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PROSPECTUS

INITIAL PUBLIC OFFERING

May 12, 2022

TORCHLIGHT INNOVATIONS INC. (a Capital Pool Company)

**OFFERING: \$300,000 (3,000,000 Common Shares)
Price: \$0.10 per Common Share**

The purpose of this offering is to provide Torchlight Innovations Inc. (the "**Company**") with a minimum amount of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction (as hereafter defined). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the "**Exchange**") and, in the case of a Non-Arm's Length Qualifying Transaction (as hereafter defined), must also receive Majority of the Minority Approval (as hereafter defined) in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (the "**CPC Policy**"). The Company is a Capital Pool Company ("**CPC**"). It has not commenced commercial operations and has no assets other than a minimum amount of cash as further set out in this prospectus. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction (as hereafter defined), the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See "*Business of the Company*" and "*Use of Proceeds*".

The Company hereby offers through its agent, Research Capital Corporation (the "**Agent**"), 3,000,000 common shares in the authorized share structure of the Company ("**Common Shares**") for gross proceeds of \$300,000. This prospectus qualifies the distribution of 3,000,000 Common Shares (the "**Offering**").

Number of Common Shares	Price to the Public	Agent's Commission⁽¹⁾	Net Proceeds to the Company⁽²⁾
Per Common Share	\$0.10	\$0.01	\$0.09
Offering	\$300,000	\$30,000	\$270,000

Notes:

- (1) The Agent and its sub-agents, if any, will receive a cash commission (the "**Agent's Commission**") equal to 10.0% of the gross proceeds of the Offering, payable at the closing of the Offering. In addition, the Agent and its sub-agents, if any, will be paid a work fee of \$15,750, inclusive of GST, (the "**Work Fee**") and will be granted a non-transferable option (the "**Agent's Compensation Option**") to purchase such number of Common Shares as is equal to 10.0% of the aggregate number of Common Shares sold pursuant to the Offering, at a price of \$0.10 per Common Share, for a period of twenty-four (24) months from the date of listing of the Common Shares on the Exchange. This prospectus qualifies the distribution of the Agent's Compensation Option. See "*Plan of Distribution*". In addition, the Agent will be reimbursed for its reasonable expenses, including legal fees incurred pursuant to this Offering, estimated to be \$20,000 including taxes and disbursements.
- (2) Before deducting the costs and expenses of this Offering estimated to be approximately \$113,040 which includes legal and audit fees and other expenses of the Company and applicable taxes of approximately \$52,090, the Agent's expenses and legal fees (inclusive of taxes and disbursements) of approximately \$20,000, the Work Fee of \$15,750 (inclusive of GST), the listing fees payable to the Exchange of \$15,750 and the filing fees payable to the Commissions, printing and mailing costs estimated at approximately \$9,450, but does not include the Agent's Commission.

This Offering, is made on a commercially reasonable best efforts agency basis by the Agent and is subject to receipt by the Company of a minimum subscription of 3,000,000 Common Shares for total gross proceeds to the Company of \$300,000. The offering price of the Common Shares was determined by

negotiation between the Company and the Agent. All funds received from subscriptions for the Common Shares will be held by the Agent pursuant to the terms of the Agency Agreement (as defined below) and will not be released until a minimum of \$300,000 has been deposited and the Agent deems as satisfied all conditions to such release pursuant to the terms of the Agency Agreement. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be agreed upon by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "*Plan of Distribution*".

This prospectus also qualifies for distribution stock options (the "**CPC Stock Options**") to be granted to the directors and officers of the Company immediately following the completion of the Offering, exercisable to purchase a maximum of 550,000 Common Shares. Each CPC Stock Option will be exercisable to purchase one Common Share at a price of \$0.10 for a period of 10 years following the date of grant. The CPC Stock Options are qualified for distribution under this prospectus. See "*Options to Purchase Securities*".

Market for Securities

There is currently no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation. See "*Risk Factors*".

The Company has applied to list its Common Shares (including the Common Shares issuable upon the exercise of the Agent's Compensation Option) on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

As at the date of the prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Other than the initial distribution of the Common Shares pursuant to this prospectus and the grant of the Agent's Compensation Option and the grant of the CPC Stock Options, trading in all securities of the Company is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the securities commission that is designated the principal regulator pursuant to Multilateral Instrument 11-102 - *Passport System* and National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions* and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities commissions grant a discretionary order.

Risk Factors

Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Company's business and its present stage of development. This Offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "*Risk Factors*".

The Company has not commenced commercial operations and has no assets other than cash. It has no history of earnings and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. Until Completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. The Company may determine that current markets, terms of acquisition, or pricing conditions make such potential acquisitions uneconomic. The Company may find that even if the terms of a potential acquisition are economic, the Company may not be able to finance such acquisition and additional funds may be required. Where the investment or acquisition is financed by the issuance of shares from the Company's

treasury, control of the Company may change and shareholders may suffer further dilution of their investment. The Company will be in competition with other entities with greater resources. See "*Corporate Structure*", "*Business of the Company*" and "*Use of Proceeds*".

The directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "*Directors and Officers*".

There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

Investors acquiring the Common Shares offered by this prospectus will suffer an immediate dilution on investment of approximately 22.73% or approximately \$0.0227 per Common Share assuming completion of the Offering, before deduction of selling commissions or related expenses of the issue. See "*Dilution*".

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company and this may result in further dilution to investors. See "*Use of Proceeds*".

Furthermore, where the Qualifying Transaction is financed by the issuance of shares from the Company's treasury, control of the Company may change and shareholders may suffer further dilution of their investment. The Company will be in competition with other entities with greater resources. See "*Corporate Structure*", "*Business of the Company*" and "*Use of Proceeds*".

The Company may incur additional expenses or delays due to capital market uncertainty and business disruptions caused by the COVID-19 global pandemic. The future impact of the outbreak is highly uncertain and cannot be predicted. There can be no assurance that such disruptions, delays and expenses will not have a material adverse impact on the Company's ability to complete the Offering or identify and successfully complete a proposed Qualifying Transaction. See "*Risk Factors*".

In the event that directors or officers of the Company reside outside of Canada or the Company identifies a foreign business or assets as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon director or officer resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

As a result of these factors, the Offering is suitable only to investors who are willing to rely solely on the management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares. See "*Business of the Company*", "*Directors and Officers*", "*Use of Proceeds*" and "*Risk Factors*".

Maximum Investment

Pursuant to the CPC Policy, 75%, or 2,250,000, of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2%, or 60,000, of the total number of Common Shares offered under this prospectus; and

- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser's Associates and Affiliates, is 4%, or 120,000, of the total number of Common Shares offered under this prospectus.

Receipt of Subscriptions

The Agent hereby offers for sale, on a commercially reasonable best efforts agency basis as Agent on behalf of the Company, 3,000,000 Common Shares at a price of \$0.10 per Common Share. The Common Shares are conditionally offered, subject to prior sale, if, as and when issued by the Company, and in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval by Gowling WLG (Canada) LLP, on behalf of the Company, and by Vantage Law Corporation, on behalf of the Agent, of such legal matters for which approval is specifically sought by the Company or the Agent.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Company reserves the right to close the subscription books at any time without notice. It is expected that share certificates or similar entitlements evidencing the Common Shares in definitive form will be available for delivery at closing of this Offering unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

TABLE OF CONTENTS

GLOSSARY	1
PROSPECTUS SUMMARY	8
CORPORATE STRUCTURE	10
BUSINESS OF THE COMPANY	10
USE OF PROCEEDS	12
PLAN OF DISTRIBUTION	16
DESCRIPTION OF SECURITIES DISTRIBUTED	18
CAPITALIZATION	19
OPTIONS TO PURCHASE SECURITIES	19
PRIOR SALES	20
ESCROWED SECURITIES	21
PRINCIPAL SHAREHOLDERS	23
DIRECTORS AND OFFICERS	23
EXECUTIVE COMPENSATION	29
DILUTION	30
RISK FACTORS	30
LEGAL PROCEEDINGS	32
RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT	32
RELATIONSHIP BETWEEN THE COMPANY AND PROFESSIONAL PERSONS	32
AUDITORS, TRANSFER AGENTS AND REGISTRARS	32
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	32
MATERIAL CONTRACTS	33
OTHER MATERIAL FACTS	33
DIVIDEND POLICY	33
ELIGIBILITY FOR INVESTMENT	33
PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	34
AUDIT COMMITTEE CHARTER	A-1
FINANCIAL STATEMENTS	B-1
CERTIFICATE OF THE COMPANY	C-1
CERTIFICATE OF THE AGENT	C-2

GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this prospectus.

"Affiliate" means a company that is affiliated with another company as described below.

A company is an **"Affiliate"** of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is **"controlled"** by a Person if:

- (a) Voting Shares of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"Agency Agreement" means the agency agreement dated as of May 12, 2022 between the Company and the Agent.

"Agent" means Research Capital Corporation at its office in the City of Vancouver, in the Province of British Columbia.

"Agent's Commission" means the cash commission payable to the Agent and its sub-agents, if any, equal to 10.0% of the gross proceeds of the Offering.

"Agent's Compensation Option" means the option to purchase Common Shares granted to the Agent in accordance with section 5.2(c) of the CPC Policy granted by the Company to the Agent and any sub-agents entitling the Agent and any sub-agents to purchase Agent's Shares in an amount equal to 10.0% of the number of Common Shares sold pursuant to the Offering at an exercise price of \$0.10 per Agent's Share, expiring 24 months from the date of listing of the Common Shares on the Exchange.

"Agent's Shares" means Common Shares acquired upon exercise of the Agent's Compensation Option.

"Aggregate Pro Group" means all Persons who are members of any Pro Group, whether or not the Member is involved in a contractual relationship with the Issuer to provide financing, sponsorship and other advisory services.

"Agreement in Principle" means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute the Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;

- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction; and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm's Length Parties to the CPC or the Non-Arm's Length Parties to the Qualifying Transaction.

"Associate" when used to indicate a relationship with a Person, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual:
 - (i) that Person's spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that Person; but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D. 1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

"Commissions" mean the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission.

"Common Shares" means the common shares of the Company.

"Company" means Torchlight Innovations Inc.

"company" means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Completion of the Qualifying Transaction" means the date the Final QT Exchange Bulletin is issued by the Exchange.

"Concurrent Financing" has the meaning ascribed to that phrase in section 9.5 of the CPC Policy.

"Conditional Acceptance Documents" has the meaning ascribed to that phrase in section 11.5 of the CPC Policy.

"Control Person" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing, that the holder of those securities does not materially affect the control of the Issuer.

"CPC" or **"Capital Pool Company"** means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC Prospectus from one or more of the Commissions in compliance with the CPC Policy; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

"CPC Filing Statement" means a filing statement prepared in accordance with Form 3B2 - *Information Required in a Filing Statement for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the Company and the Significant Assets.

"CPC Information Circular" means an information circular prepared in accordance with applicable Securities Laws and Form 3B1 - *Information Required in an Information Circular for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the Company and the Significant Assets.

"CPC Policy" means Policy 2.4 - *Capital Pool Companies* of the Exchange effective January 1, 2021.

"CPC Stock Options" means the stock options of the Company to be granted to the directors and officers of the Company immediately following the completion of the Offering, exercisable to purchase a maximum of 550,000 Common Shares at a price of \$0.10 for a period of 10 years following the date of grant.

"CPC Stock Option Plan" means the Company's incentive stock option plan.

"Disclosure Document" means the CPC Filing Statement or the CPC Information Circular, as the case may be, or the Prospectus if required by section 11.1(f) of the CPC Policy.

"Escrow Agreement" means the escrow agreement dated as of May 12, 2022 among the Company, the Transfer Agent and certain shareholders of the Company.

"Exchange" means the TSX Venture Exchange Inc.

"Exchange Requirements" means and includes the articles, by-laws, policies, circulars, rules (including UMIR), guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of a Regulation Services Provider or the Exchange (including those of any committee of the Exchange as appointed from time to time), the *Securities Act* (Alberta) and the rules and regulations thereunder as amended, the *Securities Act* (Ontario) and the rules and regulations thereunder as amended, the *Securities Act* (British Columbia) and the rules and regulations thereunder as amended and any policies, rules, orders, rulings, forms or regulations from time to time enacted by the Alberta Securities Commission, the British Columbia Securities Commission or the Ontario Securities Commission and all applicable provisions of the Securities Laws of any other jurisdiction.

"Final QT Exchange Bulletin" means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

"Geological Report" means:

- (a) in the case of a mining property, a report prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* or any successor instrument, or
- (b) in the case of an oil and gas property, a report with supporting materials prepared in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*, and the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"**GST**" means the goods and services tax imposed under Part IX of the *Excise Tax Act* (Canada).

"**Initial Public Offering**" or "**IPO**" means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first Prospectus.

"**Insider**" if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

"**Issuer**" means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

"**Majority of the Minority Approval**" means the approval by the majority of the votes cast at a meeting of the shareholders of the CPC, or by the written consent of shareholders of the CPC holding more than 50% of the issued listed shares of the CPC, provided that the votes attached to listed shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm's Length Parties to the CPC;
- (b) Non-Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if the CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction.

"**Member**" means a Person who has executed the Members' Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange Requirements.

"**Members' Agreement**" means the members' agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange.

"**NEX**" means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange continued listing requirements for Tier 2 issuers may continue to trade.

"**Non-Arm's Length Party**" means:

- (a) in relation to a company:
 - (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such Persons; or
 - (ii) another entity, or an Affiliate of that entity, if that entity or its Affiliate have the same

promoter, officer, director, Insider or Control Person as the company; and

- (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

"Non-Arm's Length Parties to the Qualifying Transaction" means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm's Length Parties of the Vendor(s), the Non-Arm's Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

"Non-Arm's Length Qualifying Transaction" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying, Transaction.

"Offering" means the offering of 3,000,000 Common Shares at a price of \$0.10 per Common Share for aggregate gross proceeds of \$300,000, in accordance with the terms of this prospectus.

"Participating Organization" means, generally, a company that is not a Member but has been granted access to trading privileges through the Exchange.

"Person" means a company or individual.

"Principal" means:

- (a) a Person who acted as a promoter of the Issuer within two years before the IPO Prospectus or Final QT Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO Prospectus or Final QT Exchange Bulletin;
- (c) a 20% holder - a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final QT Exchange Bulletin for non IPO transactions; and
- (d) a 10% holder - a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final QT Exchange Bulletin for non IPO transactions; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

"Pro Group"

- (a) Subject to subparagraphs (b), (c) and (d), "Pro Group" shall include either individually or as a group:
 - (i) the Member;
 - (ii) employees of the Member;
 - (iii) partners, officers and directors of the Member;

- (iv) Affiliates of the Member; and
- (v) Associates of any parties referred to in subparagraphs (i) through (iv);
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member;
- (d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
 - (i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;
 - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
 - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
 - (iv) the Member maintains a list of such excluded Persons.

"Prospectus" means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable Securities Laws.

"Qualifying Transaction" means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"Qualifying Transaction Agreement" means any agreement or other similar commitment respecting the Qualifying Transaction which identifies the fundamental terms upon which the parties agree or intend to agree, including:

- (a) the Significant Assets and/or Target Company;
- (b) the parties to the Qualifying Transaction;
- (c) the value of the Significant Assets and/or Target Company and the consideration to be paid or otherwise identifies the means by which the consideration will be determined; and
- (d) the conditions to any further formal agreements or completion of the Qualifying Transaction.

"Registered Plan" has the meaning set out under the heading "Eligibility for Investment".

"Regulation Services Provider" has the meaning ascribed to it in National Instrument 21-101 - *Marketplace Operation* and refers to the Investment Industry Regulatory Organization of Canada or any successor retained by the Exchange.

"Related Party Transaction" has the meaning, ascribed to it under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a

transaction to be a Related Party Transaction where the transaction involves Non-Arm's Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

"Resulting Issuer" means the Issuer that was formerly a CPC, which exists upon issuance of the Final QT Exchange Bulletin.

"Securities Laws" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer.

"Seed Shares" means securities issued before an Issuer's IPO.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"Significant Assets" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

"Sponsor" has the meaning specified in Exchange Policy 1.1 - *Interpretation*.

"Sponsor Report" has the meaning ascribed to it in Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

"Sponsorship Acknowledgement Form" has the meaning ascribed to it in Exchange Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

"Target Company" means a company to be acquired by the CPC as its Significant Assets pursuant to a Qualifying Transaction.

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder.

"Transfer Agent" means Odyssey Trust Company.

"UMIR" means the Universal Market Integrity Rules adopted by the Exchange and as may be amended from time to time and administered and enforced by the Exchange or any Regulation Services Provider retained by the Exchange.

"Vendor(s)" means one or all of the beneficial owners of the Significant Assets and/or Target Company.

"Voting Share" means a security of an Issuer that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

"Work Fee" means the estimated fee of \$15,750, inclusive of GST, payable to the Agent at the closing of the Offering.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

- The Company:** Torchlight Innovations Inc.
- Business of the Company:** The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. See "*Business of the Company*".
- The Offering:** 3,000,000 Common Shares are being offered under this prospectus at a price of \$0.10 per Common Share for gross proceeds of \$300,000. This Offering is made on a commercially reasonable best efforts agency basis by the Agent. In addition, the Company will grant the Agent's Compensation Option to the Agent to purchase the equivalent of 10.0% of the aggregate number of Common Shares sold pursuant to the Offering, being 300,000 Common Shares, at a price of \$0.10 per share which will be exercisable for a period of twenty-four (24) months from the date of listing of the Common Shares on the Exchange.
- The Company also intends to grant the CPC Stock Options to the directors and officers of the Company to purchase a maximum of 550,000 Common Shares to be granted immediately following closing of the Offering. The Agent's Compensation Option and CPC Stock Options are qualified for distribution under this prospectus. See "*Plan of Distribution*" and "*Options to Purchase Securities*".
- Use of Proceeds:** Assuming completion of this Offering, the total net proceeds to the Company, accounting for total cash proceeds raised prior to and at this Offering, net of all expenses, will be approximately \$276,610. The net proceeds of this Offering will be used to provide the Company with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Company may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. See "*Use of Proceeds*" for details of the restrictions and prohibitions on the Company's use of funds.
- Directors and Management:**
- | | |
|-------------------|--|
| Fayyaz Alimohamed | Chief Executive Officer, Chief Financial Officer, Corporate Secretary, Director and Promoter |
| Frederic Leigh | Director |
| Robert Archer | Director |
- Escrow:** All of the currently issued and outstanding Common Shares of the Company, being 2,500,000 Common Shares will be deposited in escrow pursuant to the terms of an Escrow Agreement and will be released from escrow in stages over a period of up to 18 months from the date of the Final QT Exchange Bulletin. See "*Escrowed Securities*".
- Risk Factors:** There is currently no established market for the Common Shares. Investment in the Common Shares must be regarded as highly

speculative due to the proposed nature of the Company's business and its present stage of development. The Company was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction.

The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Company and can afford to risk the loss of their entire investment.

The directors and the officers of the Company will only devote part of their time and attention to the affairs of the Company and there are potential conflicts of interest to which some of the directors and officers of the Company will be subject in connection with the operations of the Company.

Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of approximately 22.73% or approximately -\$0.0227 per Common Share assuming completion of the Offering, before deduction of selling commissions or related expenses of the issue. An acquisition financed by the issuance of treasury shares could result in a change in control of the Company and may cause the shareholders' interest in the Company to be further diluted. There can be no assurance that an active and liquid market for the Company's Common Shares will develop and an investor may find it difficult to resell the Common Shares.

Until Completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

The global pandemic caused by COVID-19 may result in additional expenses and delays to the Company, the impact of which is uncertain on the Company at this time.

A Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. In the event that the Company identifies a foreign business or assets as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management, directors or experts resident outside of Canada or upon the foreign business or the Resulting Issuer and may find it difficult or impossible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.

See "*Risk Factors*" for more detailed information on the risks of an investment in the Company's Common Shares. Also see "*Corporate Structure*", "*Directors and Officers*", "*Business of the Company*" and "*Use of Proceeds*"

CORPORATE STRUCTURE

Name, Incorporation and Place of Business

The full corporate name of the Company is Torchlight Innovations Inc. The Company was incorporated under the laws of the Province of British Columbia pursuant to the *Business Corporations Act* (British Columbia) on October 8, 2021. The registered and head office address of the Company is located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

BUSINESS OF THE COMPANY

Preliminary Expenses

To date, the Company has raised \$125,000 through the sale of 2,500,000 Common Shares. See "*Prior Sales*" and "*Capitalization*". As of the date hereof, the Company has paid \$5,250 (inclusive of GST) to the Exchange as part of the Company's initial listing fee; \$15,000 to the Agent as a retainer for the Agent's legal fees (\$7,500) and the Work Fee (\$7,500); \$35,022 for professional (legal and auditor) fees, \$7,690 for filing fees paid to the Commissions and \$5,282 for other preliminary expenses. Part of the net proceeds of the Offering will be utilized to satisfy the obligations of the Company related to this Offering, including the fees and commissions of the Agent, the expenses of its auditors, legal counsel and the Agent's legal counsel and the listing fees of the Exchange and filing fees of the Commissions. See "*Use of Proceeds*".

Proposed Operations until Completion of the Qualifying Transaction

The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. As of the date hereof, the Company has not conducted commercial operations.

Until Completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising, of additional funds in order to finance an acquisition. Except as described under "*Use of Proceeds*", the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Company has commenced the process of identifying potential acquisitions with a view to completing a Qualifying Transaction, the Company has not yet entered into an Agreement in Principle.

Method of Financing

The Company may use either issuance of treasury shares or public financing of debt or equity, or a combination of these, for the purpose of financing, its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issuance of treasury shares or securities convertible into or exercisable for treasury shares could result in a change in the control of the Company and may cause the shareholders' interest in the Company to be further diluted.**

Criteria for a Qualifying Transaction

The board of directors of the Company must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Company and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Filings and Shareholder Approval of a Qualifying Transaction

Upon the Company reaching a Qualifying Transaction Agreement, the Company must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within seventy-five (75) calendar days after issuance of such news release, the Company shall be required to submit for review to the Exchange a Disclosure Document that complies with Exchange requirements containing prospectus level disclosure of the Significant Assets and the Company, assuming Completion of the Qualifying Transaction. Where the proposed Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the Company must obtain Majority of the Minority Approval of the Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Exchange will not require the Company to obtain shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement or a Prospectus.

Once the Conditional Acceptance Documents have been accepted for filing, the Exchange will advise the Company that it is cleared to file the final Disclosure Document on SEDAR and:

- (a) where shareholder approval of the Qualifying Transaction is not required, the Company must file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:
 - (i) the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the Company are halted from trading; or
 - (ii) the Completion of the Qualifying Transaction, if the securities of the Company are not halted from trading;
- (b) where shareholder approval is required and is to be obtained at a meeting of shareholders, the Company will file on SEDAR and mail to its shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents; and
- (c) where shareholder approval is required and is to be obtained by written consent, the Company will file on SEDAR the final Disclosure Document.

If required by the Exchange, the Company will retain a Sponsor, who must be a Member of the Exchange or a Participating Organization of the Toronto Stock Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the policies of the Exchange. The Company will no longer be considered to be a CPC upon the Exchange having issued the Final QT Exchange Bulletin. The Exchange will generally not issue the Final QT Exchange Bulletin until the Exchange has received:

- (a) confirmation of shareholder approval of the Qualifying Transaction, if required;
- (b) confirmation of closing of the Qualifying Transaction; and
- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final QT Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy.

Initial Listing Requirements

The Resulting Issuer must satisfy the Exchange's initial listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

Trading Halts, Suspensions and Delisting

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of a Qualifying Transaction Agreement until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, all individuals who may be directors, senior officers, promoters, or Insiders of the Resulting Issuer must file a Form 2A - *Personal Information Form* or, if applicable, a Form 2C1 - *Declaration* with the Exchange, and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer; or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, Completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Company fails to file the supporting documents relating to the Qualifying Transaction within a period of seventy-five (75) calendar days after public announcement of the Qualifying Transaction Agreement or if the Company fails to file post-meeting or final documents, as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

In the event that the Common Shares of the Company are delisted by the Exchange, within 90 days from the date of such delisting, the Company shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the Company, determine to deal with the remaining assets in some other manner. See "*Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction*" above.

Refusal of Qualifying Transaction

The Exchange, in its sole discretion, may choose not to accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the Resulting Issuer will be a mutual fund, as defined in the securities legislation; or
- (c) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

USE OF PROCEEDS

Proceeds and Principal Purposes

The gross proceeds to be received by the Company from the sale of all the Common Shares offered by this prospectus will be \$300,000 if the Offering is completed. The gross proceeds received by the Company from the sale of 2,500,000 Common Shares prior to the date of this prospectus was \$125,000. Assuming the Offering is completed, from the aggregate gross proceeds of \$300,000 will be deducted the expenses

and costs of this issue estimated in the aggregate, including legal, accounting, printing, regulatory fees, the Agent's Commission and the Work Fee, to be approximately \$143,040.

The following indicates the principal uses to which the Company proposes to use the total funds available to it upon the completion of this Offering:

(a)	Gross cash proceeds received by the Company from the sale of Common Shares prior to this Offering ⁽¹⁾	\$125,000
(b)	Less: Expenses and costs relating to incorporation and raising the cash proceeds referred to in (a) above	(\$5,350)
(c)	Plus: Gross cash proceeds to be raised by the Company from the sale of the Common Shares distributed pursuant to this Offering ⁽²⁾	\$300,000
(d)	Less: Expenses and costs relating to the Offering (including listing fees, Agent's commission, legal fees, audit fees and expenses) referred to in (c) above, incurred to date and expected to be incurred ⁽³⁾	(\$143,040)
(e)	Estimated funds to be available to the Company (on completion of the Offering)	\$276,610
	Funds available for identifying and evaluating assets or business prospects ⁽⁴⁾	\$226,610
	Estimated general and administrative expenses until Completion of the Qualifying Transaction	\$50,000
	TOTAL NET PROCEEDS	\$276,610

Notes:

(1) See "*Prior Sales*".

(2) In the event the Agent exercises the Agent's Compensation Option and the CPC Stock Options are exercised, there will be available to the Company \$85,000 in additional funds, which will be added to the working capital of the Company. There is no assurance that any of these options will be exercised.

(3) Expenses include: the Agent's Commission of \$30,000, the costs and expenses of this issue of approximately \$52,090 (including legal fees (\$39,590) and audit fees (\$10,000) and other expenses (\$2,500) of the Company), the Agent's expenses and legal fees (inclusive of taxes and disbursements) of approximately \$20,000, the Work Fee of \$15,750 (inclusive of GST), the listing fees payable to the Exchange of \$15,750 and the filing fees payable to the Commissions, printing and mailing costs estimated at approximately \$9,450 (inclusive of GST).

(4) In the event that the Company enters into a Qualifying Transaction Agreement prior to spending all the funds available to it on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of, or participation in, the Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Company's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Company may commit. See "*Risk Factors*".

Permitted Use of Funds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "*Prohibited Payments to Non-Arm's Length Parties*" and "*Private Placements for Cash*" the gross proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate assets or businesses and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction, including expenses such as:

- (a) reasonable expenses relating to the Company's IPO, including
 - (i) fees for legal services and audit services relating to the preparation and filing of this prospectus;
 - (ii) Agent's fees, costs and commissions; and
 - (iii) printing costs, including printing of this prospectus and share certificates;
- (b) reasonable general and administrative expenses of the Company (not exceeding in aggregate \$3,000 per month), including:
 - (i) office supplies, office rent and related utilities;
 - (ii) equipment leases;
 - (iii) fees for legal services; and
 - (iv) fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
 - (i) valuations or appraisals;
 - (ii) business plans;
 - (iii) feasibility studies and technical assessments;
 - (iv) sponsorship reports;
 - (v) Geological Reports;
 - (vi) financial statements;
 - (vii) fees for legal services; and
 - (viii) fees for accounting, assurance and audit services;
- (d) agents' and finders' fees, costs and commissions;
- (e) assurance and audit fees of the Company;
- (f) escrow agent and transfer agent fees of the Company; and
- (g) regulatory filing fees of the Company.

In addition, a maximum aggregate amount of \$25,000 may be advanced as a non-refundable deposit or unsecured loan to a Target Company or Vendor(s), as the case may be, without the prior acceptance of the Exchange. Any proposed deposit, advance or loan of funds from the Company to the Target Company or a Vendor(s) in excess of such \$25,000 maximum aggregate may only be made as a secured loan with the prior acceptance of the Exchange where all of the following conditions are satisfied:

- (a) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;

- (b) the Qualifying Transaction has been announced in a comprehensive news release;
- (c) due diligence with respect to the Qualifying Transaction is well underway;
- (d) if applicable, a Sponsor has been engaged or the sponsorship requirement has been waived;
- (e) the loan has been announced in a new release at least 15 days prior to the date of any such loan; and
- (f) the total amount of all deposits, advances and loans from the Company does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Company to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the Company.

Private Placements for Cash

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Company will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Company where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$10,000,000. Generally, the only securities issuable pursuant to such a private placement will be Common Shares and Agent's Compensation Options.

Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non-Arm's Length Parties by the Company and to Principals of the Resulting Issuer will be subject to escrow.

Prohibited Payments to Non-Arm's Length Parties

Except as described under "*Other Securities to be Distributed*", "*Name of Agent and Agent's Compensation*" "*Options to Purchase Securities*", "*Permitted Use of Funds*" and "*Finder's Fees*" the Company has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Company or to a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, promotional or market-making services in respect of the Company or the securities of the Company or any Resulting Issuer, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees (except as permitted under the CPC Policy), loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made by the Company or by any other Person after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred before or in connection with the Qualifying Transaction.

Notwithstanding the above, the Company may pay or reimburse a Non-Arm's Length Party to the Company for reasonable general and administrative expenses of the Company (including office supplies, office rent and related utilities, equipment leases, fees for legal services and fees for accounting and advisory services) not exceeding in aggregate \$3,000 per month, and for fees for legal services relating to a proposed Qualifying Transaction, and the Company may also reimburse a Non-Arm's Length Party to the Company for reasonable out-of-pocket expenses incurred in pursuing the business of the Company

described in "*Permitted Use of Funds*".

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

Finder's Fees

Upon Completion of the Qualifying Transaction, the Company and Target Company may pay finder's fees in aggregate pursuant to Exchange Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*:

- (a) to a Person that is not a Non-Arm's Length Party to the Company; and
- (b) to a Non-Arm's Length Party to the Company, provided that:
 - (i) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
 - (ii) the Qualifying Transaction is not a transaction between the Company and an existing public company;
 - (iii) the finder's fee is payable in the form of cash, Common Shares and/or Common Share purchase warrants only;
 - (iv) the amount of any Concurrent Financing is not included in the value of the measurable benefit used to calculate the finder's fee; and
 - (v) approval of the finder's fee is obtained by ordinary resolution at a meeting of shareholders of the Company or by the written consent of shareholders of the Company holding more than 50% of the issued Common Shares, provided that the votes attached to the Common Shares held by the recipient of the finder's fee and its Associates and Affiliates are excluded from the calculation of any such approval or written consent.

PLAN OF DISTRIBUTION

Name of Agent and Agent's Compensation

Pursuant to the Agency Agreement, the Company has appointed Research Capital Corporation as its agent to offer for sale, on a commercially reasonable best efforts agency basis to the public 3,000,000 Common Shares, as provided in this prospectus, at a price of \$0.10 per Common Share for gross proceeds of \$300,000, subject to the terms and conditions of the Agency Agreement. This prospectus qualifies the distribution of 3,000,000 Common Shares.

The Agent will receive the Agent's Commission equal to 10.0% of the aggregate gross proceeds of the Offering. The Company will pay the Agent's expenses, legal and search fees, plus disbursements and taxes. In addition, the Company will pay to the Agent a Work Fee of \$15,750 (inclusive of GST) at the closing of the Offering, and will pay the Agent's expenses, legal and search fees, estimated at \$20,000 (inclusive of applicable taxes and disbursements).

The Company has also agreed to grant to the Agent and its sub-agents, if any, the non-transferable Agent's Compensation Option to purchase the equivalent of 10.0% of the aggregate number of Common Shares sold pursuant to the Offering, being 300,000 Common Shares, at a price of \$0.10 per Common Share, which option may be exercised for a period of 24 months from the date the Common Shares of the Company are listed on the Exchange. This prospectus qualifies the distribution of the Agent's Compensation Option.

The Agent intends to sell to the public any Common Shares received by it upon the exercise of the Agent's Compensation Option. Not more than 50% of the Common Shares received on the exercise of the Agent's Compensation Option may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

The Agent has agreed to use commercially reasonable best efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Company and may make co-brokerage arrangements with other investment dealers at no additional cost to the Company. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

Commercially Reasonable Best Efforts Offering and Minimum Distribution

The total Offering consists of 3,000,000 Common Shares for total gross proceeds of \$300,000. Pursuant to the CPC Policy, 75% or 2,250,000 of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% or 60,000 of the total number of Common Shares offered under this prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser's Associates and Affiliates, is 4% or 120,000 of the total number of Common Shares offered under this prospectus.

The funds received from the Offering will be deposited with the Agent, and will not be released until a minimum of \$300,000 has been deposited and the Agent consents to the release thereof. Minimum subscriptions of 3,000,000 Common Shares for total gross proceeds of \$300,000 must be raised within ninety (90) calendar days of the issuance of a final receipt for this prospectus, or such other time as may be consented to by persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Other Securities to be Distributed

The Company also proposes to grant the CPC Stock Options at the closing of the Offering in accordance with the policies of the Exchange, which options are qualified for distribution pursuant to this prospectus. The Company proposes to grant the CPC Stock Options to the directors and officers of the Company to purchase a maximum of 550,000 Common Shares, immediately following closing of the Offering in accordance with the policies of the Exchange. This prospectus qualifies the distribution of 550,000 CPC Stock Options. See "*Options to Purchase Securities*".

Determination of Price

The Offering price of the Common Shares was determined by negotiation between the Company and the Agent.

Listing Application

The Company has applied to list its Common Shares (including the Common Shares issuable upon the exercise of the Agent's Compensation Option and the CPC Stock Options) on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

Subscriptions by the Aggregate Pro Group

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that 75%, or 2,250,000, of the total number of Common Shares offered under this prospectus are subject to the limits that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under this Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow pursuant to the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group is 20% of the issued and outstanding Common Shares of the Company exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four month Exchange hold period and the securities certificates legended accordingly, as prescribed by Exchange Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

The Agent has advised the Company that to the best of its knowledge and belief, no directors, officers, employees, contractors or any Associate or Affiliate of the foregoing, have subscribed for Common Shares of the Company.

Venture Issuer

As at the date of the prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Restrictions on Trading

Other than the initial distribution of the Common Shares pursuant to this prospectus, the grant of the Agent's Compensation Option and the grant of the CPC Stock Options, no securities of the Company will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities commissions and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities commissions grant a discretionary order.

DESCRIPTION OF SECURITIES DISTRIBUTED

General

The Company is authorized to issue an unlimited number of Common Shares, of which, as at the date hereof, 2,500,000 Common Shares are issued and outstanding as fully paid and non-assessable. The Company has reserved an aggregate of 550,000 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the CPC Stock Options to be issued immediately following closing of the Offering and expiring 10 years from the date of grant. The Company has also reserved 10% of the aggregate number of Common Shares to be issued under the Offering pursuant to the Agent's Compensation Option, being 300,000 Common Shares at an exercise price of \$0.10 per Common Share, expiring 24 months from the date of listing of the Common Shares on the Exchange. See "*Plan of Distribution*".

Common Shares

The holders of Common Shares are entitled to: (i) receive notice of and to vote at every meeting of shareholders of the Company and shall have one vote thereat for each such Common Share so held; (ii) receive such dividend as the directors may from time to time declare on the Common Shares; and (iii) receive the remaining property of the Company in the event of dissolution, liquidation or winding up of the Company or upon any distribution of the assets of the Company (other than by way of dividend out of monies properly applicable to the payment of dividends).

CAPITALIZATION

The table below shows the capitalization of the Company as at the date of the statement of financial position and the date hereof before and after giving effect to this Offering but prior to taking into account the costs of the issue:

Designation of Securities	Amount authorized	Amount outstanding as at the date of the most recent statement of financial position contained in the prospectus ⁽¹⁾	Amount outstanding as of May 12, 2022	Amount to be outstanding if all Common Shares being offered in the Offering are sold ⁽²⁾⁽³⁾⁽⁴⁾
Common Shares	Unlimited	\$125,000 (2,500,000 Common Shares)	\$125,000 (2,500,000 Common Shares)	\$425,000 (5,500,000 Common Shares)

Notes:

- (1) As of the date of the most recent statement of financial position, the Company has not commenced commercial operations.
- (2) The Company has reserved an aggregate of 550,000 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the CPC Stock Options to be issued immediately following the closing of the Offering and expiring 10 years from the date of grant. The Company has also reserved 10% of the aggregate number of Common Shares to be issued under the Offering pursuant to the Agent's Compensation Option, being 300,000 Common Shares at an exercise price of \$0.10 per Common Share expiring 24 months from the date of the listing of the Common Shares on the Exchange. See "Plan of Distribution".
- (3) Based on the gross proceeds of the Offering of \$300,000 and before deducting the Agent's Commission, fees and expenses and the other costs of this Offering, estimated at \$143,040.
- (4) 2,500,000 of these Common Shares are subject to escrow restrictions, see "Escrowed Securities".

OPTIONS TO PURCHASE SECURITIES

CPC Stock Options

CPC Stock Options to purchase up to 550,000 Common Shares are to be granted after closing of this Offering to the directors and the sole officer of the Company. The CPC Stock Options will be granted after the closing of the Offering under the CPC Stock Option Plan and will be qualified for distribution and are expected to be allocated on the following basis:

Name of Optionee	No. of Common Shares reserved under Option ⁽¹⁾	Exercise Price per Common Share	Expiry Date
Fayyaz Alimohamed	215,000	\$0.10	10 years from the date of grant
Frederic Leigh	215,000	\$0.10	10 years from the date of grant
Robert Archer	120,000	\$0.10	10 years from the date of grant

Note:

- (1) The CPC Stock Options to be granted to the directors and officers of the Company after the closing of this Offering (subject to regulatory approval) are qualified for distribution pursuant to this prospectus. Such CPC Stock Options will vest immediately and shall be exercisable for a period of 10 years from the date of grant.

Stock Option Terms

The board of directors of the Issuer may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Issuer and Eligible Charitable Organizations non-transferable CPC Stock Options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Common Shares of the Issuer issued and outstanding as at the date of grant of any CPC Stock Option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of the CPC Stock Option.

The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed two percent (2%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of any CPC Stock Option.

The number of Common Shares issuable at any given time to Eligible Charitable Organizations in aggregate will not exceed one percent (1%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of any CPC Stock Option.

The term of a CPC Stock Option must expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Issuer, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such CPC Stock Option.

All CPC Stock Options and Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the CPC Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the CPC Escrow Agreement. For further details of the escrow requirements and release provisions, see "*Escrowed Securities*".

PRIOR SALES

Since the date of incorporation of the Company, 2,500,001 Common Shares have been issued as follows, and 2,500,000 Common Shares remain outstanding:

Date of Issue	Number of Common Shares	Per Share Consideration	Aggregate Value of Consideration	Nature of Consideration
October 8, 2021	1 ⁽¹⁾	\$0.05	\$0.05	Cash
November 12, 2021	2,500,000 ⁽²⁾	\$0.05	\$125,000	Cash

Notes:

- (1) This Common Share was issued upon incorporation and cancelled on November 12, 2021.
(2) These Common Shares will be subject to escrow pursuant to the CPC Policy. See "*Escrowed Securities*".

ESCROWED SECURITIES

Securities Escrowed Prior to the Completion of the Qualifying Transaction

All of the 2,500,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share and all Common Shares that may be acquired from treasury by Non-Arm's Length Parties of the Company either under the Offering or otherwise prior to the date of the Final QT Exchange Bulletin will be deposited with the Transfer Agent under the Escrow Agreement.

All CPC Stock Options and all Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the Escrow Agreement.

In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering as also subject to escrow under the Escrow Agreement.

The following table sets out, as at the date hereof, the number of Common Shares and CPC Stock Options of the Company, which are held in escrow:

Name and Municipality of Residence of Shareholder	Common Shares	Number of Common Shares held in Escrow	Percentage of Common Shares Prior to Giving Effect to the Offering	Percentage of Common Shares After Giving Effect to the Offering ⁽¹⁾⁽²⁾	Number of CPC Stock Options held in Escrow
Fayyaz Alimohamed North Vancouver, British Columbia	1,000,000	1,000,000	40%	18.18%	215,000
Frederic Leigh Toronto, Ontario	1,000,000	1,000,000	40%	18.18%	215,000
Robert Archer Okanagan Falls, British Columbia	500,000	500,000	20%	9.09%	120,000

Notes:

- (1) Assuming that no Common Shares are purchased by these shareholders under the Offering and before the exercise of the Agent's Compensation Option and the CPC Stock Options. See "*Plan of Distribution*" and "*Options to Purchase Securities*".
- (2) On a fully diluted basis, assuming the exercise of the Agent's Compensation Option and the CPC Stock Options and after giving effect to the Offering, Fayyaz Alimohamed, Frederic Leigh, and Robert Archer would directly own approximately 19.13%, 19.13% and 9.76% respectively, of the outstanding Common Shares.

Where the Common Shares which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding, company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement:

- (a) all CPC Stock Options granted prior to the date of the Final QT Exchange Bulletin and all Common Shares that were issued pursuant to the exercise of such CPC Stock Options prior to the date of the Final QT Exchange Bulletin will be released from escrow on the date of the Final QT Exchange Bulletin, other than CPC Stock Options that were granted prior to the Company's IPO with an exercise price that is less than the issue price of the Common Shares under this prospectus and any Common Shares that were issued pursuant to the

exercise of such CPC Stock Options which will be released from escrow in accordance with (b);

- (b) except for the CPC Stock Options and Common Shares issued pursuant to the exercise of such CPC Stock Options that are released from escrow on the date of the Final QT Exchange Bulletin as provided for in (a), all of the securities held in escrow will be released from escrow in accordance with the following schedule:

Release Dates	Percentage to be Released
Date of Final QT Exchange Bulletin	25%
Date 6 months following Final QT Exchange Bulletin	25%
Date 12 months following Final QT Exchange Bulletin	25%
Date 18 months following Final QT Exchange Bulletin	25%
TOTAL	100%

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to existing Principals of the Company and/or to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final QT Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the Escrow Agreement, upon the issuance by the Exchange of a bulletin delisting the Company, the Transfer Agent is irrevocably authorized to:

- (a) immediately cancel all of the escrowed Common Shares held by each Non-Arm's Length Party to the Company that were issued at a price below the Offering price under this prospectus and all CPC Stock Options and Option Shares held by such persons; and
- (b) cancel all of the escrowed securities on a date that is 10 years from the date of such Exchange bulletin.

Escrowed Securities on Qualifying Transaction

Generally, in connection with the Qualifying Transaction, subject to certain exemptions, all securities of the Resulting Issuer held by Principals of the Resulting Issuer will be required to be escrowed in accordance with the policies of the Exchange.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Company as at the date hereof:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares Owned Prior to Giving Effect to the Offering	Percentage of Common Shares Owned Prior to Giving Effect to the Offering	Percentage of Common Shares Owned After to Giving Effect to the Offering ⁽¹⁾⁽²⁾
Fayyaz Alimohamed North Vancouver, British Columbia	Direct	1,000,000	40%	18.18%
Frederic Leigh Toronto, Ontario	Direct	1,000,000	40%	18.18%
Robert Archer Okanagan Falls, British Columbia	Direct	500,000	20%	9.09%

Notes:

- (1) Based on 5,500,000 Common Shares issued and outstanding, assuming that no Common Shares are purchased by these shareholders under the Offering and before the exercise of the Agent's Compensation Option and the CPC Stock Options.
- (2) On a fully diluted basis, assuming the exercise of the Agent's Compensation Option and the CPC Stock Options and after giving effect to the Offering, Fayyaz Alimohamed, Frederic Leigh, and Robert Archer would directly own approximately 19.13%, 19.13% and 9.76% respectively, of the outstanding Common Shares.

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation, Security Holdings and Involvement with Other Reporting Issuers

The board of directors of the Company consists of three persons. Each director will hold office until the next annual meeting of shareholders or until his successor is elected or appointed. An audit committee has been established as a subcommittee of the board of directors. The following are the names and municipalities and countries of residence of the directors, officers and promoters of the Company, their current positions with the Company and their current principal occupation:

Name, Municipality and Country of Residence and Position with the Company	Director or Officer Since	Number of Common Shares Owned ⁽¹⁾⁽²⁾	Principal Occupation for Past Five Years
Fayyaz Alimohamed North Vancouver, British Columbia Canada CEO, CFO, Corporate Secretary, Director and Promoter	October 8, 2021	1,000,000	Managing Partner of Zabina Capital Inc., a private corporate finance advisory company, since July, 2021; CEO of Zabina Ventures Inc., a management consultancy company since March 2010; President of Acamar Advisors Inc., a management consultancy company until December 2017

Name, Municipality and Country of Residence and Position with the Company	Director or Officer Since	Number of Common Shares Owned ⁽¹⁾⁽²⁾	Principal Occupation for Past Five Years
Frederic Leigh Toronto, Ontario Canada Director	October 8, 2021	1,000,000	Executive Chairman of PlantX Life Inc., an e-commerce and plant-based foods company listed on the Canadian Securities Exchange, since September 2021; owner of VC7K Capital Inc., a private investment company that funds start-ups and seed rounds, since 1992; member of the Capital Markets team at Forbes & Manhattan, a private merchant bank, since 2010
Robert Archer Okanagan Falls, British Columbia Canada Director	October 8, 2021	500,000	Professional geologist; Director, President & CEO of Great Panther Mining Limited ("GPR") until August 2017; continued as Director of GPR until July 2020; Director of Newrange Gold Corp. since March 2018, as CEO since Jan 2019 and President & CEO since Oct. 2021; Director of Prize Mining corporation from March 2018 to December 2018; Director of Madoro Metals Corp. since June 2019

Notes:

(1) "Owned" includes owned, controlled, or otherwise directed, directly or indirectly.

(2) Assuming that no Common Shares are purchased by these shareholders under the Offering and before the exercise of the Agent's Compensation Option and the CPC Stock Options.

The Company has appointed an audit committee consisting of the following three directors: Fayyaz Alimohamed Frederic Leigh and Robert Archer (chair).

The total aggregate number of Common Shares beneficially owned, directly or indirectly, by all directors and officers of the Company as a group is 2,500,000, which is equal to 45.45% of the issued and outstanding Common Shares after giving effect to the Offering.

In addition to any other requirements of the Exchange, the Exchange expects management of the Company to meet a high management standard. The directors and officers of the Company believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring Significant Assets.

Directors and Officers of the Company

Set forth below is a description of the background of the directors and officers of the Company, including a description of each individual's principal occupation(s) within the past five years.

Fayyaz Alimohamed, Age 63 - Director, Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Promoter

Mr. Alimohamed has a B.Sc. (Hons.) degree in Economics from the London School of Economics (University of London) and is a Chartered Professional Accountant (CPA, CGA). He has over 35 years experience in investment management, finance and consultancy. He previously worked at the Aga Khan University Hospital, Financial and Management Services Ltd. (a management consultancy set up by Morgan Grenfell & Co. Limited and Booz Allen Hamilton, Inc.) and as the Chief Financial Officer of AccelRate Power Systems Inc. (formerly the Key Capital Group). He then moved to Dubai where he became

Director of Investments for the Cupola Group, a large operating and investment conglomerate. He was the President of Acamar Advisors, which provides management consultancy and corporate communications services. Mr. Alimohamed also acted as CEO for Altair Resources Inc., a company listed on the TSXV, and is the CEO of Zabina Ventures Inc. Mr. Alimohamed is currently the Managing Partner of Zabina Capital Inc., a private company, which provides corporate finance advisory services to companies. He was also a former director of O2Gold Inc. Mr. Alimohamed is an employee of the Company and it is anticipated that he will devote 15% of his time to identify and complete a Qualifying Transaction. Mr. Alimohamed has not entered into a non-competition or non-disclosure agreement with the Company.

Robert Archer, Age 65 - Director

Mr. Archer has more than 40 years' experience in the mining industry, working throughout the Americas. After spending more than 15 years with major mining companies (including Newmont, Placer Dome and Rio Algom), Mr. Archer held several senior management positions in the junior mining sector and co-founded Great Panther Mining Limited, now a mid-tier precious metals producer. He served as President & CEO of Great Panther from 2004-2017 and Director until 2020, and joined Newrange Gold Corp. as a Director in March 2018 followed by his appointment as CEO in January 2019 and President in October 2021. Mr. Archer is a Professional Geologist and holds a B.Sc. (Hons.) degree from Laurentian University in Sudbury, Ontario. Mr. Archer is not an employee or independent contractor of the Company and it is anticipated that he will devote 5% of his time to identify and complete a Qualifying Transaction. Mr. Archer has not entered into a non-competition or non-disclosure agreement with the Company.

Frederic Leigh, Age 65 - Director

Mr. Leigh has been a director of the Company since its incorporation. Mr. Leigh has been involved in the junior resource sector for more than 30 years and has had a significant role as founder, director or investor in many public companies. Mr. Leigh is also the owner of VC7K Capital Inc., a private investment company that has been funding start-ups and seed rounds since 1992. Additionally, Mr. Leigh is a member of the Capital Markets team at Forbes & Manhattan, a private merchant bank based in Toronto, Ontario that assists companies with funding, market support, and business advice, since 2010.. Mr. Leigh is not an employee or independent contractor of the Company and it is anticipated that he will devote 10% of his time to identify and complete a Qualifying Transaction. Mr. Leigh has not entered into a non-competition or non-disclosure agreement with the Company.

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction (or the equivalent in a jurisdiction outside of Canada):

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Term
Fayyaz Alimohamed ⁽¹⁾	O2Gold Inc.	TSXV	Director	July 2021 – February 2022
Frederic Leigh	PlantX Life Inc.	CSE	Executive Chairman and Director	September 2021 - present
	Silo Wellness Inc. (formerly Yukoterre Resources Inc.)	CSE	Director	January 2019 - present
	Savanna Capital Corp.	TSXV	Director	February 2019 - present
	EarthRenew Inc.	CSE	Director and Insider	April 2020 - present
	Medivolve Inc. (formerly "Questcap Inc." and "Copper One Inc.")	Aequitas Neo	Director	March 2019 - September 2019

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Term
	Fura Gems Inc.	formerly TSXV	Director	June 2014 - November 2017
	Great Bear Resources Ltd.	formerly TSXV	Director	October 2016 - December 2017
	Halo Collective Inc. (formerly Halo Labs Inc.)	Aequitas NEO	Director	July 2015 - November 2020
	Jourdan Resources Inc.	TSXV	Officer	August 2018 – December 2018
	Q-Gold Resources Ltd.	TSXV	Director	July 2018 - July 2020
	QMX Gold Corporation	TSXV	Director	October 2016 - December 2017 and November 2018 - November 2019
	Defi Technologies Inc. (formerly Routemaster Capital Inc.)	Aequitas NEO	Director and Officer	May 2016 - March 2018, December 2018 – October 2019, and March 2020 - September 2020
	GameSquare Esports Inc. (formerly Magnolia Colombia Ltd.)	CSE	Director and Officer	May 2015 - March 2019
	O2Gold Inc.	TSXV	Director and Insider	June 2020 - Present
	Robert Archer	Great Panther Mining Limited	TSX	President, CEO and Director
Prize Mining Corporation (now Boundary Gold and Copper Mining Ltd.)		TSXV	Director	May 2018 -December 2018
Newrange Gold Corp.		TSXV	CEO	January 2019 - present
Madero Metals Corp. (formerly Megastar Development Corp.)		TSXV	Director	June 2019 - present

Note:

(1) Fayyaz Alimohamed served as the CEO and a director of Altair Resources Inc., a reporting issuer listed on the TSXV, from June 2006 until February 2015.

Aggregate Ownership of Securities

The directors and officers as a group own 2,500,000 Common Shares, or 45.45% of the issued and outstanding Common Shares upon completion of the Offering.

Corporate Cease Trade Orders

No director, officer, Insider or promoter of the Company is, or within the 10 years prior to the date of this prospectus has been, a director, officer or promoter of any other Issuer that:

- (a) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the director, officer, Insider, promoter or shareholder was acting in the capacity as director, officer, Insider or promoter; or
- (b) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the director, officer, Insider, promoter or shareholder ceased to be a director, officer, Insider or promoter and which resulted from

an event that occurred while that person was acting in the capacity as director, officer, Insider or promoter.

Penalties or Sanctions

No director, officer, Insider or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor making an investment decision.

Bankruptcies

No director, officer, Insider or promoter of the Company or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding, company of any such persons has, within the 10 years before the date of this prospectus, as applicable:

- (a) been a director, officer, Insider or promoter of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer, Insider, promoter or shareholder, state the fact.

Conflict of Interests

There are potential conflicts of interest to which all of the directors, officers, Insiders and promoters of the Company will be subject in connection with the operations of the Company. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Company for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where all of the directors, officers, Insiders and promoters will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia), SBC 2002, as amended.

Audit Committee

Exchange Policy 3.1 requires that the Company have an audit committee of at least three directors, the majority of whom are not employees, Control Persons or officers of the Company or any of its Associates or Affiliates. The audit committee will be responsible for overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company.

Given the current prescribed nature of the Company and its principal business being limited to identifying and evaluating assets or businesses with a view to completing, a Qualifying Transaction, it is anticipated that, prior to the Completion of the Qualifying Transaction, the only committee of the board of directors will be the audit committee.

Audit Committee Charter

The text of the charter of the Audit Committee is attached to this prospectus as Schedule "A".

Composition of the Audit Committee

The Company has appointed an audit committee consisting of the following three directors: Fayyaz Alimohamed, Frederic Leigh, and Robert Archer. Robert Archer is independent of the Company for the purposes of Exchange Policy 3.1. Each of Fayyaz Alimohamed, Frederic Leigh, and Robert Archer are financially literate and Frederic Leigh, and Robert Archer are independent of the Company for the purposes of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). Fayyaz Alimohamed, is not independent of the Company for the purposes of Exchange Policy 3.1 or National Instrument 52-110 - *Audit Committees* as he is the Chief Executive Officer and Chief Financial Officer of the Company.

Relevant Education and Experience

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

All current members of the Audit Committee have received relevant education in financial literacy and have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements). Fayyaz Alimohamed has previously served in the audit committee of Altair Resources Inc. and Robert Archer has previously served in the audit committee of Great Panther Mining Limited. Frederic Leigh has served or currently serves on the boards of numerous reporting issuers. The education or experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is additionally set out above in the respective biographies of each member of the Audit Committee. See "*Directors and Officers - Directors and Officers of the Company*".

Each member has the requisite education and experience that has provided the member with: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been accepted by the board of directors.

Reliance on Certain Exemptions

Since incorporation, the Corporation has not relied on certain exemptions set out in NI 52-110, namely section 2.4 (*De Minimis Non-audit Services*), subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*), and any exemption, in whole or in part, in Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted formal policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the board of directors and the Audit Committee, on a case by case basis.

External Auditor Service Fees (By Category)

The following table sets out the aggregate fees charged to the Company by the external auditor since incorporation of the Company for the category of fees described.

	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾	Total Fees:
Since incorporation on October 8, 2021 to the date of this prospectus	\$7,500	Nil	Nil	\$2,500	\$10,000

Notes:

- (1) "Audit fees" include aggregate fees estimated to be billed by the Company's external auditor since incorporation of the Company.
- (2) "Audited related fees" include the aggregate fees billed since incorporation of the Company for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed since incorporation of the Company for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed since incorporation of the Company for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

Exemption

The Company is a "venture issuer" for the purposes of NI 52-110. The Company is therefore relying on the exemption set out in Section 6.1 of NI 52-110 in respect of Part 3 (*Composition of the Audit Committee*) thereof, that would otherwise require, subject to certain exceptions, that all members of the audit committee be independent.

EXECUTIVE COMPENSATION

Remuneration

Except as set out below or disclosed in this prospectus, prior to the Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly or indirectly, by the Company to a Non-Arm's Length Party to the Company or a Non-Arm's Length Party to the Qualifying Transaction, or to any Person engaged in investor relations activities in respect of the securities of the Company or any Resulting Issuer by any means, other than:

- (a) grants of CPC Stock Options as described in "*Options to Purchase Securities*";
- (b) payment for and reimbursement of certain expenses as described in "*Use of Proceeds*"; and
- (c) finder's fees as described in "*Use of Proceeds - Finder's Fees*".

Further, no payment will be made by the Company, or by any party on behalf of the Company, after Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction. Following Completion of the Qualifying Transaction, it is anticipated that the Company shall pay compensation to its directors and officers.

DILUTION

Dilution

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of approximately 22.73% or approximately \$0.0227 per Common Share assuming completion of Offering. Dilution is based on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Company, or any Common Shares issuable on the exercise of the Agent's Compensation Option or the CPC Stock Options.

RISK FACTORS

Risk Factors

There are a number of risks inherent in making an investment in the Common Shares. The list below outlines the material risk factors that should be considered by persons considering purchasing the Common Shares. The list is not intended to be all-inclusive.

- (a) the Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the Completion of the Qualifying, Transaction. See "*Corporate Structure*" and "*Business of the Company*";
- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Company's business and its present stage of development;
- (c) the directors and officers of the Company will devote only a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time. See "*Directors and Officers*";
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of approximately 22.73% or approximately \$0.0227 per Common Share assuming completion of the Offering. See "*Dilution*";
- (e) there is no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under this prospectus. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation;
- (f) there can be no assurance that an active and liquid market for the Company's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (g) until Completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. See "*Business of the Company*";
- (h) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. See "*Business of the Company*";

- (i) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction. See "*Business of the Company*";
- (j) completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval. See "*Business of the Company*";
- (k) unless a shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the Common Shares;
- (l) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Company will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Company may be reinstated to trading, before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction. See "*Business of the Company*";
- (m) trading in the Common Shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) in the event that the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;
- (q) subject to prior Exchange acceptance, the Company may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Company will be able to recover that loan. See "*Use of Proceeds*";
- (r) the Company may incur additional expenses and delays due to the impact of the global pandemic caused by COVID-19 on the capital markets and general market conditions. Such expenses and delays may result in a material adverse impact in connection with the Company's ability to complete its Offering or ability to identify and complete a proposed Qualifying Transaction; and
- (s) if the Common Shares are not listed and posted for trading on the Exchange at the time of closing of the Offering and the Company does not otherwise qualify as a "public corporation" for purposes of the Tax Act at the time of closing, then the Common Shares will not be qualified investments under the Tax Act at that time for a trust governed by a

Registered Plan or a DPSP and adverse tax consequences will arise with respect to any Common Shares acquired or held by such a trust, all as described in more detail under "Eligibility for Investment"

As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

LEGAL PROCEEDINGS

There are no legal proceedings to which the Company is or is likely to be a party.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is not a related issuer or connected issuer of the Agent (as such terms are defined in National Instrument 33-105 - *Underwriting Conflicts*).

The Agent has advised the Company that to the best of its knowledge and belief, no directors or officers, employees or contractors or Associates or Affiliates of the foregoing have subscribed for Common Shares of the Company.

RELATIONSHIP BETWEEN THE COMPANY AND PROFESSIONAL PERSONS

Certain legal matters relating to this Offering will be passed upon by Gowling WLG (Canada) LLP on behalf of the Company, and by Vantage Law Corporation on behalf of the Agent. As of the date hereof, partners and associates of Gowling WLG (Canada) LLP do not own, directly or indirectly, any outstanding Common Shares but may subscribe for Common Shares pursuant to the Offering. As of the date hereof, partners and associates of Vantage Law Corporation do not own, directly or indirectly, any outstanding Common Shares but may subscribe for Common Shares pursuant to the Offering.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditor

Davidson & Company LLP at Suite 1200 – 609 Granville Street, Vancouver, BC, V7Y 1G6, is the auditor of the Company. The Company's auditor is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Transfer Agent and Registrar

The Company's transfer agent and registrar is Odyssey Trust Company, at its office at 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers have all acquired Common Shares and will be granted CPC Stock Options. Except as disclosed elsewhere herein, none of the directors, officers or principal shareholders of the Company, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Company. See "*Options to Purchase Securities*", "*Escrowed Securities*" and "*Principal Shareholders*".

MATERIAL CONTRACTS

The Company has not entered into contracts material to investors in the Common Shares hereunder, other than:

1. The Transfer Agent and Registrar Agreement dated as of January 12, 2022 between the Company and the Transfer Agent.
2. The Escrow Agreement dated as of May 12, 2022 among the Company, the Transfer Agent and those shareholders that executed such Escrow Agreement referred to under "Escrowed Securities".
3. The Agency Agreement dated as of May 12, 2022 among the Company and the Agent referred to under "*Plan of Distribution*".
4. The Stock Option Plan dated February 28, 2022, as amended on May 12, 2022.

The material contracts described above may be inspected at the registered office of the Company, located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5, during normal business hours during the period of the distribution of the Common Shares being distributed hereunder and for a period of thirty (30) calendar days thereafter.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the securities to be offered and not disclosed elsewhere in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be offered.

DIVIDEND POLICY

To date, the Company has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, financial condition of the Company and other factors which the board of directors of the Company may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling WLG (Canada) LLP, counsel to the Company, based on the current provisions of the Tax Act in force as of the date hereof, the Common Shares, if issued at the time of closing of the Offering, should be qualified investments under the Tax Act at the time of closing for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a tax-free savings account ("**TFSA**"), or a registered disability savings plan ("**RDSP**"), all as defined in the Tax Act (each a "**Registered Plan**") or a trust governed by a deferred profit sharing plan (a "**DPSP**"), provided that at the time of closing of the Offering either: (1) the Common Shares are listed and posted for trading on a "designated stock exchange" (as defined in the Tax Act, which currently includes the Exchange), or (2) the Company otherwise qualifies as a "public corporation" (as defined in the Tax Act) at that time.

The Common Shares are not currently listed on a designated stock exchange and the Company is not currently a public corporation. Therefore, the Company will apply to list the Common Shares on the Exchange as of the day before the closing of the Offering, followed by an immediate halt in trading of the Common Shares in order to allow the Company to satisfy the conditions of the Exchange and to have the

Common Shares listed and posted for trading prior to the issuance of the Common Shares on the closing of the Offering. No assurance can be given that this will occur. The Company must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to the issuance of the Common Shares at the time of closing of the Offering and to otherwise proceed in such manner as may be required to result in the Common Shares being listed on the Exchange at the time of their issuance at the time of closing.

Alternatively, the Company may, in certain circumstances, make an election in its tax return under the Tax Act for its first taxation year to be deemed to have been a "public corporation" for purposes of the Tax Act retroactively to the beginning of its first taxation year.

If the Common Shares are not listed on the Exchange at the time of closing of the Offering and the Company does not qualify as a public corporation at the time of closing of the Offering, then the Common Shares will not be qualified investments under the Tax Act at that time for a trust governed by a Registered Plan or a DPSP and adverse tax consequences will arise with respect to any Common Shares acquired or held by such a trust.

Further, notwithstanding that the Common Shares may be a qualified investment, the holder, annuitant or subscriber of a Registered Plan will be subject to a penalty tax in respect of Common Shares held in that Registered Plan if such Common Shares are a "prohibited investment" for the purposes of the Tax Act. The Common Shares will generally be a "prohibited investment" if the holder, annuitant or subscriber, as the case may be, does not deal at arm's length with the Company for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act) in the Company for the purposes of the Tax Act. The Common Shares will generally not be a "prohibited investment" if the Common Shares are "excluded property" as defined in the Tax Act for trusts governed by a Registered Plan. Prospective holders that intend to hold Common Shares in a Registered Plan are urged to consult their own tax advisers with respect to whether the Common Shares would constitute a "prohibited investment" in their particular circumstances.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in British Columbia, Alberta and Ontario provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

SCHEDULE "A"

TORCHLIGHT INNOVATIONS INC. AUDIT COMMITTEE CHARTER

ARTICLE 1 DEFINITIONS

1.1 Definitions In this Charter

"**audit services**" means the professional services rendered by the Company's external auditor for the audit and review of the Company's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"**Board**" means the board of directors of the Company;

"**Charter**" means this Audit Committee charter;

"**Committee**" means the committee established by and among the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;

"**Company**" means Torchlight Innovations Inc.;

"**independent**" has the meaning ascribed to it in Section 1.4 of NI 52-110;

"**MD&A**" has the meaning ascribed to it in Section 1.1 of NI 51-102;

"**Member**" means a member of the Committee;

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations*;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*; and

"**non-audit services**" means services other than audit services.

ARTICLE 2 GENERAL

2.1 Audit Committee

2.1.1 The Board has hereby established the Committee whose purpose is to assist the Board in compliance with the requirements of the NI 52-110 and fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the external auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function; and

- (f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2.2 Relationship with External Auditors

- 2.2.1 The Company will henceforth require its external auditor to report directly to the Committee.

2.3 Composition and Member Qualifications

- 2.3.1 The Committee will be composed of a minimum of three (3) Board members.
- 2.3.2 The majority of Committee members must be "independent" as that term is defined in applicable securities legislation.
- 2.3.3 Every Committee member must be "financially literate" as that term is defined in applicable securities legislation.

2.4 Member Appointment and Removal

- 2.4.1 The Board, at its organizational meeting held in conjunction with each annual general meeting of the holders of shares of the Company, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

2.5 Committee Structure and Operations

- 2.5.1 Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from amongst their number. If the chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.
- 2.5.2 The Secretary of the Company shall be the secretary of the Committee, unless otherwise determined by the Committee. Minutes of meetings of the Committee shall be recorded and maintained by the Secretary of the Committee. Copies of the minutes shall be provided to the Board.
- 2.5.3 The quorum for meetings shall be a majority of the Members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- 2.5.4 Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chairman, and the Company's external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the Company's external auditors shall receive notice of and have the right and shall be encouraged to attend all meetings of the Committee; and
 - (c) the Chief Executive Officer and the Chief Financial Officer of the Company shall be invited to attend all meetings of the Committee, except executive sessions and private sessions with the external auditors, and other management representatives of the Company shall be invited to attend as necessary.

**ARTICLE 3
DUTIES AND RESPONSIBILITIES**

3.1 Committee Responsibilities

- 3.1.1 The Committee shall be responsible for making the following recommendations to the Board:
- (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
 - (b) the compensation of the external auditor.
- 3.1.2 The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 3.1.3 The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.
- 3.1.4 The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
- 3.1.5 The Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.
- 3.1.6 The Committee shall establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 3.1.7 The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- 3.1.8 The Committee shall have the authority to delegate to individual members or subcommittees of the Committee.

3.2 De Minimis Non-Audit Services

- 3.2.1 The Committee shall satisfy the pre-approval requirement in subsection 3.1.3 of the Charter if:
- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company's external auditor during the fiscal year in which the services are provided;
 - (b) the Company or the subsidiary of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

- (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its Members to whom authority to grant such approvals has been delegated by the Committee.

3.3 Delegation of Pre-Approval Function

- 3.3.1 The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 3.1.3.
- 3.3.2 The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 3.3 must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.4 Pre-Approval Policies and Procedures

- 3.4.1 The Committee satisfies the pre-approval requirement in subsection 3.1.3 of the Charter if it adopts specific policies and procedures for the engagement of the non-audit services, if:
 - (a) the pre-approval policies and procedures are detailed as to the particular service;
 - (b) the Committee is informed of each non-audit service; and
 - (c) the procedures do not include delegation of the Committee's responsibilities to management.

**ARTICLE 4
AUTHORITY**

4.1 Authority

- 4.1.1 The Committee shall have the authority:
 - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
 - (b) to set and pay the compensation for any advisors employed by the Committee, and
 - (c) to communicate directly with the internal and external auditors.

**ARTICLE 5
DISCLOSURE**

5.1 Disclosure in Information Circular

- 5.1.1 If management of the Company solicits proxies from the security holders of the Company for the purpose of electing directors to the Board, the Company shall include in its management information circular the disclosure required by Form 52-110F2 - *Disclosure by Venture Issuers*.

TORCHLIGHT INNOVATIONS INC.

Financial Statements
(Expressed in Canadian Dollars)

For the period from incorporation on
October 8, 2021 to December 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Torchlight Innovations Inc.

Opinion

We have audited the accompanying financial statements of Torchlight Innovations Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from incorporation on October 8, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

May 12, 2022

TORCHLIGHT INNOVATIONS INC.

Statement of Financial Position

As at December 31, 2021

(Expressed in Canadian dollars)

	December 31, 2021	
Assets		
Current Assets		
Cash	\$	94,171
Deferred financing costs (Note 12)		15,000
Total Assets	\$	109,171
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$	18,672
Shareholders' Equity		
Share capital (Note 6)		125,000
Deficit		(34,501)
		90,499
Total Liabilities and Shareholders' Equity	\$	109,171

Nature of business and continuing operations (Note 1)

Proposed transaction (Note 12)

Approved on Behalf of the Board on May 12, 2022:

"Fayyaz Alimohamed"
Fayyaz Alimohamed - CEO/CFO/Director

"Frederic Leigh"
Frederic Leigh - Director

The accompanying notes are an integral part of these financial statements.

TORCHLIGHT INNOVATIONS INC.

Statement of Loss and Comprehensive Loss

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

	Period from incorporation on October 8, 2021 to December 31, 2021
Expenses	
Bank charges	\$ 79
Professional fees (Note 8)	34,442
Loss and comprehensive loss for the period	\$ 34,501
<hr/>	
Weighted average number of common shares outstanding – basic and diluted (Note 7)	1,458,334
Basic and diluted loss per share	\$ (0.02)

The accompanying notes are an integral part of these financial statements.

TORCHLIGHT INNOVATIONS INC.

Statement of Changes in Shareholders' Equity

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

	Share Capital			Total
	Number	Amount	Deficit	Shareholders'
	(Note 6(b))			Equity
Balance, (incorporation) – October 8, 2021	1	\$ 1	\$ -	\$ 1
Repurchased by the Company (Note 6)	(1)	(1)	-	(1)
Common shares issued (Note 6)	2,500,000	125,000	-	125,000
Loss for the period	-	-	(34,501)	(34,501)
Balance, December 31, 2021	2,500,000	\$ 125,000	\$ (34,501)	\$ 90,499

The accompanying notes are an integral part of these financial statements.

TORCHLIGHT INNOVATIONS INC.

Statement of Cash Flows

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

	For the period from incorporation on October 8, 2021 to December 31, 2021
Cash provided by (used for):	
Operating Activities:	
Loss for the period	\$ (34,501)
Net change in non-cash working capital items:	
Accounts payable and accrued liabilities	18,672
	(15,829)
Financing Activity:	
Proceeds from share issuance (Note 6)	125,000
Deferred financing costs (Note 12)	(15,000)
	110,000
Change in cash for the period	94,171
Cash, beginning of the period	-
Cash, end of the period	\$ 94,171
Supplemental information:	
Interest paid	\$ -
Income taxes	\$ -

There were no significant non-cash transactions during the period from incorporation on October 8, 2021 to December 31, 2021.

The accompanying notes are an integral part of these financial statements.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Torchlight Innovations Inc. (the “Company”) was incorporated on October 8, 2021 under the laws of British Columbia and is applying to be a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V” or the “Exchange”) Policy 2.4. The head office and the records and registered office is located at 2300 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

Since incorporation on October 8, 2021, the Company has had no active business operations. As a CPC, the Company’s business objective will be to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (“QT”), as defined in Exchange Policy 2.4 subject, in certain cases, to shareholder approval and acceptance by the TSX-V.

As a CPC, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange.

The Company has an accumulated deficit of \$34,501 as at December 31, 2021. The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. All the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, COVID-19 has not had an adverse impact on the Company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

(b) Share capital

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. Any transaction costs incurred prior to the closing of a financing will be classified on the balance sheet as deferred financing costs until the closing of the associated financing.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Share capital (continued)

The proceeds from the issue of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

(c) Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(d) Financial instrument measurement and valuation

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 11 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instrument measurement and valuation (continued)

and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of profit or loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial liabilities and equity: Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Amortized cost – This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Critical accounting estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements**Going Concern**

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

Estimates**Deferred tax assets and liabilities**

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

(f) Deferred financing costs

Deferred financing costs consist of professional, listing and filing fees related to the Company's initial public offering process (Note 12). The costs will be offset to share capital on completion of the prospectus or charged to operations if the financing does not proceed.

5. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As of December 31, 2021, \$Nil was due to related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the period from incorporation on October 8, 2021 to December 31, 2021, \$Nil was recorded as compensation costs for key management personnel and companies related to them.

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

As at December 31, 2021, the issued share capital was comprised of 2,500,000 common shares.

The Company issued 1 common share for nominal consideration upon incorporation. The Company subsequently repurchased this share for the same amount.

On November 12, 2021, the Company completed a private placement financing and issued 2,500,000 common shares of the Company at a price of \$0.05 per share for total proceeds of \$125,000.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

(c) Escrowed shares

In connection with the Company's proposed transaction (Note 12), 2,500,000 common shares issued at \$0.05 per share are held in escrow pursuant to the requirements of the Exchange. Twenty five percent of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release")

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

(c) Escrowed shares (continued)

and an additional twenty five percent will be released on each of the dates which are six, twelve and eighteen months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers of the Company prior to completion of the QT, must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares acquired in the secondary market prior to completion of a QT by a Control Person (as defined in the policies of the Exchange), are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

(d) Stock options

Subsequent to December 31, 2021, the Company's board of directors adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The Stock Option Plan remains subject to the approval of the Exchange. The maximum numbers of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

The Stock Option Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT must be deposited in escrow until the final exchange bulletin relating to a QT is issued.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended December 31, 2021 was based on the loss attributable to common shareholders of \$34,501 and the weighted average number of common shares outstanding of 1,458,334.

8. PROFESSIONAL FEES

The Company incurred \$34,442 in professional fees during the period, which consists of \$8,500 in accounting and audit fees and \$25,922 in legal fees.

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2021
Loss before income taxes	\$ 34,501
Expected income tax recovery at statutory rates	7,500
Change in unrecognized deferred tax assets	(7,500)
Income tax expense (recovery)	\$ -

Significant components of the Company's deferred income tax assets (liabilities) not recognized are shown below:

	2021
Non-capital losses carried forward	\$ 34,501

As at December 31, 2021, the Company had approximately \$34,501 of non-capital loss carry forwards available to reduce taxable income for future years. The non-capital losses start to expire in 2041.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

10. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange.

11. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at December 31, 2021, the Company is not exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

Market Risk (con't)

(iii) Price rate risk

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2021, the Company has no sources of revenue but has a cash balance of \$94,171 to settle current liabilities of \$18,672. As such, management feels the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year. The Company's exposure to liquidity risk is currently negligible.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

As at December 31, 2021 the Company's financial instruments consist of cash, accounts payable and accrued liabilities. Cash is classified as fair value using Level 1 measurement. Accounts payable and accrued liabilities are classified as amortized cost. The fair value of accounts payable and accrued liabilities approximates its carrying value because of the short-term nature of the instruments.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the period from incorporation on October 8, 2021 to December 31, 2021

(Expressed in Canadian dollars)

12. PROPOSED TRANSACTION

The Company is in the process of filing its prospectus, and on December 29, 2021, the Company entered into an engagement agreement with Research Capital Corp. (the "Agent") in relation to its initial public offering ("IPO"), whereby it proposes to issue to the public 3,000,000 common shares at \$0.10 per common share for total proceeds of \$300,000 (the "Offering"). The Agent will be paid a cash commission of \$30,000 and will be issued agent's options to acquire up to 300,000 common shares of the Company at \$0.10 per common share for a period of 24 months from the day the common shares of the Company are listed on the Exchange. The Company is also required to reimburse the Agent's reasonable expenses, including legal fees, which will not exceed \$15,000, related to the Offering. The retainer in the amount of \$15,000 for estimated legal fees were paid as of December 31, 2021 and have been included in deferred financing costs (Note 4b). The purpose of the IPO is to provide the Company with funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Immediately prior to the listing on the Exchange, the Company also proposes to grant an aggregate of 550,000 stock options to directors and officers of the Company, exercisable at \$0.10 per common share for a period of ten years from the date of grant.

CERTIFICATE OF THE COMPANY

Dated: May 12, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

TORCHLIGHT INNOVATIONS INC.

(signed) "Fayyaz Alimohamed"

Fayyaz Alimohamed
Chief Executive Officer
Chief Financial Officer
Corporate Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Frederic Leigh"

Frederic Leigh
Director

(signed) "Robert Archer"

Robert Archer
Director

PROMOTER

(signed) "Fayyaz Alimohamed"

Fayyaz Alimohamed
Promoter

CERTIFICATE OF THE AGENT

Dated: May 12, 2022

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

RESEARCH CAPITAL CORPORATION

(signed) "Jovan Stupar"

Jovan Stupar
Managing Director

ACKNOWLEDGEMENT - PERSONAL INFORMATION FORM

Acknowledgement - Personal Information

Acknowledgement by CPC

"Personal Information" means any information about an identifiable individual, and includes the information contained in any Items in the attached prospectus that are analogous to Items 4.2, 6.7, 11.1, 13.1, 14, 15 and 21 of this Form, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the prospectus; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described on Appendix 6B or as otherwise identified by the Exchange, from time to time.

TORCHLIGHT INNOVATIONS INC.

(signed) "Fayyaz Alimohamed"

Per: _____
Authorized Signatory