

TORCHLIGHT INNOVATIONS INC.
(the "Company")

STOCK OPTION PLAN

Dated for Reference February 28, 2022, as amended May 12, 2022

ARTICLE 1
PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSXV Policies (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSXV Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

Definitions

1.2 In this Plan

- (a) **"Affiliate"** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **"Associate"** has the meaning set out in the Securities Act;
- (c) **"Black-out Period"** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **"Board"** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **"Change of Control"** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
 - (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
 - (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to materially affect control of the Company or its successor and, in the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or resulting company is deemed to materially affect control of the Company or resulting company;

- (f) “**Common Shares**” means the common shares without par value in the capital of the Company providing such class is listed on the TSXV (or, NEX, as the case may be);
- (g) “**Company**” means Torchlight Innovations Inc., unless the context otherwise requires, all of its Affiliates and successors according to law;
- (h) “**Consultant**” means an individual or Consultant Company, other than an Employee, Officer or Director that:
 - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (i) “**Consultant Company**” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (j) “**CPC**” means a capital pool company of pursuant to Policy 2.4 of the TSXV Policies;
- (k) “**Directors**” means the directors of the Company as may be elected from time to time;
- (l) “**Discounted Market Price**” has the meaning assigned by Policy 1.1 of the TSXV Policies;
- (m) “**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (n) “**Distribution**” has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (o) “**Effective Date**” for an Option means the date of grant thereof by the Board;
- (p) “**Eligible Charitable Organization**” has the meaning assigned by Policy 4.4 of the TSXV Policies;

- (q) **“Employee”** means an individual who is considered an employee of the Company or an Affiliate under the ITA, which for greater certainty, includes Directors and Officers.
- (r) **“Exercise Price”** means the amount payable per Common Share issuable on the exercise of an Option, as determined in accordance with the terms hereof;
- (s) **“Expiry Date”** means the day on which an Option lapses as specified in the Stock Option Agreement therefor or in accordance with the terms of this Plan;
- (t) **“Fair Market Value”** means
 - (i) if the Common Shares are listed on a national securities exchange or traded in the over-the-counter market, the closing or, if not applicable, the last price of, the Common Shares on the composite tape or other comparable reporting system for the trading day on the applicable date; and
 - (ii) if the Common Shares are neither listed on a national securities exchange nor traded in the over-the-counter market, the value of a Common Share as determined in good faith by the Board in its sole discretion after taking into account such factors as the Board determines in good faith are reasonable and appropriate to consider.
- (u) **“Insider”** means an insider as defined in the TSXV Policies or as defined in securities legislation applicable to the Company;
- (v) **“Investor Relations Activities”** has the meaning assigned by Policy 1.1 of the TSXV Policies;
- (w) **“IPO”** means the initial public offering of the Company on the TSXV pursuant to a prospectus offering of its Common Shares from treasury;
- (x) **“ITA”** means the *Income Tax Act* (Canada) and any regulations thereunder, as amended from time to time;
- (y) **“Management Company Employee”** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (z) **“NEX”** means a separate board of the TSXV for companies previously listed on the TSXV or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (aa) **“NEX Issuer”** means a company listed on NEX;
- (bb) **“NEX Policies”** means the rules and policies of NEX as amended from time to time;
- (cc) **“Officer”** means a Board appointed officer of the Company;
- (dd) **“Option”** means the right to purchase Common Shares granted hereunder to a Service Provider;

- (ee) **“Optioned Shares”** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (ff) **“Optionee”** means the recipient of an Option hereunder;
- (gg) **“Outstanding Shares”** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (hh) **“Participant”** means a Service Provider that becomes an Optionee;
- (ii) **“Person”** includes a company, any unincorporated entity, or an individual;
- (jj) **“Plan”** means this Stock Option Plan, the terms of which are set out herein or as may be amended;
- (kk) **“Plan Shares”** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (ll) **“Regulatory Approval”** means the approval of the TSXV and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (mm) **“Securities Act”** means the Securities Act, R.S.B.C. 1996, c. 418, or any successor legislation;
- (nn) **“Service Provider”** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and where permitted by Securities Laws, a Person who is a technical consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (oo) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (pp) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (qq) **“Stock Option Agreement”** means the agreement evidencing the grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (rr) **“Takeover Bid”** means a takeover bid as defined in subsection 92(1) of the Securities Act (British Columbia) or the analogous provisions of securities legislation applicable to the Company;
- (ss) **“TSXV”** means the TSX Venture Exchange and any successor thereto; and
- (tt) **“TSXV Policies”** means the rules and policies of the TSXV as amended from time to time.

Other Words and Phrases

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSXV Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSXV Policies (and, if applicable, NEX Policies).

Gender

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 STOCK OPTION PLAN

Establishment of Stock Option Plan

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

Maximum Plan Shares

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under share options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSXV Policies (and, if applicable, NEX Policies).

Eligibility

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its Affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSXV and the Company is obtained.

Options Granted Under the Plan

2.4 All Options granted under the Plan will be evidenced by a Stock Option Agreement in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of a Stock Option Agreement made hereunder.

Limitations on Issue

2.6 Subject to Section 2.11, and TSXV Policy 2.4, the following restrictions on issuances of Options are applicable under the Plan:

- (a) while the Company is classified as a CPC, no Options may be issued to persons providing Investor Relations Activities, promotional or market-making services to the Company;
- (b) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (c) subject to section 2.6(a) above, the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSXV (or NEX, as the case may be); and
- (d) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSXV, and while the Company is classified as a CPC, stock options may only be granted to a technical consultant.

2.7 While the Company is classified as a CPC, the Company shall comply with the following restrictions on issuances of Options pursuant to Section 6 of TSXV Policy 2.4, including but not limited to:

- (a) Options may only entitle the holder to acquire Common Shares;
- (b) the total number of Option Shares reserved under option for issuance to any individual director or senior officer may not exceed 5% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option;
- (c) the total number of Option Shares reserved under option for issuance to all technical consultants may not exceed 2% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option;
- (d) the total number of Option Shares reserved under option for issuance to all Eligible Charitable Organizations may not exceed 1% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option;
- (e) no Options may be granted to a person who is not a director or senior officer of the Company, and where permitted by applicable securities laws, a technical consultant whose particular industry expertise in relation to the business of the Vendors (as defined in TSXV Policy 2.4) or the Target Company (as defined in TSXV Policy 2.4), as the case may be, is required to evaluate the proposed Qualifying Transaction (as defined in TSXV Policy 2.4), a corporation, all of whose securities are owned by such a director, officer or technical consultant, or an Eligible Charitable Organization;
- (f) the exercise price per Option cannot be less than \$0.05 prior to the completion of its IPO;
- (g) all Options granted by the Company must be granted in compliance with TSXV Policy 4.4 and TSXV Policy 2.4;
- (h) no Options may be granted by the Company unless the Optionee first enters into a CPC Escrow Agreement (as defined in TSXV Policy 2.4) agreeing to deposit the Options, and

the Option Shares acquired pursuant to the exercise of such Options, into escrow as described in Part 10 of TSXV Policy 2.4; and

- (i) the Expiry Date of an Option must not be later than 12 months after the Optionee ceases to be a director, senior officer or technical consultant of the Company, or of the Resulting Issuer (as defined in TSXV Policy 2.4), as the case may be, subject to any earlier Expiry Date of such Option.

Options Not Exercised

2.8 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

Powers of the Board

2.9 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) grant Options hereunder;
- (b) allot Common Shares for issuance in connection with the exercise of Options; and
- (c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Amendment of the Plan by the Board

2.10 Subject to the requirements of the TSXV Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) it may amend provisions of the Plan relating to the vesting of Options or the termination of Options subject to prior written Regulatory Approval, if applicable, but no such change shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan except that no such action shall apply to Options previously granted that remain outstanding without the prior written consent of the applicable Optionee;
- (d) make such amendments as are required to comply with applicable Securities law; and
- (e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, it may make such amendments as may be required by the policies of such senior stock exchange or stock market.

Amendments Requiring Disinterested Shareholder Approval

2.11 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other previous Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option or the extension of the term of an Option if the Optionee is an Insider of the Company at the time of the proposed amendment. With respect to an Option granted to an Employee, the Exercise Price shall not be reduced to an amount that is less than the Fair Market Value of the Common Share at the Effective Date.

Options Granted Under the Company's Previous Stock Option Plans

2.12 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

Exercise Price

3.1 Subject to Section 7 of TSXV Policy 2.4, the Exercise Price of an Option will be set by the Board at the Effective Time, and cannot be less than the Discounted Market Price. The Exercise Price in respect of each Common Share issuable under an Option granted to an Employee will not be less than the Fair Market Value of a Common Share at the Effective Date.

Term of Option

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

Option Amendment

3.3 Subject to Section 2.11(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSXV, or the date of the last amendment of the Exercise Price. However, in no event shall the Exercise Price in respect of a Common Share issuable

under an Option granted to an Employee be amended to an amount that is less than the Fair Market Value of a Common Share at the Effective Date. Disinterested Shareholder Approval is required for any reduction in the Exercise Price of an Option, or the extension of the term of an Option, if the Optionee is an Insider of the Company at the time of the proposed amendment.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2. Disinterested Shareholder Approval is required for any extension of the term of an Option, if the Optionee is an Insider of the Company at the time of the proposed amendment.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSXV prior to the exercise of such Option. Disinterested Shareholder Approval is required if the Optionee is an Insider of the Company at the time of the proposed amendment.

Vesting of Options

3.6 Subject to Section 3.7, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified in the applicable Stock Option Agreement, all such Options shall vest immediately. Vesting of Options may be made subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period,

and any such conditions shall be set out in the applicable Stock Option Agreement.

Vesting of Options Granted to Consultants Conducting Investor Relations Activities

3.7 Following the completion of a Qualifying Transaction and notwithstanding Section 3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine,

all as set out in the applicable Stock Option Agreement.

Effect of Takeover Bid

3.8 If a Takeover Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding Section 3.6 and Section 3.7 or any vesting requirements set out in the applicable Stock Option Agreement, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSXV (or the NEX, as the case may be) for vesting requirements imposed by the TSXV Policies.

Extension of Options Expiring During Blackout Period

3.9 Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSXV (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.9, the tenth Business Day period referred to in this Section 3.9 may not be extended by the Board.

Optionee Ceasing to be Director, Employee or Service Provider

3.10 Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to (i) Directors or Officers of the Company or an Affiliate will expire 90 days and (ii) all others including, but not limited to, Employees (other than Directors and Officers) and Consultants, will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee in writing at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same.

Non Assignable

3.11 Subject to Section 3.10, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Optioned Shares

3.12 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;

- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.12;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.12, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.12, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) for greater certainty, any adjustment, other than in connection with a share consolidation or share split, to Options granted or issued under this Plan are subject to the prior acceptance of the TSXV, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

Stock Option Agreement

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee a Stock Option Agreement detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

Manner of Exercise

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
 - (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

Tax Withholding and Procedures

4.3 Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company, or an Affiliate, for the amount determined by the Company, or an Affiliate, to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company, or an Affiliate, (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

Delivery of Optioned Shares and Hold Periods

4.4 As soon as practicable after receipt of the notice of exercise described in Section 4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. If the Exercise Price is set below the Fair Market Value of a Common Shares at the Effective Date, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month TSXV hold period commencing the date of the Stock Option Agreement.

ARTICLE 5 GENERAL

Employment and Services

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

No Representation or Warranty

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the ITA or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

Interpretation

5.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

Continuation of Plan

5.4 The Plan will become effective from and after the reference date of this Plan as noted on page 1 hereof, and will remain effective provided that the Plan, or any amended version thereof receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to the reference date of the Plan.

Amendment of the Plan

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

**SCHEDULE A
TORCHLIGHT INNOVATIONS INC.**

STOCK OPTION AGREEMENT

Torchlight Innovations Inc. (the “**Company**”) has granted to _____ (the “**Optionee**”), an option to acquire common shares (the “**Options**”) of the Company, subject to the terms and conditions of the Company’s stock option plan (the “**Plan**”) established by the Company or any successor plan thereto, as amended from time to time in accordance with its terms, or as may be required by the TSX Venture Exchange (the “**TSX-V**”), which are deemed to be incorporated in this stock option agreement (the “**Option Agreement**”), and to the following specific provisions:

Option Agreement and Grant Date: _____
Position with Company: _____
Number of Options: _____
Exercise Price: _____
Expiry Date: _____
Option Vesting Schedule: The Options shall vest [immediately]

The Optionee agrees to be bound by the terms of the Plan. The terms of the Plan are deemed to be incorporated and to form a part of this Option Agreement. In the event of any inconsistency between the terms of the Plan and the terms of this agreement, the terms of the Plan will prevail.

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX-V policies. At the date of grant of the Options, the Company is classified as a Tier 2 Issuer under TSX-V policies.

Each Optionee is solely responsible for reporting any tax benefit arising from the grant or exercise of the Option, as applicable, in his, her or its income tax return in the particular jurisdiction of residence.

If you exercise your Options before four months from the Option Grant date, a certificate for the common shares so acquired will be issued bearing the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ● [insert date that is four months and a day after the distribution date].”

“WITHOUT PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL ● [insert the date that is four months and a day after the distribution date].”

[delete if not applicable:] If you are a U.S. resident, the following additional legend will apply:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES

LAWS, AND MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF INVESTOR'S COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS."

Acknowledgement – Personal Information

The information set out in this Option Agreement about the undersigned Optionee will be used by the Company for making certain filings with the TSX-V and other applicable regulatory authorities. The Optionee acknowledges and consents to the collection and use of the Personal Information contained in this Option Agreement by the Company for the above purposes or as otherwise required by the TSX-V or other applicable regulatory authorities from time to time in accordance with their regulations. If you are in doubt about the above applicable requirements, please contact the Company.

**Acknowledged and agreed by the
Optionee:**

TORCHLIGHT INNOVATIONS INC.

[insert name of optionee]

Authorized Signatory

Address

Address (continued)

Telephone number

Email Address

**TORCHLIGHT INNOVATIONS INC.
(the "Company")**

STOCK OPTION EXERCISE NOTICE

TO: Torchlight Innovations Inc.
PH-A, 630 Roche Point Drive
North Vancouver, British Columbia V7H 3A1

The undersigned hereby gives notice of exercise of Options as detailed below and encloses a cheque or bank draft, payable to the Company, in the designated amount representing payment in full for those shares.

Option Agreement and Grant Date: _____

Number of Options Exercised: _____

Position with Company: _____

Exercise Price: _____

Option Exercise Amount: \$ _____

Plus Tax Withholding Amount: [if applicable] \$ _____

TOTAL: \$ _____

Balance of number of Options remaining exercisable until ● [insert option expiry date]:

DATED _____

Print name of Optionee

Signature of Optionee

Address (for registration of shares)

Delivery address (if different from share registration address)

Telephone Number

Email Address