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These securities have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any of the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Offering Document does not constitute an offer to sell, or the solicitation of an offer to buy, any of these securities within the United States or to persons in the United States.

OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION

New Issue

May 8, 2024

TANTALUS SYSTEMS HOLDING INC.



\$7,900,000

4,937,500 Common Shares

PART 1: SUMMARY OF OFFERING

What are we offering?

Through this offering document under the listed issuer financing exemption (“**Offering Document**”) of Tantalus Systems Holding Inc. (the “**Company**”, “**Tantalus**”, “**we**” or “**our**”), we are offering 4,937,500 common shares (“**Offered Shares**”) of the Company (the “**Offering**”) at a price of \$1.60 per Offered Share (the “**Offering Price**”) for aggregate gross proceeds of \$7,900,000. Each holder of common shares of the Company (the “**Common Shares**”) is entitled to receive notice of and to attend and vote at all meetings of shareholders. Each holder of Common Shares is entitled to receive dividends and any amount payable on any distribution of assets constituting a return of capital as declared by the Company on the Common Shares, subject to the rights of holders of any preferred shares of the Company.

The Offering Price was determined by arm’s length negotiation between the Company and Cormark Securities Inc. and Canaccord Genuity Corp. (the “**Lead Underwriters**”) as joint bookrunners and co-lead underwriters with reference to the prevailing market price of the Common Shares of the Company and other factors. The Lead Underwriters may also form a syndicate of underwriters to be agreed to by the Company (collectively with the Lead Underwriters, the “**Underwriters**”).

It is expected that the completion of the sale of the Offered Shares pursuant to the Offering will take place on or about May 23, 2024 (the “**Closing Date**”), or on such other date as may be agreed upon by the Company and the Lead Underwriters and, in any event, on or before a date not later than 45 days after the date of the filing of this Offering Document.

The outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “GRID”. On May 7, 2024, the last trading day completed prior to the date of this Offering Document, the closing price of the Common Shares on the TSX was \$1.74. All references in this Offering Document to “dollars”, “C\$” or “\$” are to Canadian dollars, unless otherwise stated.

This Offering is being conducted concurrently with a brokered private placement on a “bought deal” basis of 1,312,500 Common Shares at a price of \$1.60 per Common Share for gross aggregate proceeds of \$2,100,000 (the “**Private**”).

Placement”). The Common Shares issued pursuant to the Private Placement are being issued pursuant to applicable prospectus exemptions, other than the listed issuer financing exemption, in accordance with National Instrument 45-106 – *Prospectus Exemptions*. The Private Placement is expected to close concurrently with the Offering.

Tantalus Systems Holding Inc. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions*. In connection with this Offering, the issuer represents the following is true:

- **The issuer has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The issuer has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this Offering Document, will not exceed \$7,900,000.**
- **The issuer will not close this Offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The issuer will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Document contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words “believes”, “may”, “plans”, “will”, “anticipates”, “intends”, “could”, “estimates”, “expects”, “forecasts”, “projects” and similar expressions, and the negative of such expressions.

Forward-looking information in this Offering Document includes, but is not limited to, statements regarding: the Offering and Private Placement generally; the terms thereof; the use of the available funds; the intended use of the net proceeds from the Offering and the Private Placement; the jurisdictions in which the Offering and Private Placement will be conducted; the filing of the offering materials and the satisfaction of the conditions of closing of the Offering and the Private Placement, including the receipt, in a timely manner, of required approvals, including the approval of the TSX; the date of completion of the Offering and the Private Placement; our future plans, objectives, strategies and goals relating to its business; future trends, expectations, opportunities, challenges, and growth in our industry; the development and commercialization of new product initiatives; our continued maintenance, development, improvement and expansion of existing product lines; the management and repayment of Tantalus’s loans; the future financial or operating performance of Tantalus; and our belief that our current available funds and proceeds from the Offering and the Private Placement will be sufficient to meet our general corporate and working capital requirements for the foreseeable future.

In connection with the forward-looking information contained in this Offering Document, we have made numerous assumptions, regarding, among other things: that the TSX will approve the Offering and the Private Placement; the amount to be raised; the use of the net proceeds of the Offering and the Private Placement as announced or at all; the satisfaction or waiver of the conditions of closing of the Offering and the Private Placement; the completion of the Offering and the Private Placement on the expected terms; our ability to capitalize on growth opportunities and implement our growth strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers’ use of our product solutions; our ability to acquire new customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition; the successful integration of recent and future acquisitions; the development, certification and adoption of new products; the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties enumerated below will not materialize. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward- looking information contained in this Offering Document. Known risk factors include, among others: the completion of the

Offering and the Private Placement within the time contemplated; sales cycles to our customers can be lengthy and unpredictable and require significant employee time with no assurances that a prospective customer will select our products and services; our financial and operational performance significantly depends on our ability to secure and retain customers and our ability to develop new products and to enhance and sustain the quality of existing products to retain such customers; we depend on a limited number of key suppliers and if such suppliers fail to provide us with sufficient quantities of components at acceptable levels of quality and at anticipated costs, our revenue and operating results could be materially and adversely affected; we have a prior history of operating losses, and we may not sustain profitability on a quarterly or annual basis; our quarterly results are inherently unpredictable and subject to substantial fluctuations; fluctuations in interest rates and inflation could adversely affect our financial condition, operations and future growth; our success depends in part on our ability to integrate our technology into devices and its relationship with device manufacturers; our marketing efforts depend significantly on our ability to receive positive references from our existing customers; the markets for our products and services, smart grid, smart city, and broader Internet-of-Things technology in general, are still developing – if the markets develop less extensively or more slowly than we expect, our business could be harmed; we operate in a highly competitive industry and we compete against many companies with substantially greater financial and other resources, and our market share and results of operations may be reduced if we are unable to respond to competitors effectively; the impacts of global pandemics and epidemics and related response measures are unpredictable and could have significant impacts on our financial performance; we are dependent on the utility industry, which has experienced volatility in capital spending – this volatility could cause our results of operations to vary significantly from period to period; our reliance on certain infrastructure and information technology systems makes us vulnerable to the potential adverse effects of cyber-attacks and other breaches; if our products contain defects or otherwise fail to perform as expected, we could be liable for damages and incur unanticipated warranty, recall and other related expenses, our reputation could be damaged, we could lose market share and, as a result, our financial condition or results of operations could suffer; the nature of our business exposes us to the unpredictable risks of contractual disputes; the loss of key employees and the inability to attract and retain qualified personnel could harm our business; our business is exposed to potential risks associated with international sales and operations; foreign exchange rate fluctuations could harm our results or operations; we and our customers operate in a highly regulated business environment and changes in regulation could impose costs on us or make our products less economical or competitive; our inability to acquire and integrate other businesses, products or technologies could seriously harm our competitive position; intellectual property infringement claims could be costly and time-consuming to prosecute or defend; substantially all of our current products depend on the availability and are subject to the regulation of radio spectrum in the United States and abroad; interruptions or delays in services from our third-party data center facilities, or problems with the third-party hardware or software that we employ, could impair the delivery of our services and harm our business; and our reliance on a single lender.

All forward-looking information in this Offering Document is qualified in its entirety by this cautionary statement and we disclaim any obligation to revise or update such forward-looking information to reflect future results, events or developments, except as required by law.

PART 2: SUMMARY DESCRIPTION OF BUSINESS

What is our business?

Tantalus is a technology company helping utilities modernize their distribution grids by harnessing the power of data across devices and systems deployed throughout the distribution grid – from the substation to the EV charger located behind the meter. Tantalus offers smart grid solutions across multiple levels: intelligent connected devices, communications networks, data management, enterprise applications and analytics. Tantalus enables utilities to modernize their distribution grids through the Tantalus Grid Modernization Platform (“**TGMP™**”), which delivers visibility, command and control across a utility’s operations and provides a secure, flexible and affordable path forward. TGMP is a technology architecture designed to deliver data interoperability across new and existing devices, systems and vendors. While Tantalus offers a suite of innovative connected devices, our approach is to integrate a suite of solutions, from Tantalus or third-party vendors, to support the modernization of substations, distribution circuits and feeders, metering and distributed energy resources located behind the meter. TGMP offers utilities a flexible approach to provide utilities with autonomy and control of their grid modernization journey. Coupled with a commitment to ensuring the Company’s solutions are backward-compatible to earlier products and a customer support team that has helped Tantalus build a dynamic user community of utilities, the Company serves as a partner to the utilities it supports and to the communities they serve.

Our head office is located at 3555 Gilmore Way, Suite 200, Burnaby, British Columbia, V5G 0B3 Canada, our registered office is located at 1055 Dunsmuir Street, Suite 3000, Vancouver, British Columbia, V7X 1K8 Canada, and our United States headquarters is located at 140 Rowayton Avenue, 2nd Floor, Norwalk, Connecticut, 06853 U.S.A.

Recent developments

There are no key recent developments in respect of the Company that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document.

Material facts

There are no material facts about the securities being distributed that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document and the date the Company's most recent audited annual financial statements were filed.

What are the business objectives that we expect to accomplish using the available funds?

The business objective that Tantalus expects to accomplish using the net proceeds of the Offering and Private Placement, together with existing cash and cash equivalents, is to increase its funds available for general corporate purposes and working capital and to secure additional capital for the Company to utilize in seeking to launch the commercialization of its TRUSense Gateway into the utility industry. The TRUSense Gateway is a residential meter socket-based device that accelerates grid modernization initiatives for utilities and the Company. In conjunction with launching the TRUSense Gateway, the Company is planning to pursue opportunities with Investor-Owned Utilities (IOUs) which represent a new market segment that Tantalus has historically not pursued. By pursuing IOUs, the Company will be increasing its total addressable market opportunity and will be expanding its sales and marketing capabilities, accordingly.

PART 3: USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

		Assuming 100% of the Offering and the Private Placement
A	Amount to be raised by this Offering and the Private Placement	\$10,000,000
B	Selling commissions and fees¹	\$600,000
C	Estimated offering costs (e.g., legal, accounting, audit)	\$320,000
D	Net proceeds of offering: D = A - (B+C)	\$9,080,000
E	Working capital as at most recent month end (deficiency)³	\$1,447,934
F	Additional sources of funding²	\$5,498,282
G	Total available funds: G = D+E+F	\$16,026,216

¹ The Company has agreed to pay to the Underwriters the Cash Commission as described below under "Fees and Commissions." This number is after deducting the maximum estimated Cash Commission payable under the Offering and the Private Placement, estimated at approximately \$600,000, and does not contemplate potential reduced commissions in respect of sales to President's List purchasers (as defined below).

² Includes operating line of credit fully drawn as at March 31, 2024 and debt facility with Export Development Canada with available funding of US\$4,000,000.

³Excludes current portion of loans.

How will we use the available funds?

Description of intended use of available funds	Assuming 100% of the Offering and the Private Placement
Research and development activities pertaining to new product initiatives	\$1,500,000
Sales and business development activities	\$6,500,000
General corporate purposes and working capital	\$8,026,216
Total:	\$16,026,216

The above noted allocation represents the Company's intentions with respect to its use of available funds based on current knowledge, planning and expectations of management of the Company. Although the Company intends to expend the proceeds from this Offering and Private Placement as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan and financing objectives. Such uses will not include a significant acquisition, a restructuring transaction, or any transaction requiring approval of the Company's security holders.

The most recent audited annual financial statements and interim financial report of the Corporation included a going-concern note. The continuity of the Company as a going concern is dependent on its ability to achieve positive cash flow from operations, to maintain or obtain additional debt or equity financing and to achieve and maintain profitable operations. The Offering and the Private Placement are anticipated to increase the Company's funds available for general corporate purposes and working capital, and is not expected to affect the decision to include a going concern note in the next annual financial statements of the Company.

How have we used the other funds we have raised in the past 12 months?

Tantalus has not made disclosure relating to how it would use available funds or proceeds from any financing in the past 12 months.

PART 4: FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?

The Offering and Private Placement are being made pursuant to the terms and conditions of an engagement letter dated May 8, 2024 (the "**Engagement Letter**") between the Company and the Lead Underwriters.

Pursuant to the Engagement Letter, the Company has agreed to pay to the Underwriters a fee representing 6.0% of the aggregate gross proceeds of the Offering and the Private Placement (the "**Cash Commission**") and that number of compensation warrants (each, a "**Compensation Warrant**") equal to 6.0% of the number of Offered Shares sold pursuant to the Offering and Common Shares sold pursuant to the Private Placement. Notwithstanding the foregoing, to the extent that Offered Shares and Common Shares are purchased by persons on a president's list (the "**President's List**"), the Company will pay the Underwriters a reduced Cash Commission representing 3.0% of the aggregate gross proceeds received from persons on the President's List and a reduced number of Compensation Warrants equal to 3.0% of the number of Offered Shares sold pursuant to the Offering and Common Shares sold pursuant to the Private Placement to such purchasers on the President's List.

Each Compensation Warrant will be exercisable to acquire one Common Share of the Company at an exercise price equal to the Offering Price for a period of 24 months following the Closing Date, subject to adjustment in certain events. The Company has also agreed to reimburse the Underwriters for their expenses and disbursements related to the Offering and Private Placement, subject to the limitations agreed to in the Engagement Letter.

Do the Underwriters have a conflict of interest?

None, to the knowledge of the Company.

PART 5: PURCHASERS' RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- a) to rescind your purchase of these securities with Tantalus, or
- b) to damages against Tantalus and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

ADDITIONAL INFORMATION

Where can you find more information about us?

Security holders can access Tantalus's continuous disclosure at www.sedarplus.ca and may find additional information at our website, www.Tantalus.com.

Purchasers should read this Offering Document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of the Offered Shares.

CERTIFICATE OF THE COMPANY

May 8, 2024

This Offering Document, together with any document filed under Canadian securities legislation on or after May 8, 2023, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

(Signed) PETER LONDA
President and Chief
Executive Officer

(Signed) GEORGE REZNIK
Chief Financial Officer