptions and analysis made by Zonetail in light of its experience and perception of historical trends, current conditions and expected future developments and other factors Zonetail believes are appropriate, and are subject to risks and uncertainties. Although Zonetail believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, prospective purchasers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to Zonetail's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, and include: lack 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 by the 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; risks from periodic litigation involving Zonetail; risk related to increased competition in the hotel industry; risks related to declines or distributions in the hotel and travel industries; payments-related and fraud risks; risks of hacking, theft or exploitation of blockchain; risk relating the regulatory regime governing blockchain; risks related to the acceptance of blockchain technologies; risks related to regulatory changes concerning cryptocurrencies; risks related to banking services and cryptocurrencies; risks associated with potential intellectual property actions; risks related to our dependence on mobile data networks; risks related to our dependence on the internet; risks related to the government regulation of mobile data networks and the internet; our ability to raise adequate capital; changes in accounting and tax rules (whether expected or unexpected).

In addition to statements relating to the matters set out above, this presentation contains forward-looking statements related to our target operating model. The model speaks to an objective only, and is not a forecast, projection or prediction of future results of operations.

Although the forward-looking statements contained in this presentation are based upon what Zonetail's management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause the actual results, performance, achievements and experience to differ materially from Zonetail's expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this presentation relate only to events or information as of the date on which the statements are made in this presentation and are expressly qualified in their entirety by this cautionary statement. Except as required by law, neither we nor the agent assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

An investor should read this presentation with the understanding that Zonetail's actual future results may be materially different from what Zonetail expects. Certain information contained herein includes market and industry data that has been obtained from or is based upon estimates derived from third party sources, including industry publications, reports and websites. Third party sources generally state that the information contained therein has been obtained from sources Zonetail believes can be reasonably relied-on, but there is no assurance or guarantee as to the accuracy or completeness of included data. Although the data is believed to be reasonably reliable, neither Zonetail nor its agents have independently verified the accuracy, currency or completeness of any of the information from third party sources referred to in this presentation or ascertained from the underlying economic assumptions relied upon by such sources."

"No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this presentation, and any representation to the contrary is an offence. Neither Zonetail nor any agent of Zonetail makes any representation or warranty, express or implied, and assumes no responsibility for the accuracy or completeness of the information contained in the presentation or any other oral or written communication transmitted to prospective investors, and nothing contained in this summary is, or shall be relied upon as, a promise or representation by Zonetail or any agent of Zonetail as to the past or future performance of Zonetail. Zonetail retains the right, at any time, to terminate any discussions or negotiations with prospective investors. In the event of such termination Zonetail will not be under any obligation to disclose the reasons for such termination nor will they have any liability to any recipient hereof for any costs whatsoever incurred in the consideration of the information contained in this presentation.

## Confidentiality

These materials are confidential, are being made available to selected recipients only and are solely for the information of such recipients. These materials must not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose without the prior written consent of Zonetail. By accepting these materials, you agree to keep all information strictly confidential and not use any of the information presented herein other than solely for the purpose of the terms of the offering.

## OVERVIEW

- Zonetail provides mobile platforms for hotels and condominiums connecting the guests of the hotel and the residents of a condo to the amenities and services of their building and the businesses in the surrounding neighborhood.
- Global opportunity with initial focus on the North American market.
- Revenue is derived from advertising and transactions with future revenue planned through the resale of data and analytics and a hotel booking engine.
- Publicly traded on TSXV:ZONE and applying for OTCQB listing in the U.S.



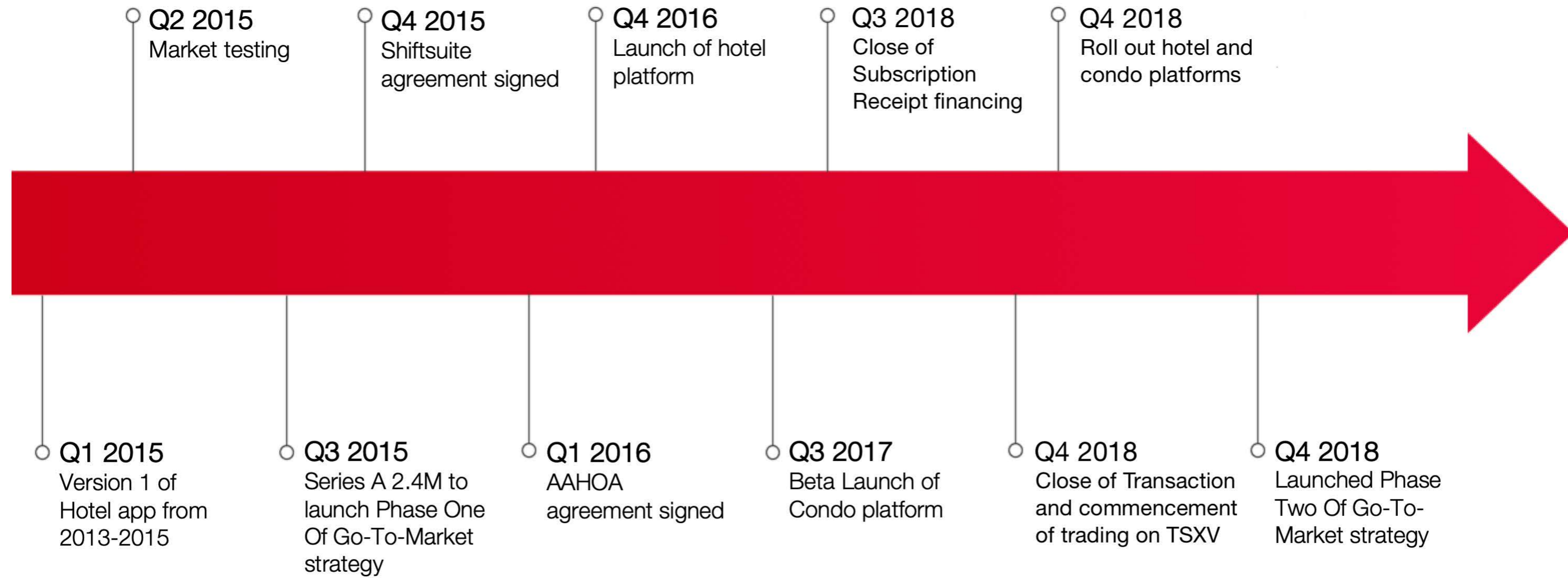
## A NEW COMPANY WITH A 50-YEAR HISTORY

Zonetail is the continuation of a legacy business, called Kingsway Agencies. Started in 1960, Kingsway was the oldest company in North America supplying hotels with in-room printed guest directories.

All of the learning gained from over 50-years experience in the hospitality industry is in our pedigree. Packaged in an elegantly simple, and easy to use design, Zonetail is the modern remix of that business, and is the mobile solution hotels and condos are looking for.



# HISTORICAL MILESTONES



## PROPERTY PORTFOLIO

Zonetail is a mobile platform connecting hotel guests and condo residents to the building and neighborhood businesses.

In partnership with the Asian American Hotel Owners Association (AAHOA), Zonetail is currently rolling out to over 25,000 hotels, representing over 50% of the U.S. market.

In partnership with Shiftsuite, Zonetail is rolling out to 2,000 condo buildings in Canada, representing approximately 400,000 units, and an estimated 20% of the Greater Toronto Area condo market, the largest condo market in North America.



- In April 2016, Zonetail signed an agreement with AAHOA
- AAHOA agreed to promote to its members the launch of a single mobile application named Zonetail, which will be made available to include all AAHOA member-owned hotels
- AAHOA members own an estimated 50% of the U.S. hotel market
- The former CEO of AAHOA, Chip Rogers, accepted a position on Zonetail's Board of Directors. Chip is now the CEO of AH&LA
- Zonetail officially launched with AAHOA Q4 2018



- In July 2015, Zonetail signed an agreement with Shiftsuite
- Shiftsuite is one of the largest providers of condominium property management software in Canada
- Approximately 400,000 units across Canada
- Zonetail's condo mobile platform officially launched in January 2019

## 2020 FOCUS

### Condo Platform: Increase users and ad revenue

- Competitive vs direct mail. The average direct mail piece to condos costs 25 cents per drop with a response rate less than 1%. Worse, unaddressed direct mail often goes directly into the recycling bin. Zonetail offers advertisers a strong alternative at a fraction of the price.
- Captive users, no competition.
- Estimated 20% of largest condo market in North America.
- Simple pitch, short sales cycle.

### Secondary Focus

- Roll out content from 25,000 hotels and activate.
- Develop Freemium to Paid Ad Subscription.
- Develop Hotel Booking Engine.
- Partner with programmatic ad platforms.
- Continue to develop strategic partnerships.
- Develop V2 Hotel Platform.

## REVENUE MODEL

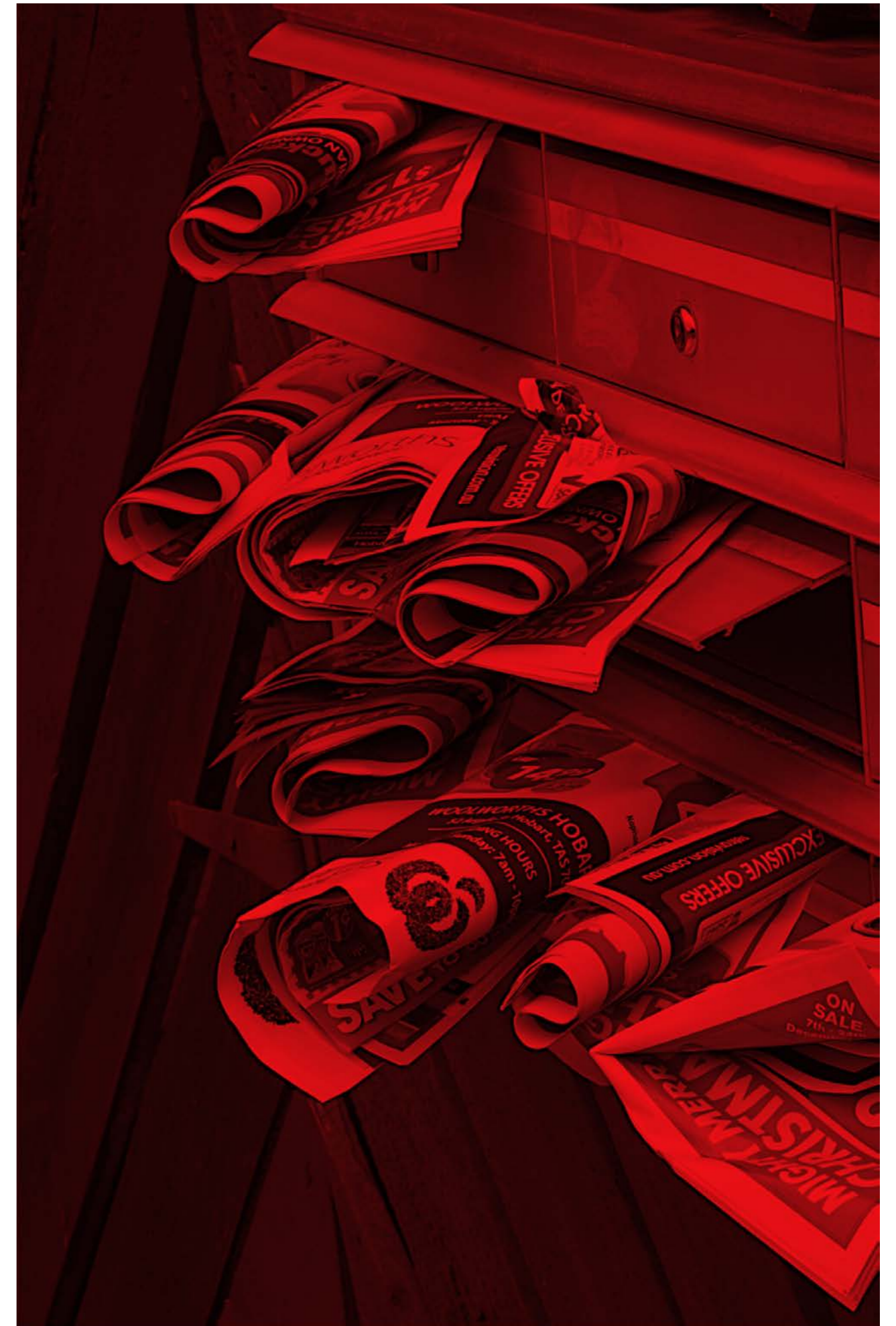
Zonetail's mobile platforms are free to hotel and condo property management partners.

Revenue derived through display and transaction-based advertising in the app's 'Explore' section.

Zonetail is actively pitching advertisers in both the U.S. and Canada and is currently in discussions with national retail chains, restaurant chains, travel-based credit cards, and cannabis delivery partners, amongst others.

Phase 2, advertising automation.

- Develop freemium to paid ad subscription model.
- Develop online self-serve ad desk.
- Partner with programmatic ad platforms.





# OUR MOBILE TECHNOLOGY

Zonetail continues to upgrade its technology with features and functions derived from user experience. Advanced location-based geo-fencing adds real-time, physical context, along with a richer understanding of consumer intent and first person data. It also adds to Zonetail's analytics, tracking attribution and ROI.

- Captures behavior-based user data with pin-point accuracy down to five meters.
- Advertisers can precision target users with offers at the right time and place.
- Hotels can improve their online scores and guest response to promotions.

## Planned Future Features

- Mobile check-in.
- Ai.
- Chat bot.
- User sign up and profile settings.
- Hotel booking engine.



# HOTEL BOOKING ENGINE OPPORTUNITY

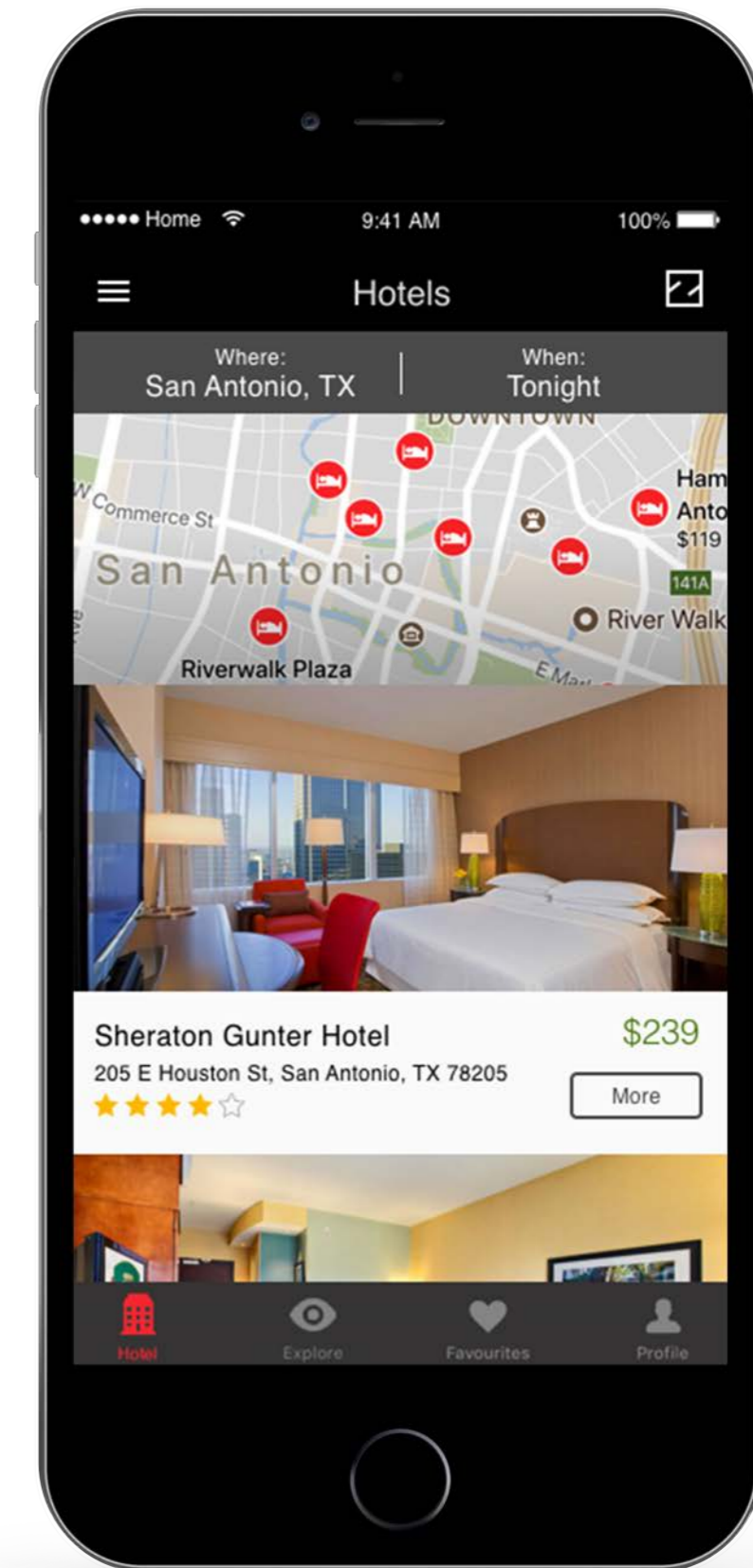
Zonetail is actively investigating the development of a hotel booking engine, offering direct booking to AAHOA's 25,000 member hotels as well as other hotel partners.

AAHOA members own almost 1 of every 2 hotels in the United States.<sup>1</sup>

The average hotel annual occupancy rate in the United States was 60.7% in 2016 with an average hotel room rate of approximately \$124 a night.<sup>2</sup>

Based on these numbers we assume AAHOA member hotels do approximately \$188.17M per day in reservations, which is \$68.6B annually.

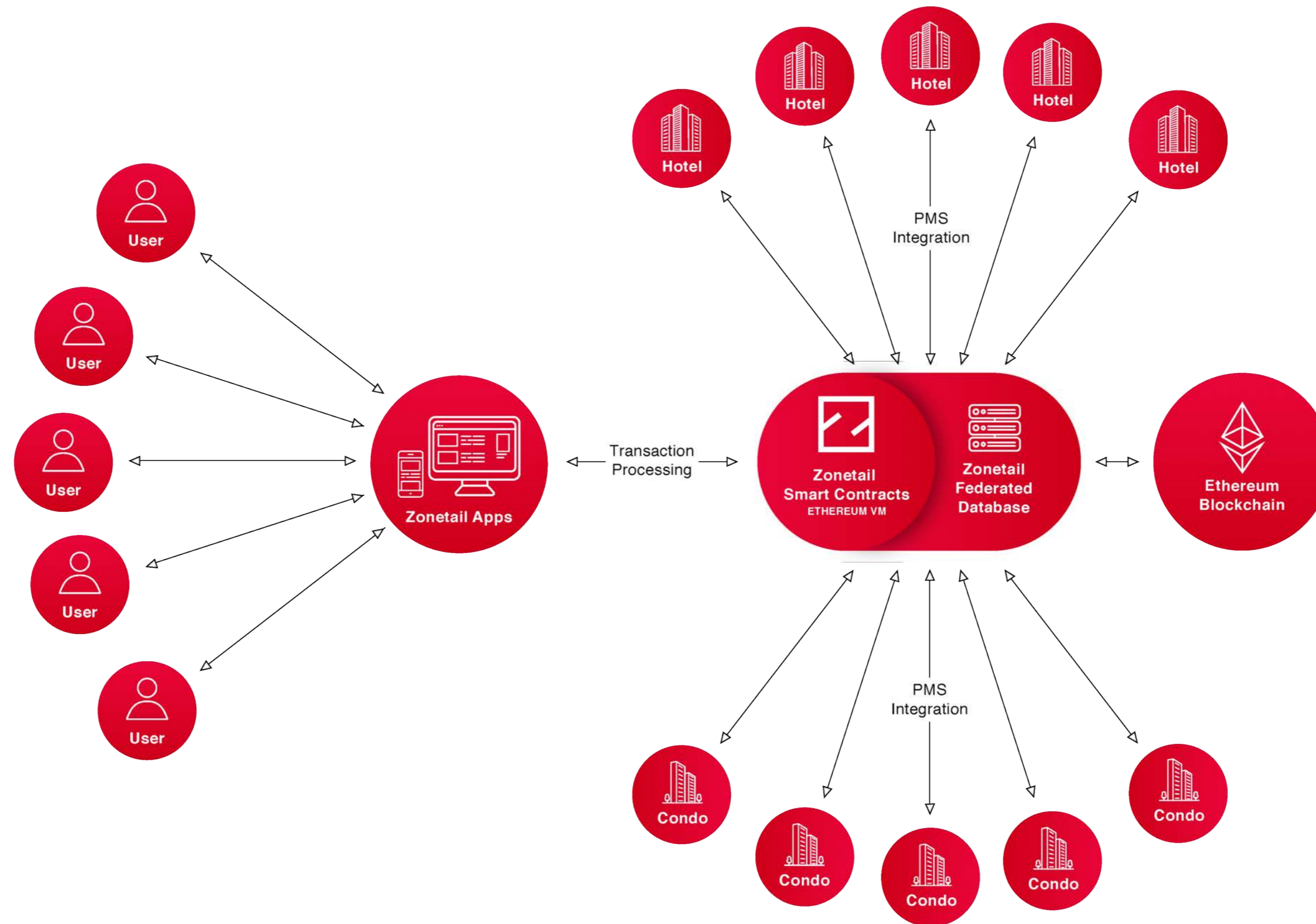
Assuming an 8% commission, (substantially less than online travel agencies) Zonetail would generate approximately \$55M per year in revenue for every 1% of the AAHOA reservation market captured.



1. <https://aahoa.com/about-aahoa>

2. Hotel News Now "STR: US hotel performance for total-year 2016, Q4 2016" Jan. 23, 2017

# HOTEL BOOKING ENGINE OPPORTUNITY - BLOCKCHAIN



## COMPETITION

There are a handful of companies that provide mobile apps for hotels, but they charge a fee, and as a result their growth is slow, only accumulating a few hundred hotels each. Zonetail is free and has over 25,000 hotels.

The hotel brands have mobile initiatives, but they tend to be focused on worldwide reservations and global loyalty programs, often not providing property specific information or local area information.

Zonetail's condo platform has no competition.

## THE ZONETAILE TEAM

The collective experience of Zonetail's management team has years of experience in hospitality marketing and digital technology specifically suited to making the company a success.



Mark Holmes, Co-Founder and CEO

Over 20-years experience in hotel marketing, including leading Zonetail management through its growth including four successful rounds of financing totaling over \$6.5M.



Errol Farr, CFO

Mr. Farr is a seasoned financial professional with over 35 years of experience in financial management and reporting, operations, business optimization and strategy development.



Ken Singh, VP Business Development and Operations

With more than 17-years of IT experience, Ken has held senior leadership roles with BMC Software, 12 Technologies, Bell Micro Products, and most recently as VP Mobility at SAP Canada.

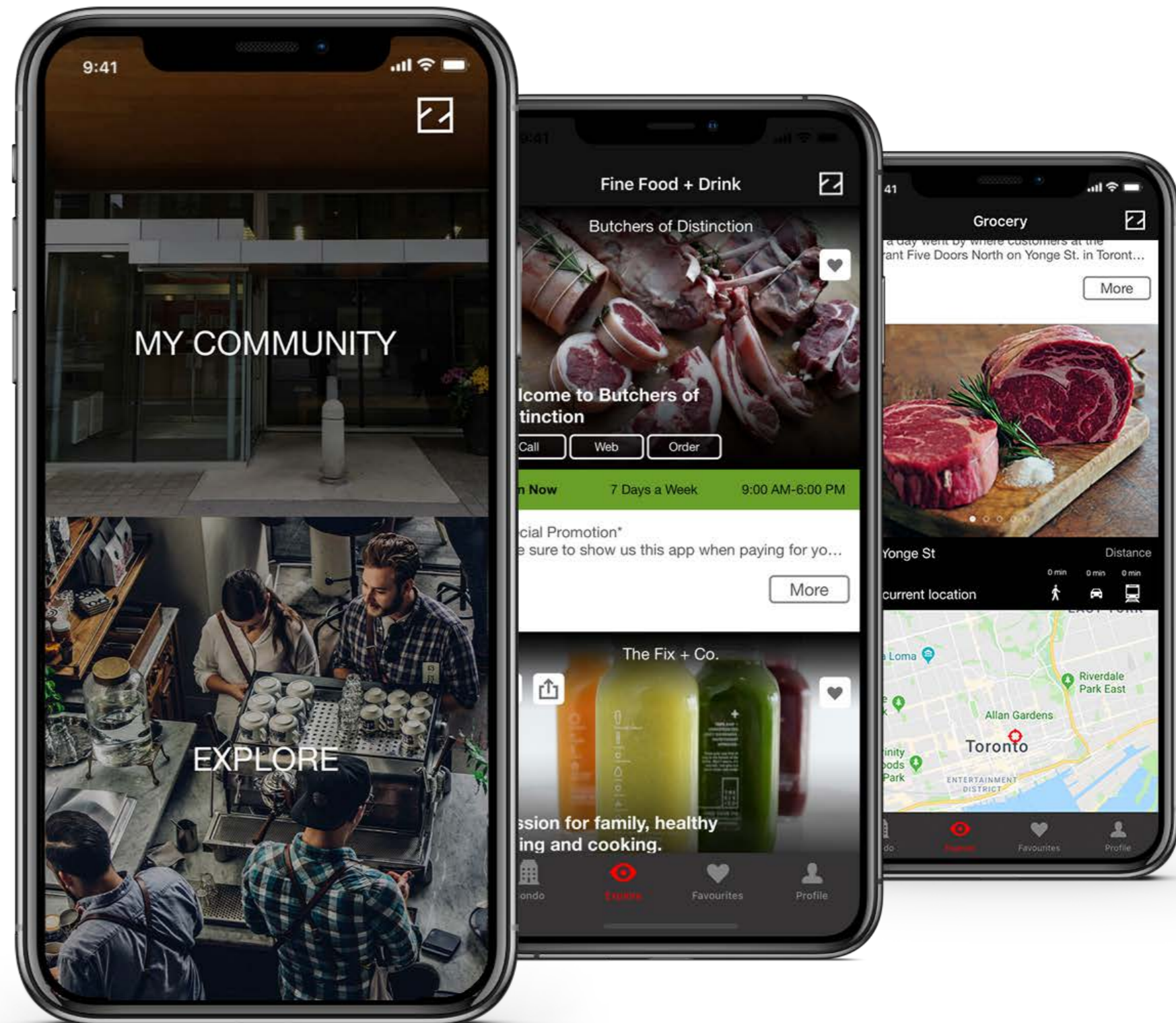


Dr. Joe Geraci, Chief Technology Advisor

Doctorate in mathematical physics. Post-doc in oncology, neuro-psychiatry, and machine learning. Expertise in machine learning and A.I. Held the lead innovation position at Equifax Canada working on blockchain technologies. He is currently the CSO of NetraMark Corp.

## WHY INVEST IN ZONETAILE?

- Zonetail dominates in hotel distribution with limited competition.
- Zonetail dominates in condo distribution with no competition.
- Zonetail enables advertisers access to hard to reach hotel guests and condo residents and is more than competitive versus direct mail.
- Location-based geo-fencing allows Zonetail to capture first person, behavior-based user data down to five meters.
- Continues to develop new technology and revenue streams.



## HOW TO INVEST IN ZONETAILE



Zonetail is listed on the TSX Venture Exchange, ticker ZONE:TSXV. The company's common stock is available for purchase online, through a registered stockbroker. Most online brokerage firms also allow you to purchase stock.

Zonetail is currently filing for an OTCQB listing in the U.S.

For more information contact:  
Mark Holmes, Co-Founder and CEO  
Zonetail Inc.  
Telephone: (416) 583-3773 ext. 228  
mark@zonetail.com

Zonetail Inc.  
20 Dalhousie Street,  
Toronto, Canada  
M5B 2A5

# ADDENDUM



# ASSUMPTIONS

- 1 that we raise the funds and are able to source and hire the developers capable of building the booking platform
- 2 property management system integration with the hotels
- 3 the hotels will promote downloading of the platform direct to guests
- 4 the guests will download the platform and use it to book hotel rooms
- 5 that occupancy rates will remain the same (i.e. 60.7%) or higher in 2020 and beyond
- 6 that room rates will remain the same (i.e. US \$124 per night) or higher in 2020 and beyond
- 7 that we can onboard all the hotels in a timely fashion
- 8 that the hotels will agree to an 8% commission
- 9 that the blockchain technology-based app/booking engine of Zonetail will be widely adopted by consumers, once developed
- 10 that there are solutions for executing transactions on the Ethereum platform in a timely fashion
- 11 that AAHOA will maintain approximately 50% of the hotel market in the USA
- 12 that the average OTA commission charge remains the same

# DISCLAIMER

## Rights of Action for Damages or Rescission

Securities legislation in certain of the provinces of Canada provide that a purchaser has or must be granted rights of rescission or damages, or both, where this offering memorandum and any amendment hereto contains a misrepresentation. However, such rights and remedies, or notice with respect thereto, must be exercised by the purchaser within the time limits prescribed by the applicable securities legislation.

As used herein, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this offering memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A "material fact" means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the shares of Zonetail, or the units and the securities of Zonetail for which the warrants comprising the units may be exchangeable or into which the warrants may be convertible (collectively, the "Offered Securities").

The following summaries are subject to the express provisions of the securities legislation in each of the jurisdictions, and the regulations, rules and policy statements under such legislation, and reference is made to such legislation, regulations, rules and policies for the complete text of such provisions. Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province or territory of residence. The rights discussed below are in addition to and without derogation from any other rights or remedies available at law to a purchaser of the Offered Securities.

## Rights for Purchasers in Ontario

If this offering memorandum, together with any amendment or supplement to this offering memorandum, delivered to a purchaser of the Offered Securities resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of the Offered Securities by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such Misrepresentation, a right of action against Zonetail for damages or, while still the owner of the Offered Securities purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Zonetail, provided that:

Zonetail shall not be held liable pursuant to either right of action if Zonetail proves the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

in an action for damages, Zonetail is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Offered Securities acquired by the purchaser as a result of the Misrepresentation relied upon;

Zonetail will not be liable for a Misrepresentation in forward-looking information if Zonetail proves that:

this offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

Zonetail has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;

in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Offered Securities acquired; and

no action may be commenced to enforce such right of action more than:

in the case of an action for rescission 180 days after the date of the purchase of the Offered Securities; or

in the case of an action for damages, the earlier of:

180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or

three years after the date of the purchase of the Offered Securities.

The foregoing rights do not apply if the purchaser purchased the Offered Securities using the "accredited investor" exemption and is:

a Canadian financial institution (as defined in Ontario Securities Commission Rule 45-501) or a Schedule III bank;

the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or

a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

## Rights for Purchasers in Saskatchewan

If this offering memorandum together with any amendment hereto or advertising or sales literature used in connection herewith delivered to a purchaser of Offered Securities resident in Saskatchewan contains a Misrepresentation, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against Zonetail, every person acting in a capacity with respect to Zonetail which is similar to that of a director or promoter of Zonetail, and every person who or company that sells the Offered Securities on behalf of Zonetail under this offering memorandum or amendment thereto, or, alternatively, a purchaser may elect to exercise a right of rescission against Zonetail, provided that among other limitations:

(a) no person or company is liable, nor does a right of rescission exist, where the person or company proves that the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

(b) in an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation relied on;

(c) in no case shall the amount recoverable exceed the price at which the Offered Securities were sold to the purchaser; and

(d) no action shall be commenced to enforce these rights more than:

(i) in the case of an action for rescission, 180 days after the date of the purchase of the Offered Securities; or

(ii) in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the purchase of the Offered Securities.

A person or company is not liable in an action for a misrepresentation in forward-looking information if the person or company proves that:

(a) this offering memorandum contains, proximate to that information:

(i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

These rights are subject to more defences as more particularly described in The Securities Act, 1988 (Saskatchewan).

## Rights for Purchasers in Manitoba

If this offering memorandum delivered to a purchaser of Offered Securities resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Offered Securities by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against Zonetail and every person performing a function or occupying a position with respect to Zonetail which is similar to that of a director of a company, for damages or against Zonetail for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against Zonetail, provided that among other limitations:

(a) Zonetail will not be liable if it proves that the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

(b) in the case of an action for damages, Zonetail will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation;

(c) other than with respect to Zonetail, no person or company is liable if the person or company proves:

(i) that this offering memorandum was sent to the purchaser without the person's or company's knowledge or consent; and

(ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to Zonetail that it was sent without the person's or company's knowledge and consent;

(d) other than with respect to Zonetail, no person or company is liable if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to this offering memorandum and gave reasonable notice to Zonetail of the withdrawal and the reason for it;

(e) other than with respect to Zonetail, no person or company is liable with respect to any part of this offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or

(ii) believed there had been a Misrepresentation;

(f) in no case will the amount recoverable in any action exceed the price at which the Offered Securities were sold to the purchaser; and

(g) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:

(i) in the case of an action for rescission, 180 days after the date of purchase of the Offered Securities; or

(ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the facts giving rise to the cause of action, and (B) two years after the date of purchase of the Offered Securities.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

(a) this offering memorandum contains, proximate to that information:

(i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

(ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this offering memorandum, the Misrepresentation is deemed to be contained in this offering memorandum.

## Rights for Purchasers in New Brunswick

Where this offering memorandum, or any amendment hereto, contains a Misrepresentation, a purchaser resident in New Brunswick to whom this offering memorandum has been delivered and who purchases Offered Securities shall be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has a right of action for damages against Zonetail or the purchaser may elect to exercise a right of rescission against Zonetail (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that, among other limitations:

in an action for rescission or damages, Zonetail will not be liable if it proves that the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

in an action for damages, Zonetail will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation;

in no case will the amount recoverable exceed the price at which the Offered Securities were sold to the purchaser;

a person is not liable in an action for a Misrepresentation in forward-looking information if the person proves that:

this offering memorandum contains, proximate to that information,

(A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and

(B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and

that the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information; and

no action shall be commenced to enforce these statutory rights of action more than:

in an action for rescission, 180 days from the date of purchase of Offered Securities; or

in an action for damages, the earlier of: (i) one year after the purchaser first had knowledge of the Misrepresentation, or (ii) six years after the date of purchase of Offered Securities.

# DISCLAIMER

## Rights for Purchasers in Nova Scotia

Where this offering memorandum or any amendment hereto contains a Misrepresentation, a purchaser resident in Nova Scotia to whom this offering memorandum has been sent or delivered and who purchases the Offered Securities is deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and the purchaser has a right of action for damages against Zonetail and, subject to certain additional defences, against every person acting in a capacity with respect to Zonetail which is similar to that of a director of a company, or alternatively, may elect to exercise a right of rescission against Zonetail (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that, among other limitations: in an action for rescission or damages, a person will not be liable if it proves that the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

no person other than Zonetail is liable if the person proves that:

this offering memorandum or the amendment to this offering memorandum was sent or delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave reasonable general notice that it was delivered without the person's knowledge or consent;

after delivery of this offering memorandum or the amendment to this offering memorandum and before the purchase of the Offered Securities by the purchaser, on becoming aware of any Misrepresentation in this offering memorandum, or amendment to this offering memorandum, the person withdrew the person's consent to this offering memorandum, or the amendment to this offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

with respect to any part of this offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or (B) believed that there had been a Misrepresentation;

in an action for damages, a person is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation relied upon;

in no case shall the amount recoverable under the right of action described herein exceed the price at which the Offered Securities were offered;

a person is not liable in an action for a Misrepresentation in forward-looking information if the person proves all of the following things:

this offering memorandum contains, proximate to that information:

reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information; and

no action may be commenced to enforce a right of action more than 120 days:

after the date on which payment was made for the Offered Securities; or

after the date on which the initial payment was made for Offered Securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this offering memorandum or an amendment to this offering memorandum, the Misrepresentation is deemed to be contained in this offering memorandum or an amendment to this offering memorandum.

## Rights for Purchasers in Prince Edward Island

If this offering memorandum, together with any amendment to this offering memorandum, delivered to a purchaser resident in Prince Edward Island contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against Zonetail, and every person performing a function or occupying a position with respect to Zonetail which is similar to that of a director of a company at the date of this offering memorandum, or, alternatively, while still the owner of the Offered Securities, for rescission against Zonetail (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

no person will be liable if the person proves that the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

no person (other than Zonetail) will be liable if it proves that (i) the offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to Zonetail that it had been sent without the person's knowledge or consent, or (ii) on becoming aware of the Misrepresentation in the offering memorandum, the person had withdrawn the person's consent to the offering memorandum and gave reasonable notice to Zonetail of the withdrawal and the reason for it;

no person (other than Zonetail) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation;

a person is not liable in an action for a Misrepresentation in forward-looking information if:

this offering memorandum contains, proximate to that information:

(1) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

(2) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation relied upon;

in no case shall the amount recoverable exceed the price at which the Offered Securities were offered to the purchaser under this offering memorandum; and

no action shall be commenced to enforce the foregoing rights:

in the case of an action for rescission, more than 180 days after the date of the purchase of Offered Securities; or

in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the Misrepresentation, or (ii) three years after the date of the purchase of Offered Securities.

## Rights for Purchasers in the Yukon, Northwest Territories and Nunavut

If this offering memorandum, together with any amendment to this offering memorandum, delivered to a purchaser resident in the Yukon, Northwest Territories or Nunavut contains a Misrepresentation and it was a Misrepresentation at the time of purchase, the purchaser will have, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against Zonetail and against every person performing a function or occupying a position with respect to Zonetail which is similar to that of a director of a corporation at the date of this offering memorandum or, alternatively, while still the owner of the Offered Securities, for rescission against Zonetail (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages), provided that:

no person or company will be liable if the person or company proves that the purchaser purchased the Offered Securities with knowledge of the Misrepresentation;

no person (other than Zonetail) will be liable if the person proves that (i) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to Zonetail that it was sent without the person's knowledge or consent, and (ii) on becoming aware of any Misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave reasonable notice to Zonetail of the withdrawal and the reason for it;

no person (other than Zonetail) will be liable with respect to any part of the offering memorandum unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation;

no person will be liable for a Misrepresentation in forward-looking information if:

this offering memorandum contains, proximate to the forward-looking information, (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and (B) a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;

in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation relied upon;

in no case shall the amount recoverable exceed the price at which the Offered Securities were sold to the purchaser; and

no action shall be commenced to enforce the foregoing rights:

in the case of an action for rescission, more than 180 days after the date of the purchase of the Offered Securities; or

in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the Misrepresentation, or (ii) three years after the date of the purchase of Unit.

## Other Provinces

While purchasers resident in British Columbia, Alberta, Québec and Newfoundland and Labrador purchasing under the "accredited investor" exemption contained in NI 45-106 are not entitled to statutory rights under applicable securities laws of each province, Zonetail agrees to provide such purchasers with contractual rights of action for damages or rescission rights equivalent to those that are available to purchasers in Ontario.

The foregoing summaries are subject to the express provisions of the Securities Act (Ontario) and the regulations made thereunder, and reference should be made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences on which Zonetail may rely.

ANY PERSON CONSIDERING AN INVESTMENT IN ZONETAIL SHOULD CONSULT ITS OWN ADVISORS IN ORDER TO FULLY UNDERSTAND THE CONSEQUENCES OF AN INVESTMENT IN ZONETAIL WITH RESPECT TO SUCH PERSON'S PARTICULAR SITUATION.

## Risk Factors Relating to Zonetail

### Risk Factors Related to Zonetail's Business

#### Uncertainty Of Profitability In The Future

Zonetail was incorporated under the CBCA on March 14, 2013 and has only recently commenced its operations. Zonetail is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Zonetail will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

#### Zonetail's History Of Losses

Zonetail has a history of losses and has not generated significant product revenue to date. It may never achieve or maintain profitability. Since inception, Zonetail has incurred significant losses each year and expects to incur significant operating losses as Zonetail continues to develop and expand its products. There is no assurance that Zonetail will ever successfully commercialize or achieve revenues from its products, or that profitability will ever be achieved or maintained. Even if profitability is achieved, Zonetail may not be able to sustain or increase profitability.

#### Limited Operating History As A Development Stage Company

Zonetail is a development stage company, subject to all the risks and uncertainties inherent in a new business and the development and sale of new products. As a result, it still must establish many functions necessary to operate a business, including finalizing its administrative structure, continuing product development, assessing and commencing its marketing activities, implementing financial systems and controls and personnel recruitment.

Accordingly, investors should consider Zonetail's prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by companies in the early stages of development. Potential investors should carefully consider the risks and uncertainties that a company with a limited operating history will face. In particular, potential investors should consider that Zonetail cannot assure that it will be able to:

successfully implement or execute its current business plan, or that its business plan is sound;

maintain its management and advisory team;

raise sufficient funds in the capital markets to effectuate its business plan;

determine that the processes and technologies that it has developed are commercially viable;

attract, enter into or maintain contracts with, and retain customers; and/or

compete effectively in the extremely competitive environment in which it operates.

If Zonetail cannot successfully execute any one of the foregoing, the business may not succeed.

#### Dependence On Certain Entities For Marketing

The Zonetail platform against which advertising is sold relies on the acceptance of the Zonetail platform by Zonetail's customers, including but not limited to hotels, condominiums, and advertisers, which in turn will market the Zonetail app to end users. Zonetail does not currently directly advertise the Zonetail app to end users, although its business is dependent on the monetization of the end-users through the sale of advertising and through proceeds generated when users book their hotel rooms using the app. Zonetail is therefore dependent on its customers for encouraging end-users to download and use the Zonetail app. Zonetail may never change this model and may therefore always rely upon third parties for its marketability.

#### Competition Within Zonetail's Markets

The digital app industry and the hotel booking industry are rapidly evolving and intensely competitive, and are subject to changing technology, shifting user needs and frequent introductions of new products and services. Zonetail's current and potential competitors include large and established companies, as well as start-up companies. Certain competitors have more established relationships and greater financial resources and they can use their resources in a variety of competitive ways, including by making acquisitions, investing aggressively in research and development, and competing aggressively for advertisers, technologies, digital media rights, websites and applications. Emerging start-ups may be able to innovate and provide products and services faster than Zonetail. If competitors are more successful than Zonetail in developing compelling products and engaging content or in attracting and retaining users and advertisers, Zonetail's revenues and growth rates and the value of the capitalized digital assets could be negatively affected. There is no assurance that Zonetail will be able to maintain its position in the marketplace.

The market for internet advertising and related products and services is highly competitive. Zonetail expects this competition to continue to increase, in part because there are no significant barriers to entry to the digital media industry. Increased competition may result in price reductions for advertising space, reduced margins for Zonetail and loss of market share by Zonetail.

# DISCLAIMER

## The Requirement To Develop The “Zonetail” Brand In Order For Zonetail To Be Successful

The brand identity that Zonetail must develop will significantly impact the success of its business. Maintaining and enhancing “Zonetail” brands is critical to expanding Zonetail’s base of users, advertisers and partners. Zonetail believes that the importance of brand recognition will increase due to the relatively low barriers to entry in the industry for wireless communications applications. The “Zonetail” brand may be negatively impacted by a number of factors, including, without limitation, product malfunctions, data privacy and security issues. If Zonetail fails to maintain and enhance the “Zonetail” brand, or if Zonetail incurs excessive expenses in this effort, it could have a material adverse effect on Zonetail’s prospects, business, financial condition and results of operations. Maintaining and enhancing the “Zonetail” brand will depend largely on Zonetail’s ability to be a technology leader and to continue to provide high-quality products and services, which Zonetail may not be able to do successfully.

## Rapid Technology Developments In Zonetail’s Markets and The Dynamic Nature of the Hotel Industry

The digital app industry, particularly in respect of those apps relying on blockchain technology, is characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. To keep pace with the technological developments, achieve product acceptance and remain relevant to users and therefore attractive to advertisers, Zonetail will need to continue developing new and upgraded functionality of its products and services, look at diversified offerings up and down stream and adapt to new business environments and competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent Zonetail is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, Zonetail may lose users and advertisers.

Furthermore, if Zonetail fails to appropriately adapt to competitive or consumer preference developments in the hotel industry, its business could be adversely affected. Zonetail’s attempts to adapt our current business models or practices or adopt new business models and practices in order to compete, may involve significant risks and uncertainties, including distraction of management from current operations, expenses associated with the initiatives, inadequate return on investments, difficulties, as well as limiting our ability to develop new innovations.

Zonetail has developed and is continuing to develop a number of products and services and it will pursue those products and services that it expects to have the best chance for success based on Zonetail’s expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that Zonetail will be able to develop new products, services and technologies to keep up-to-date with developments in the digital media publishing industry and, in particular, to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with end-users or that such products will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

## Possible Defects In Products And Services Delivered By Zonetail

Zonetail’s products and services are complex and may contain design defects or errors that are difficult to detect and correct. Defects, errors or bugs found in Zonetail’s new products or services could delay commercial release for an extended period of time. Errors or defects may be found in new products or services after launch and, even if discovered, Zonetail may not be able to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and failures in Zonetail’s products or services could result in loss of or delay in end user acceptance of its products or services and may harm Zonetail’s reputation and the “Zonetail” brand. Correcting such errors and failures in its products or services could require significant expenditures by Zonetail, involving cost or time and effort of personnel.

The consequences of such errors, failures and claims could have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

## Risks Associated With Loss Or Theft Of User Data Gathered By Zonetail

Zonetail may require the registration of its users prior to accessing its products or services or certain features of its products or services and its rewards platform and it may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user-data that is collected. Zonetail’s efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to Zonetail’s data or its users’ data. If any of these events occur, users’ information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of Zonetail’s terms of service or policies could damage Zonetail’s reputation and the “Zonetail” brand and diminish its competitive position. In addition, the affected users or governmental authorities could initiate legal or regulatory action against Zonetail in connection with such incidents, which could cause Zonetail to incur significant expense and liability or result in orders or consent decrees forcing Zonetail to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

Zonetail transmits and stores a large volume of data in the course of supporting its websites and mobile applications. The interpretation of privacy and data protection laws and their application to the internet is unclear and subject to rapid change in numerous jurisdictions. There is a risk that these laws may be interpreted and applied in a manner that is not consistent with Zonetail’s data protection practices and results in additional compliance or changes in Zonetail’s business practices, or both, and liability or sanction under these laws. In addition, because its websites and mobile applications are accessible in many jurisdictions, certain foreign jurisdictions may claim that Zonetail is required to comply with local laws, even where Zonetail has no local operating entity, employees, infrastructure or other physical presence in those jurisdictions.

## Risks Associated With Entering New Business Areas And Geographic Markets

Zonetail’s growth strategy is partially dependent upon expanding its product and service offerings into new business areas or new geographic markets. There can be no assurance that these new business areas and geographic markets will generate the anticipated volume of users or advertising revenue. In addition, any expansion into new business areas or geographic markets could expose Zonetail to new risks, including, without limitation, compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third party intellectual property rights; the cost of localising software (including translations) or otherwise adapting its products and services for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner. These factors could cause Zonetail’s expansion into new business areas or geographic markets to be unsuccessful or less profitable than its existing markets, or could cause Zonetail’s operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

## Risks Associated With Building Zonetail’s Operations And Financial Infrastructure As It Scales Its Business

Zonetail is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls. The ability of Zonetail to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. This expansion may require Zonetail to commit financial, operational and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

## Defects In Zonetail’s Information Technology Infrastructure

The integrity, reliability and operational performance of Zonetail’s content aggregation and distribution and other operational information technology (“IT”) systems are critical to Zonetail’s ability to serve its users and advertisers. Zonetail’s IT systems may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any failure of these IT systems or the telecommunications and/or other third party infrastructure on which such systems rely, as described in “Reliance on Third-Party Owned Communication Networks” (below) could lead to significant costs and disruptions that could reduce Zonetail’s revenue, harm Zonetail’s business reputation and have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

Zonetail has procedures and measures in place to protect against network or IT system failure or disruption. However, those procedures and measures may not be effective to ensure that Zonetail is able to carry on its business in the ordinary course if they fail or are disrupted. In addition, Zonetail’s IT systems may not be effective in detecting any intrusion or other security breaches, or safeguarding against sabotage, hackers, denial of service attacks, viruses or cybercrime. Any failure in these protections could harm Zonetail’s business reputation and have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

## Zonetail’s Reliance On Communications Networks Owned And Operated By Third Parties

The delivery of Zonetail’s products and services and a significant portion of Zonetail’s revenues are dependent on the continued use and expansion of third-party-owned communication networks, including wireless networks and the internet. No assurance can be given of the continued use and expansion of these networks as a medium of communications for Zonetail.

Effective delivery of Zonetail’s products and services through the internet is dependent on internet service providers continuing to expand high-speed internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access Zonetail’s content. Changes in access fees to distributors, such as Zonetail or its service providers, or a departure from “net neutrality” (the principle that all forms of internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or its governing regulations, as described in “Risk Factors Related to Zonetail’s Industry and its Regulation – Governmental Regulation of the Internet” (below) could result in increased costs to Zonetail. All of these factors are out of Zonetail’s control and the manifestation of any of them could ultimately have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in internet (or a subset thereof, including in particular mobile internet) performance and/or internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of Zonetail’s services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, loss of revenue because of the inability of users or subscribers to use Zonetail’s services, or the cancellation by users or subscribers of their service with Zonetail, any of which could have a material adverse effect on Zonetail’s prospects, business, financial condition or results of operations.

## The Zonetail App’s Reliance On Third-Party Platforms

The Zonetail app will rely on third-party platforms such as the Apple App Store and the Google Play Store to distribute the application through which users will access the Zonetail Platform. If Zonetail is unable to maintain a good relationship with such platform providers, if their terms and conditions or pricing change, if we violate or cannot comply with, or if a platform provider believes that we have violated, the terms and conditions of its platform, or if any of these platforms loses market share or falls out of favor or is unavailable for a prolonged period of time, access to and utilization of the Zonetail app will suffer.

The application through which users access the Zonetail platform will be subject to the standard policies and terms of service of third party platforms, which govern the promotion, distribution and operation generally of applications on the platform. Each platform provider has broad discretion to change and interpret its terms of service and other policies with respect to the Zonetail app and other applications, and those changes may be unfavorable. A platform provider may also change its fee structure, add fees associated with access to and use of its platform, change how the personal information of its users is made available to application developers on the platform or restrict how users can share information with other users on its platform or across platforms.

Such changes may decrease the visibility or availability of the Zonetail app, limit distribution capabilities, prevent access to the Zonetail app, increase the costs to operate on these platforms or result in the exclusion or limitation of the Zonetail app on such platforms which could negatively impact Zonetail.

If the Zonetail app application violates, or a platform provider believes it has violated its terms of service (or if there is any change or deterioration in Zonetail’s relationship with these platform providers), that platform provider could limit or discontinue the Zonetail app’s access to the platform. Any limit of, or discontinuation to, the Zonetail app’s access to any platform could adversely affect access to and utilization of the Zonetail platform.

## Risks From Potential Failure Of Zonetail’s Systems

Zonetail’s success depends on the continuing and uninterrupted performance of its systems. Sustained or repeated system failures that interrupt its ability to provide services to customers, including failures affecting the booking of hotel rooms or Zonetail’s ability to deliver advertisements quickly and accurately and to process consumers’ responses to advertisements, would significantly reduce the attractiveness of Zonetail’s services to users, hotels, advertisers and publishers. Zonetail’s business, results of operations and financial condition could also be materially and adversely affected by any systems damage or failure that impacts data integrity or interrupts or delays its operations. Zonetail’s computer systems are vulnerable to damage from a variety of sources, including telecommunications failures, power outages, malicious or accidental human acts and natural disasters. Moreover, despite network security measures, Zonetail’s servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems in part because Zonetail cannot control the maintenance and operation of Zonetail’s third-party data centers. Despite the precautions taken, unanticipated problems affecting Zonetail’s systems could cause interruptions in the delivery of its solutions in the future and its ability to provide a record of past transactions. Zonetail’s insurance policies may not adequately compensate it for any losses that may occur due to any failures in its systems.

## Management and Conflicts of Interest

The ability of Zonetail to be successful is dependent on the performance of its current directors and officers, who may only devote a portion of their time to the business and affairs of Zonetail and are, or will be, engaged in other projects or businesses. The current directors and officers of Zonetail may also serve as directors and/or officers of other companies which may compete with Zonetail. Accordingly, situations may arise where the directors and officers of Zonetail are in a position of conflict with Zonetail.

## Risks Associated With Displaying Third Party Content

Zonetail may be subject to third-party claims relating to content in the advertising Zonetail delivers as it relates to violations of copyright, trademark or other intellectual property rights of third-parties or if the content is defamatory. Any claims or counterclaims could be time-consuming, could result in costly litigation and could divert management’s attention.

## Risk Related To Zonetail’s Dependence On Key Personnel

Zonetail’s success depends to a significant extent on the abilities and efforts of its senior management and technical personnel. The loss of, or inability to identify, attract, hire, retain and motivate highly skilled management, technical, sales and marketing, corporate development and other key personnel could have a material effect on Zonetail’s business. Qualified personnel with experience relevant to Zonetail’s businesses are scarce and competition to recruit them is intense. If Zonetail fails to successfully hire and retain a sufficient number of highly qualified employees, Zonetail may have difficulties in supporting its customers or expanding its business. Zonetail has non-competition and non-disclosure agreements with all its executive officers and senior managers. Any loss of key personnel could have an adverse effect on Zonetail’s business. The loss of the services of any member of Zonetail’s senior management team, or of any other key employees, could divert management’s time and attention, increase Zonetail’s expenses and adversely affect its ability to conduct its business efficiently.

Like many technology companies, Zonetail uses equity-based awards to recruit professionals and senior level employees. With respect to those employees to whom Zonetail issues equity-based awards, it faces a significant challenge in retaining them if the value of these equity-based awards is either not substantial enough or so substantial that the employee leaves after their equity-based awards have vested. If Zonetail’s share price does not increase significantly above the exercise prices of its equity-based awards, Zonetail may need to issue new awards, in order to motivate and retain its executives; or if such award programs become impracticable, Zonetail may need to issue other equity incentives or increase other forms of compensation. Zonetail may undertake or seek shareholder approval to undertake other equity-based programs to retain its employees, which may be viewed as dilutive to its shareholders or may increase its compensation costs. Additionally, there can be no assurance that any such programs undertaken by Zonetail will be successful in motivating and retaining its employees.

## Risks From Periodic Litigation Involving Zonetail

Zonetail may from time to time become party to claims and litigation proceedings, which are generally related to contract disputes. Such matters are subject to many uncertainties and Zonetail cannot predict with assurances the outcome and ultimate financial impact from them. There can be no guarantee that actions that may be brought against Zonetail in the future will be resolved in its favour or that the insurance Zonetail carries will be available or paid to cover any litigation exposure. Any losses from settlements or adverse judgments arising out of these claims could be materially adverse to Zonetail.

## Risks Related to Increasing Competition in the Hotel Industry

The market for the services Zonetail offers is increasingly and intensely competitive. Zonetail will compete with both established and emerging online and traditional sellers of travel-related services, including:

- online and traditional travel agencies, wholesalers and tour operators,
- travel suppliers, including hotels and airlines,
- large online portal and search websites,
- travel metasearch websites,
- social media websites,
- other hotel booking applications/websites using blockchain technologies;
- Alternative accommodation websites.

Online and traditional travel agencies: Zonetail faces increasing competition from OTAs in many regions which in some cases may have more favourable offerings for travelers or suppliers, including pricing and supply breadth. Zonetail may also compete with traditional travel agencies (operating both offline and online), wholesalers and tour operators for both travelers and the acquisition and retention of supply.

Travel suppliers: Travel suppliers such as airlines and hotels may offer products and services on more favourable terms to consumers who transact directly with them, including lower prices, no fees or unique access to proprietary loyalty programs, such as points and miles. Many of these competitors, such as airlines, hotel and rental car companies, have been steadily focusing on increasing online demand on their own websites and mobile applications in lieu of third-party distributors. For instance, some low cost airlines, which are having increasing success in the marketplace, distribute their online supply exclusively through their own websites and several large hotel chains have combined to establish a single online hotels search platform with links directly to their own websites and mobile applications. Suppliers who sell on their own websites, in some instances, offer advantages such as favourable rates, increased or exclusive product availability, complimentary Wi-Fi, and their own bonus miles or loyalty points, or in the case of airlines promote hotel supply at their websites, which could make their offerings more attractive to consumers than ours.

Search engines: Zonetail may also face increasing competition from search engines including Google. To the extent that these leading search engines that have a significant presence in Zonetail’s key markets disintermediate online travel agencies or travel content providers by offering comprehensive travel planning, shopping or booking capabilities, or increasingly refer those leads directly to suppliers or other favoured partners, increase the cost of traffic directed to our websites, or offer the ability to transact on their own website, there could be a material adverse impact on Zonetail’s business and financial performance. For example, in recent years search engines have increased their focus on acquiring or launching flight and hotel search products that provide increasingly comprehensive travel planning content and direct booking capabilities, comparable to OTAs. To the extent these actions have a negative effect on the use of Zonetail’s app, Zonetail’s business and financial performance could be adversely affected.

Travel metasearch engines: Travel metasearch websites aggregate travel search results for a specific itinerary across supplier, travel agent and other websites. To the extent consumers utilize the metasearch website for travel services and bookings instead of Zonetail’s app or website, Zonetail’s traffic-generating arrangements could be affected in a negative manner, or we may be required to incur marketing costs to obtain market share, either of which could have an adverse effect on Zonetail’s business and results of operations.

Social media websites: Social media websites continue to develop search functionality for data included within their websites and mobile applications, which may in the future develop into an alternative research and booking resource for travelers, resulting in additional competition.

Alternative accommodations: Airbnb and similar websites that facilitate the short-term rental of homes and apartments from owners provide an alternative to hotel rooms and vacation rental properties which will be available through the Zonetail platform. The continued growth of alternative accommodation sources could affect overall travel patterns generally and the demand for our services specifically in facilitating reservations at hotels and vacation rentals.

Other hotel booking applications/websites using blockchain technologies: Zonetail is aware of other companies developing platforms using blockchain technology for hotel room booking which will directly compete with the Zonetail platform. The success of one of these competitors may adversely affect the uptake and use of the Zonetail platform.

# DISCLAIMER

Zonetail cannot assure you that we will be able to compete successfully against any current, emerging and future competitors or on platforms that may emerge, or provide differentiated products and services to our traveler base. Increasing competition from current and emerging competitors, the introduction of new technologies and the continued expansion of existing technologies, such as metasearch and other search engine technologies, may force us to make changes to our business models, which could affect our financial performance and liquidity.

In general, increased competition has resulted in and may result in reduced margins, as well as loss of travelers, transactions and brand recognition.

Risks Related to Declines Or Disruptions In The Hotel and Travel Industries

Declines or disruptions in the travel industry could adversely affect Zonetail's business and financial performance. Zonetail's business and financial performance are affected by the health of the worldwide travel industry. Travel expenditures are sensitive to personal and business-related discretionary spending levels and tend to decline or grow more slowly during economic downturns. Decreased travel expenditures could reduce the demand for Zonetail's services, thereby causing a reduction in revenue.

For example, during regional or global recessions, domestic and global economic conditions can deteriorate rapidly resulting in increased unemployment and a reduction in available budgets for both business and leisure travelers, which slow spending on the services Zonetail will provide and may have a negative impact on Zonetail's revenue growth. Additionally, if individual countries or regions experience deteriorating credit and economic conditions, and/or significant fluctuations of currency values relative to other currencies such as the Canadian dollar, it can lead to a negative impact on our foreign denominated net assets, gross bookings, revenues, operating expenses, and net income as expressed in Canadian dollars. Further economic weakness and uncertainty may result in significantly decreased spending on hotel books by both business and leisure travelers, which may have a material adverse impact on Zonetail's business and financial performance. Geopolitical conflicts, significant fluctuations in currency values, sovereign debt issues and macroeconomic concerns are examples of events that contribute to a somewhat uncertain economic environment, which could have a negative impact on the travel industry in the future.

Zonetail's business is also sensitive to fluctuations in hotel supply, occupancy and ADRs, decreases in airline capacity, periodically rising airline ticket prices, or the imposition of taxes or surcharges by regulatory authorities.

Other factors that could negatively affect Zonetail's business include:

Significant changes in oil prices;

Continued air carrier and hotel chain consolidation;

Reduced access to discount airfares;

Travel-related strikes or labor unrest, bankruptcies or liquidations;

Incidents of actual or threatened terrorism;

Periods of political instability or geopolitical conflict in which travelers become concerned about safety issues;

Natural disasters or events such as severe weather conditions, volcanic eruptions, hurricanes or earthquakes;

Travel-related accidents or the grounding of aircraft due to safety concerns; and

Health-related risks, such as the Ebola, H1N1, SARs and avian flu outbreaks.

Such concerns could result in a protracted decrease in demand for travel services. This decrease in demand, depending on its scope and duration, together with any future issues affecting travel safety, could significantly and adversely affect Zonetail's business, working capital and financial performance over the short and long-term.

Payments-Related And Fraud Risks

Zonetail may have agreements with companies that process customer credit and debit card transactions, the volume of which may be very large, for the facilitation of customer bookings. These agreements, if entered into, will allow these processing companies, under certain conditions, to hold an amount of Zonetail's cash (referred to as a "holdback") or require Zonetail to otherwise post security equal to a portion of bookings that have been processed by that company. These processing companies may be entitled to a holdback or suspension of processing services upon the occurrence of specified events, including material adverse changes in Zonetail's financial condition. An imposition of a holdback or suspension of processing services by one or more of Zonetail's processing companies could materially reduce Zonetail's liquidity. Moreover, there can be no assurances that the rates Zonetail may pay for the processing of customer credit and debit card transactions will not increase which could reduce Zonetail's revenue thereby adversely affecting its business and financial performance.

In addition, credit card networks, such as Visa, MasterCard and American Express, have adopted rules and regulations that apply to all merchants who process and accept credit cards and include the Payment Card Industry Data Security Standards, or the PCI DSS. Under these rules, Zonetail may be required to adopt and implement internal controls over the use, storage and security of card data. Failure to comply may subject Zonetail to fines, penalties, damages and civil liability and could prevent us from processing or accepting credit cards.

Zonetail results of operations and financial positions may be negatively affected by its acceptance of fraudulent bookings made using credit and debit cards. Zonetail may be held liable for accepting fraudulent bookings on its application or website for which payment is subsequently disputed by its customers both of which lead to the reversal of payments received by Zonetail for such bookings (referred to as a "charge back"). Accordingly, Zonetail may calculate and record an allowance for the resulting credit and debit card charge backs. Zonetail's ability to detect and combat fraudulent schemes, which have become increasingly common and sophisticated, may be negatively impacted by the adoption of new payment methods, the emergence and innovation of new technology platforms, including smartphones and tablet computers, and Zonetail's expansion, including into markets with a history of elevated fraudulent activity. If Zonetail is unable to effectively combat fraudulent bookings on its application or if it otherwise experiences increased levels of charge backs, Zonetail's results of operations and financial positions could be materially adversely affected.

Risk Factors Related to Blockchain Technologies and Digital Assets

Risk of Hacking, Theft or Exploitation of Blockchain

The Zonetail platform will use digital cryptographic algorithms, known as blockchains, they are susceptible to hacking, theft, exploitation or other digital attacks. Advances in cryptography, or technical advances such as the development of quantum computers, could present risks to cryptocurrencies and may result in their compromise, theft or other exploitation.

Risks Related To The Use Of The Ethereum Blockchain

The Ethereum blockchain network on which Zonetail will operate utilizes code that is subject to change at any time. These changes may have unintended consequences for the Zonetail Platform. Zonetail will be built using the Ethereum blockchain. In addition to risks regarding development and acceptance of blockchain networks or the price of blockchain assets that may negatively affect the Ethereum network, other changes such as upgrades to Ethereum's blockchain, a hard fork in Ethereum, or a change in how transactions are confirmed on the Ethereum blockchain may have unintended, adverse effects on all blockchains utilizing using the ERC-20 standard, including the Zonetail Platform. These changes may occur at any time prior to the development of the Zonetail platform and may cause delays development or may completely foreclose Zonetail's ability to launch the platform.

The Regulatory Regime Governing Blockchain Technologies is Uncertain

The regulatory regime governing blockchain technologies is uncertain and new regulations or policies may materially adversely affect the development of the Zonetail platform.

Regulation of blockchain technologies currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in Canada and the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the Zonetail Platform. Failure by Zonetail, the Zonetail app or certain users of the Zonetail app to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, federal, provincial and state regulators and agencies have begun to take interest in, and in some cases regulate, their use and operation. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire and North Carolina, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. Both the Department of the Treasury and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies like Bitcoin. The IRS released guidance treating Ether as property that is not currency for US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. For example, neither the United States Securities and Exchange Commission ("SEC") nor the United States Commodity Futures Trading Commission ("CFTC") has formally asserted regulatory authority over any particular blockchain network. CFTC has publicly taken the position that certain blockchain assets are commodities, but SEC has not taken the position that any particular blockchain asset is a security. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Zonetail platform may be adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Ethereum Network and its users, particularly Ethereum Exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the Canada, the United States or may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and adverse to development and growth of the Zonetail platform.

Risks Related to the Acceptance of Blockchain Technologies

The further development and acceptance of blockchain networks, including the Zonetail platform, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the Zonetail app.

The growth of the blockchain industry in general, as well as the blockchain networks with which the Zonetail app will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

Worldwide growth in the adoption and use of Bitcoin, Ether and other blockchain technologies;

Government and quasi-government regulation of Bitcoin, Ether and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;

The maintenance and development of the open-source software protocol of the Bitcoin or Ethereum networks;

Changes in consumer demographics and public tastes and preferences;

The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;

General economic conditions and the regulatory environment relating to cryptocurrencies; or

A decline in the popularity or acceptance of the Bitcoin or Ethereum networks would adversely affect our results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Zonetail platform and app.

Risk Factors Related to the Potential Use by the Zonetail Platform of Cryptocurrencies

Risks Related to Regulatory Changes

Regulatory changes or actions may restrict the use of cryptocurrencies in a manner that adversely affects Zontail's operations. As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of Zonetail to continue to operate. The effect of any future regulatory change on Zonetail or any cryptocurrency that Zonetail may use is impossible to predict, but such change could be substantial and adverse to Zonetail. Governments may in the future curtail or outlaw, the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation.

For example, on July 25, 2017 the SEC released an investigative report which indicates that the SEC would, in some circumstances, consider the offer and sale of blockchain tokens pursuant to an initial coin offering subject to U.S. securities laws. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in shares of Zonetail.

Risks Related to Banking Services and Cryptocurrencies

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment. A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. This could adversely affect the uptake and use of the Zonetail app.

Risk Factors Related to Zonetail's Industry and its Regulation

Risks Associated With Potential Intellectual Property Actions

Zonetail may be subject to legal actions alleging intellectual property infringement, unfair competition or similar claims against it. Companies may apply for or be awarded patents or have other intellectual property rights covering aspects of Zonetail's technologies or businesses. Such legal actions may be costly and could require Zonetail to defend unmeritorious claims without recourse for legal costs incurred, even if it is successful, change its business practices, or could potentially hinder or prevent its ability to deliver its products and services and could divert management's attention.

Dependence On Mobile Data Networks

The sales of Zonetail's products and services depend on the growth in the use of mobile data networks and rely, in large part, on the industry and infrastructure that has developed around mobile data networks and traffic. Inadequate development of a reliable network backbone or the lack of timely delivery of complementary products could affect the overall commercial viability of the internet marketplace. Interruptions in internet availability could affect the performance of Zonetail's websites and mobile apps. Global e-commerce and information exchange is constantly changing and evolving and it is difficult to predict with any assurance its long-term commercial success.

Dependence On The Internet

The sales of Zonetail's products and services depend on the growth in the use of the internet and rely, in large part, on the industry and infrastructure that has developed around internet access and traffic. Inadequate development of a reliable network backbone or the lack of timely delivery of complementary products could affect the overall commercial viability of the internet marketplace. Interruptions in internet availability could affect the performance of Zonetail's websites and mobile apps. Global e-commerce and information exchange is constantly changing and evolving and it is difficult to predict with any assurance its long-term commercial success.

Government Regulation of Mobile Data Networks

Companies engaging in online commerce and related businesses face uncertainty related to possible future government regulation of the mobile data networks. Due to the rapid growth and widespread use of the mobile data networks, federal, state and provincial governments are enacting and considering various laws and regulations relating to mobile data networks. Furthermore, the application of existing laws and regulations to mobile data networks companies remains somewhat unclear. Zonetail's business and operating results may be negatively affected by new laws, and such existing or new regulations may expose it to substantial compliance costs and liabilities and may impede the growth in use of mobile data networks.

Government Regulation of the Internet

Companies engaging in online commerce and related businesses face uncertainty related to possible future government regulation of the internet. Due to the rapid growth and widespread use of the internet, federal, state and provincial governments are enacting and considering various laws and regulations relating to the internet. Furthermore, the application of existing laws and regulations to internet companies remains somewhat unclear. Zonetail's business and operating results may be negatively affected by new laws, and such existing or new regulations may expose it to substantial compliance costs and liabilities and may impede the growth in use of the internet.

As a company that provides services over the internet, Zonetail may be subject to an action brought under any or future laws governing online services. Zonetail may also be subject to costs and liabilities with respect to privacy issues. Several internet companies have incurred costs and paid penalties for violating privacy policies and laws. Further, it is anticipated that new legislation may be adopted by federal, state and provincial governments with respect to user privacy. Additionally, foreign governments may pass laws which could negatively impact Zonetail's business or may prosecute Zonetail for its products and services based upon existing laws. The restrictions imposed by and cost of complying with current and possible future laws and regulations related to Zonetail's business could harm its business and operating results. Further, any such laws that affect its third party data partners could indirectly harm its business and operating results.