

AGENCY AGREEMENT

THIS AGREEMENT is made as of the 12th day of May, 2022

BETWEEN:

TORCHLIGHT INNOVATIONS INC., of Suite 2300, Bentall 5, 550
Burrard Street, Vancouver, British Columbia, V6C 2B5

(the "**Corporation**")

AND:

RESEARCH CAPITAL CORPORATION, of 1920 – 1075 West
Georgia Street, Vancouver, British Columbia, V6E 3C9

(the "**Agent**")

WHEREAS:

- A. The Corporation wishes to raise funds by the sale of Offered Common Shares (as defined herein) in the Offering Jurisdictions (as defined herein);
- B. The Corporation has agreed to file the Prospectus (as defined herein) in accordance with the Securities Legislation in order to qualify the distribution of the Offered Common Shares and the Agent's Options (as defined herein); and
- C. The Corporation has agreed to retain the Agent as its exclusive agent to solicit subscriptions for the Offered Common Shares on a commercially reasonable best efforts basis, and the Agent has agreed to act in such capacity upon the terms and conditions hereinafter set out.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 For the purposes of this Agreement, including the recitals and any amendment hereto, the following words and phrases shall have the following meanings:

- (a) "**Agent's Commission**" has the meaning ascribed thereto in Section 3.1;
- (b) "**Agent's Shares**" means the Common Shares to be issued on exercise of the Agent's Options;
- (c) "**Agent's Options**" means the sole, exclusive, irrevocable and non-transferable options to purchase that number of Agent's Shares equal to 10% of the Offered Common Shares sold pursuant to the Offering at a price of \$0.10 per Agent's Share, for a period of 24 months from the Listing Date, to be granted by the Corporation to the Agent in accordance with Section 3.5 hereof;
- (d) "**Agent's Option Certificate**" means the certificate representing the Agent's Options;

- (e) **"Agreement"** means this agency agreement;
- (f) **"Agreement in Principle"** has the meaning given in the Policy;
- (g) **"Closing"** means the closing of the issue and sale of the Offered Common Shares as herein contemplated;
- (h) **"Closing Date"** means the date upon which the Closing occurs, which date shall be determined by agreement between the Corporation and the Agent and shall not be later than the last day of the Offering Period;
- (i) **"Commissions"** means the securities commissions or equivalent regulatory authorities in the Offering Jurisdictions administering the Securities Legislation;
- (j) **"Common Shares"** means common shares in the authorized share structure of the Corporation;
- (k) **"Exchange"** means the TSX Venture Exchange Inc.;
- (l) **"Final Receipt"** means a receipt issued by the Principal Regulator for the Prospectus that also evidences the deemed issuance of receipt(s) issued by other regulator(s) having jurisdiction over the Corporation for such prospectus;
- (m) **"Insider"** has the meaning given in the Securities Legislation;
- (n) **"ITA"** means the *Income Tax Act* (Canada), together with all the regulations and rules made and promulgated thereunder, all as amended from time to time;
- (o) **"Listing Date"** means the date the Common Shares are listed and begin trading on the Exchange;
- (p) **"Offering"** means the offering by the Corporation to sell the Offered Common Shares as contemplated by the Prospectus and this Agreement;
- (q) **"Offered Common Shares"** means an aggregate of 3,000,000 Common Shares offered for sale by the Corporation by way of an initial public offering, at \$0.10 per Common Share for gross proceeds of \$300,000 as contemplated by the Prospectus and this Agreement;
- (r) **"Offering Jurisdictions"** means the Provinces of British Columbia, Alberta and Ontario and such other Canadian selling jurisdictions as may be agreed to by the Corporation and the Agent;
- (s) **"Offering Period"** means the period of 90 days from the date of issuance of the Final Receipt by the Principal Regulator or such later date as may be permitted by Securities Legislation and may be agreed to by the Corporation and the Agent;
- (t) **"Policy"** means Policy 2.4 of the Exchange entitled "Capital Pool Companies";
- (u) **"Preliminary Prospectus"** means the preliminary prospectus of the Corporation, and any amendment thereof, duly approved, signed, certified and filed in accordance with the Securities Legislation;

- (v) **"Principal Regulator"** means the British Columbia Securities Commission;
- (w) **"Prospectus"** means the final prospectus of the Corporation, and any amendment thereof, duly approved, signed, certified and filed in accordance with the Securities Legislation qualifying the Offered Common Shares for distribution in the Offering Jurisdictions and qualifying the Agent's Options for distribution in the Offering Jurisdictions;
- (x) **"Qualifying Transaction"** has the meaning given in the Policy;
- (y) **"Qualifying Transaction Agreement"** has the meaning given in the Policy;
- (z) **"Securities"** means the Offered Common Shares, the Agent's Options and the Agent's Shares;
- (aa) **"Securities Legislation"** means the *Securities Act* (British Columbia), the *Securities Act* (Alberta), the *Securities Act* (Ontario) and such other securities legislation of the Offering Jurisdictions, and the respective regulations and rules thereto and the policy statements, instruments, notices and blanket orders of the respective Commissions, the national policy statements and national instruments applied by the respective Commissions, and the policies and rules of the Exchange;
- (bb) **"Subscribers"** means subscribers for Offered Common Shares;
- (cc) **"Subscription Funds"** means the gross funds received in respect of subscriptions for Offered Common Shares pursuant to and in accordance with the terms of the Prospectus and this Agreement;
- (dd) **"Time of Closing"** means 9:00 a.m. (Vancouver time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may agree; and
- (ee) **"Work Fee"** has the meaning attributed to it in Section 3.2.

1.2 For the purposes of this Agreement, all references to "Dollars" or "\$" shall mean Canadian funds, unless otherwise specified.

1.3 The headings of this Agreement are inserted for convenience of reference only and shall not in any manner affect the construction or meaning of anything herein contained or govern the rights or liabilities of the parties hereto.

1.4 Words importing the singular number only shall include the plural and vice versa and words of gender shall entail all genders, including the neuter gender and words importing persons shall include companies, corporations, partnerships, syndicates, trusts and any number or aggregate of persons.

ARTICLE 2 APPOINTMENT OF AGENT

2.1 Subject to the terms hereof, the Corporation hereby appoints the Agent as, and the Agent hereby agrees to act as, the sole and exclusive agent of the Corporation to solicit subscriptions to purchase the Offered Common Shares from Subscribers in the Offering Jurisdictions. The Agent shall use its commercially reasonable best efforts to obtain subscriptions to purchase the Offered Common Shares. The Agent shall act as agent only and shall be under no obligation to purchase any of the Offered Common Shares but many choose to do so in its sole discretion. The Agent may retain as sub-agents other registered securities dealers and may receive subscriptions from such securities dealers. The Agent

shall be under no liability for any failure to sell any or all of the Offered Common Shares or to engage sub-agents.

2.2 The Agent shall secure from each Subscriber such certificates, documents and forms as may be required by the Securities Legislation and such questionnaires, undertakings and other material as may, in the opinion of the Agent, be required by the Exchange.

ARTICLE 3 AGENT'S FEES

3.1 In consideration of the Agent agreeing to act as agent for the Offering, the Corporation agrees to pay to the Agent at the Time of Closing, a cash commission (the "**Agent's Commission**") equal to ten percent (10%) of the gross proceeds raised from the sale of Offered Common Shares pursuant to the Offering. The Agent's Commission shall be paid by the Corporation to the Agent by certified cheque, bank draft, wire transaction or in such other manner as directed by the Agent at the Time of Closing.

3.2 The Corporation will also pay to the Agent a work fee (the "**Work Fee**") of \$15,000 (plus GST), and the Agent's reasonable expenses determined in accordance with Article 10 and Article 11 of this Agreement, whether or not the Offering is completed.

3.3 The Corporation has paid to the Agent in consideration for services to be performed by it pursuant to this Agreement a non-refundable deposit of \$7,500 to be applied against the Work Fee and a retainer of \$7,500 to be applied against the Agent's legal expenses.

3.4 If the Agent retains sub-agents or receives subscriptions from sub-agents, the Agent, in its sole discretion, shall pay them a fee as may be agreed among them, but in no event shall the Corporation be required to pay a fee to the Agent in excess of the Agent's Commission, the Work Fee and the Agent's expenses.

3.5 The Corporation agrees to grant the Agent's Options to the Agent, and to such sub-agents as the Agent may direct, at the Time of Closing, and to execute and deliver to the Agent, the Agent's Option Certificate setting forth the terms and conditions of the Agent's Options, in a form to the reasonable satisfaction of the Agent. The Corporation and the Agent intend that the Agent's Options be qualified under and be distributed pursuant to the Prospectus.

ARTICLE 4 SUBSCRIPTIONS

4.1 Residents of the Offering Jurisdictions may subscribe to purchase Offered Common Shares by delivering to the Agent or any authorized sub-agent on or prior to the Closing Date payment of the aggregate subscription price in respect of the Offered Common Shares subscribed for.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

5.1 The Corporation represents and warrants to the Agent and hereby acknowledges that the Agent is relying on such representations and warranties in entering into this Agreement as follows:

- (a) the Corporation has been duly incorporated and organized and is valid and existing and in good standing under the laws of British Columbia and has all the requisite corporate power and capacity to carry on its business as now conducted and as presently proposed to be conducted;

- (b) the Corporation does not have any subsidiaries;
- (c) the Corporation does not own or have an interest in any assets other than cash or short term investments;
- (d) the Corporation has no business operations of any kind other than as permitted by the Policy;
- (e) the authorized share structure of the Corporation and the issued capital of the Corporation is as disclosed in the Prospectus; all of the issued and outstanding securities have been duly issued, in compliance with all applicable securities laws, and are fully paid and non-assessable; to the best of the knowledge of the Corporation, none of the issued and outstanding securities of the Corporation are owned directly or indirectly by any director, officer, employee or contractor of the Agent or any affiliates (as such term is defined by the policies of the Exchange) of any of the foregoing except as disclosed in the Prospectus; and no person, firm or corporation has any agreement or option, or right or privilege, whether pre-emptive or contractual, capable of becoming an agreement, including convertible securities, for the purchase, subscription or issuance of any unissued shares or other securities of the Corporation except as disclosed in the Prospectus;
- (f) there is no current or pending action, proceeding or investigation, or, to the knowledge of the Corporation after due inquiry, contemplated or threatened against the Corporation, before or by any federal, provincial, state, municipal, county or other governmental department, commission, board or agency, domestic or foreign, which may result in any material adverse change in the condition, financial or otherwise, of the Corporation, or which questions the validity of any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement or as contemplated by the Prospectus;
- (g) there is no inquiry or other investigation or proceeding regarding the Corporation or any of its directors, officers or promoters, including but not limited to a review of any public record of the Corporation, that has been instituted or pending or, to the best of their knowledge after due inquiry, contemplated or threatened, by any regulatory authority having jurisdiction over, as the case may be, the Corporation and its directors, officers or promoters;
- (h) no action, suits or proceedings exist or are pending, or, to the knowledge of the Corporation after due inquiry, contemplated or threatened, to which the Corporation is a party or if applicable to which property of the Corporation is subject;
- (i) the audited financial statements of the Corporation, including the notes thereto, contained in the Prospectus present fairly, in all material respects, the financial position and condition of the Corporation as at the date thereof, reflect all liabilities (absolute, accrued, contingent or otherwise) of the Corporation as at the date thereof, have been prepared in accordance with international financial reporting standards applied on a consistent basis and there has not been any material adverse change in such position or condition since such date;
- (j) no event of material default under the constating documents or resolutions of the Corporation or under any agreement or instrument which the Corporation is a party has occurred and no event which with the giving of notice or the passage of time or both would constitute an event of material default under the constating documents or

resolutions of the Corporation or under any such agreement or instrument has occurred and is continuing;

- (k) the Corporation has not entered into a transaction of a nature material to the Corporation other than as disclosed in the Prospectus, and all material agreements to which it is a party or by which it is bound are disclosed in the Prospectus, and the material agreements disclosed in the Prospectus constitute valid and binding obligations of the parties thereto, enforceable against each of such parties in accordance with their respective terms except as enforcement may be limited by general principles of equity, applicable bankruptcy, insolvency, preference and reorganization laws and other laws generally affecting the enforcement of creditors' rights and the availability of discretionary judicial remedies; and the Corporation is not in default of any material provisions of such agreements or contracts, or of any other agreement securing or otherwise relating to indebtedness of the Corporation;
- (l) the Corporation has not reached an Agreement in Principle and the Corporation has not reached a Qualifying Transaction Agreement;
- (m) the Corporation has not made any payment which is prohibited under Section 7 of the Policy;
- (n) except as disclosed herein or in the Prospectus, there is no person, firm or corporation acting or purporting to act for the Corporation entitled to any brokerage or finder's fees in connection with any of the transactions contemplated herein;
- (o) the execution and delivery of the Agreement and the performance of the transactions contemplated thereby, and the execution and filing of the Prospectus, do not and will not result in a breach of, and do not and will not create a state of facts which after notice or lapse of time or both results or will result in a breach of, and does not and will not conflict with, any of the terms, conditions or provisions of (i) the constating documents, the notice of articles or articles or any resolutions of the directors and shareholders of the Corporation; (ii) any lease, trust indenture, contract, agreement or other instrument or document to which the Corporation or any subsidiaries thereof is a party or is contractually bound at the date hereof; or (iii) any order, ruling, decree or judgment against or having application to the Corporation;
- (p) no approval, authorization, consent or other order of any governmental authority is required in connection with the execution and delivery or with the performance by the Corporation of this Agreement except requisite filings with the Commissions and the Exchange;
- (q) to the best of the Corporation's knowledge after due inquiry, none of the directors or senior officers of the Corporation, or any holder of more than 10% of its outstanding Common Shares, or any associate or affiliate (as such terms are defined in the Securities Legislation) of any of the foregoing persons or companies has, or has had any material interest, direct or indirect, in any continuing or existing material transaction or has any material interest, direct or indirect, in any proposed material transaction which, as the case may be, is material to or will materially affect the Corporation, except as stated in the Prospectus;
- (r) no securities commission or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus;

- (s) all statements, facts, data, information and material made, furnished or provided from time to time by the Corporation in writing to the Agent relating to the Corporation were true and correct in all material respects as at the respective dates of said documents and all material facts relating to the Corporation have been fully disclosed to the Agent and such statements, facts, data, information and material did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make any statement or fact contained therein not misleading in light of the circumstances in which it was made;
- (t) the directors and senior officers of the Corporation have reviewed the Preliminary Prospectus and will have reviewed the Prospectus, and the directors have duly approved the Preliminary Prospectus and will have duly approved the Prospectus at the respective times at which they are filed with the Commissions and the Exchange and will have authorized its distribution by the Agent in connection with the Offering;
- (u) except statements or facts relating solely to the Agent, for which the Corporation makes no representation or warranty, the Prospectus contains full, true and plain disclosure of all material facts in relation to the Common Shares, the Agent's Options and any other securities distributed under the Prospectus as required by the Securities Legislation; none of the statements or facts contained in the Prospectus is false or misleading; and there has been no untrue statement of a material fact and no omission to state any material fact in the Prospectus necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made;
- (v) Odyssey Trust Company, at its principal offices in Vancouver, British Columbia, has been duly appointed as registrar and transfer agent for the Common Shares;
- (w) the Corporation has full corporate power and authority to enter into this Agreement and to issue the Agent's Option Certificate, and to perform its obligations set out herein and therein, and each of this Agreement and the Agent's Option Certificate has been duly authorized, executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with the terms thereof;
- (x) there is not, in the constating documents of the Corporation or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Corporation is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of the Corporation or the payment of dividends by the Corporation to the holders of its Common Shares;
- (y) the Corporation has complied with, and will comply fully with, the requirements of all applicable corporate and securities laws, in relation to the issue and trading of its securities and in all matters relating to the Offering;
- (z) the Corporation's directors and officers as disclosed in the Prospectus have been duly elected or appointed, and hold office as indicated in the Prospectus;
- (aa) upon payment of the Subscription Funds, the Offered Common Shares will be validly authorized and issued as fully paid and non-assessable securities, the Agent's Options will be validly created, authorized and delivered and the Agent's Shares will be validly authorized, allotted and reserved for issuance upon the exercise of the Agent's Options and the Offered Common Shares and Agent's Shares will, when issued and upon the Corporation's receipt of payment therefor, be issued as fully paid and non-assessable

securities of the Corporation, and all of the Securities will be issued free and clear of all liens, charges and encumbrances of any nature and kind whatsoever;

- (bb) the Corporation has filed all federal, provincial, local and foreign tax returns which are required to be filed, or has requested extensions thereof, and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for such assessments, fines and penalties which are currently being contested in good faith with appropriate resources;
- (cc) the Corporation has established on its books and records reserves which are adequate for the payment of all taxes not yet due and payable, if any, and there are no liens for taxes on the assets of the Corporation except for taxes not yet due, and there are no audits of any of the tax returns of the Corporation, which are known by the Corporation's management to be pending, and there are no claims which have been or may be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a material adverse effect on the properties, business or assets of the Corporation;
- (dd) none of the Canada Revenue Agency or any foreign taxation authority has asserted or, to the Corporation's knowledge after due inquiry, contemplated or threatened to assert any reassessment, claim or liability for taxes due or to become due in connection with any review or examination of the tax returns of the Corporation filed for any year which would have a material adverse effect;
- (ee) no order ceasing or suspending trading in securities of the Corporation or prohibiting the sale of such securities has been issued against the Corporation after due inquiry, or to the knowledge of the Corporation after due inquiry any of its directors, officers or promoters or to the knowledge of the Corporation after due inquiry against any other companies that have common directors, officers or promoters and no proceedings for this purpose have been instituted and are, to the best of the Corporation's knowledge after due inquiry, pending, contemplated or threatened; and
- (ff) the minute books and corporate records of the Corporation made available to the Agent's counsel in connection with its due diligence investigation of the Corporation contain copies of all proceedings (or certified copies thereof) of the shareholders, the board of directors and all committees of the board of directors of the Corporation and there have been no other meetings, resolutions or proceedings of the shareholders, the board of directors or any committee of the board of directors of the Corporation to the date of review of such minute books and corporate records not reflected in such minute books and other records other than those which have been disclosed to the Agent or which are not material in the context of the Corporation.

ARTICLE 6

COVENANTS OF THE CORPORATION

6.1 Forthwith following execution of this Agreement, the Corporation will use its best efforts to take or cause to be taken all steps and proceedings that may be necessary under the Securities Legislation, including but not limited to the filing of the Prospectus and the obtaining of a Final Receipt, to qualify the Offered Common Shares for distribution to the public resident in the Offering Jurisdictions through the Agent and sub-agents or other registered securities dealers and to qualify for distribution the Agent's Options.

6.2 The Corporation shall promptly notify the Agent in writing of full particulars of any material change, actual, anticipated or threatened, during the Offering Period:

- (a) in the business or affairs of the Corporation;
- (b) in the directors or officers of the Corporation;
- (c) in any material fact contained or referred to in the Preliminary Prospectus or the Prospectus or in any material supplemental thereto supplied by the Corporation, which is of such a nature as to render the Preliminary Prospectus or the Prospectus or material supplemental thereto, misleading or untrue; or
- (d) in any of the representations and warranties contained Article 5 of this Agreement;

and the Corporation shall file under the applicable Securities Legislation, with all possible dispatch, and in any event within any statutory limitation therefor, such new or correcting information, amendments and other documents as the circumstances may require. The Corporation shall further provide the Agent with such copies of such information, amendments or other documents as the Agent may reasonably require.

6.3 The Corporation shall in good faith discuss with the Agent any change in circumstances which is of a nature that there is reasonable doubt as to whether notice in writing need be given to the Agent pursuant to Section 6.2 hereof.

6.4 The Corporation covenants with the Agent that it will advise the Agent promptly of any request of either of the Commissions, the Exchange or other regulatory body for any amendment to the Preliminary Prospectus or the Prospectus or for any additional information, or the issuance by either of the Commissions, the Exchange or any other regulatory body of any cease trading order or suspension order relating to the Common Shares or of the institution of any such proceedings during the period of distribution which shall be no later than the Closing Date. The Corporation covenants to use its best efforts to prevent the issuance of any such cease trading order or suspension order and, if issued, to obtain the withdrawal thereof as soon as possible.

6.5 The Corporation, from time to time at its expense, shall deliver to the Agent, at the direction of the Agent, as many commercial copies of the Preliminary Prospectus and the Prospectus (and in the event of an amendment, of such amended Preliminary Prospectus or Prospectus) as the Agent may reasonably request, and any such delivery shall constitute the consent of the Corporation to the use thereof in connection with the Offering subject to the provisions of Securities Legislation relating thereto.

6.6 Delivery of the Preliminary Prospectus, the Prospectus and any supplementary material shall constitute a representation and warranty by the Corporation to the Agent that all material information and statements (except information and statements relating solely to or provided solely by the Agent) contained in the Preliminary Prospectus, the Prospectus and supplementary material are true and correct in all material respects at the time of delivery thereof and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and that no material fact has been omitted therefrom (except facts relating solely to the Agent) which is required to be stated therein or is necessary to make the statements or information contained therein not misleading in light of the circumstances under which they were made. Such delivery shall also constitute the Corporation's consent to the Agent's use of the Preliminary Prospectus and the Prospectus, any supplementary material and any other public documents supplied to the Agent by the Corporation for the distribution of the Offered Common Shares in the Offering Jurisdictions in compliance with the provisions of this Agreement and applicable Securities Legislation.

6.7

(a) The Corporation covenants and agrees to protect, indemnify and save harmless the Agent and its affiliates, and each of their directors, officers, agents, advisors, shareholders, employees and each other person, if any, controlling the Agent or any of its affiliates (collectively the "**Indemnified Parties**", and each an "**Indemnified Party**"), to the extent lawful, from and against all losses, claims, damages, liabilities, costs or expenses (other than loss of profits), in any way caused, sustained or incurred by reason of or resulting directly from:

- A. any statement or information contained in or omitted from the Preliminary Prospectus, the Prospectus, any amended Preliminary Prospectus, any amended Prospectus and additional or ancillary material, information, evidence, return, report, application, statement, table or document that may be filed, or required to be filed, in connection with the Offering under the Securities Legislation, except statements or information relating solely to the Agent or furnished to the Corporation by the Agent, which, at the time and in light of the circumstances under which it was made, was false or misleading with respect to any material fact or which omits to state any material fact, the omission of which makes the statement false or misleading;
- B. any breach of the representations, warranties and covenants of the Corporation contained herein;
- C. any prohibition or restriction of trading in the securities of the Corporation or any prohibition affecting the distribution of the Offered Common Shares which may be ordered by any one or more competent authorities if such prohibition is based on any statement or omission made by the Corporation in the Prospectus;
- D. the Prospectus failing to comply with the requirements of the Securities Legislation in the Offering Jurisdictions so as to permit the lawful sale of the Offered Common Shares or by reason of the Corporation having failed to take or cause to be taken such steps or proceedings as were necessary to permit the lawful sale of the Offered Common Shares as contemplated by the Prospectus and as contemplated hereby;
- E. any formal inquiry or investigation, whether prior to or subsequent to Closing, into the affairs, records or accounts of the Corporation or into holdings of securities of the Corporation or transactions in securities of the Corporation which are based on any statement or omission made by the Corporation in the Prospectus or any filing correspondence with the Commissions or the Exchange, which is commenced or contemplated by either or both of the Commissions or the Exchange except where same relates solely to the activities of the Agent;

and provided that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgement, that has become non-appealable, shall determine that:

- F. the Indemnified Parties have been negligent or have committed wilful misconduct or any fraudulent act in the course of such performance;

- G. the Indemnified Parties have committed and are guilty of any criminal activities in the course of such performance of their obligations arising pursuant to this Agreement; or
 - H. the Agent has breached any material provision of this Agreement;
- and the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the act(s) (as referred to in clauses F., G. or H. above).
- (b) If any matter or thing contemplated by Section 6.7(a) hereof shall be asserted against the Indemnified Party, the Indemnified Party shall notify the Corporation in writing as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably, and that no admission of liability or settlement may be made by the Corporation or the Indemnified Party without prior written consent of the other (such consent not to be unreasonably withheld). If the Corporation assumes the defence of any such suit, the Indemnified Party shall continue to have the right to employ its own counsel, which shall be acceptable to the Corporation, in any proceeding relating to the claim contemplated by Section 6.7(a) hereof and the reasonable fees and expenses of such counsel shall be recoverable by the Indemnified Party from the Corporation to the extent that the same shall be covered by the indemnity in Section 6.7(a) hereof if:
 - A. the Indemnified Party has been advised by such counsel that there may be legal defences available to it which are different from or additional to defences available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on the Indemnified Party's behalf);
 - B. the Corporation shall not have undertaken the defence of such proceedings and employed counsel within fifteen (15) days after notice of commencement of such proceedings; or
 - C. the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceedings.
 - (c) To the extent that any Indemnified Party is not a party to this Agreement, the Agent shall obtain and hold the right and benefit of this section in trust for and on behalf of such Indemnified Party.
 - (d) Subject to section 6.7(a) hereof, in the event that, for any reason, the indemnity provided for in this section is illegal or unenforceable, the Agent and the Corporation shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities of the nature provided in this section such that the Agent shall be responsible for that portion represented by the percentage that the Agent's Commission herein bears to the gross proceeds from the Offering and the Corporation shall be responsible for the balance. Notwithstanding the foregoing, a person guilty of fraudulent misrepresentation shall not be entitled to contribution from any other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this subsection, notify such party or parties from whom contribution may be sought. In no case shall such party from whom

contribution may be sought be liable under this subsection unless such notice shall have been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this subsection. The right to contribution provided in this subsection shall be in addition to and not in derogation of any other right to contribution which the Agent may have by statute or otherwise by law.

- (e) The Corporation hereby consents to personal service, jurisdiction and venue in any court in British Columbia in which any claim which is subject to indemnification hereunder is brought against any Indemnified Party and to the assignment of the benefit of this section to any Indemnified Party for the purpose of enforcement provided that nothing herein shall limit the Corporation's right or ability to contest the appropriate jurisdiction or forum for the determination of any such claim.

6.8 The Corporation will take all necessary action to register the Corporation in a timely manner, whenever the business or property of the Corporation makes such registration necessary.

6.9 The Corporation will take all necessary action to complete its application for listing of the Common Shares on the Exchange with all reasonable diligence after the Closing and shall in any event submit all such documents within 10 calendar days of the Closing Date, unless otherwise agreed to by the Corporation and the Agent.

6.10 The Corporation will promptly deliver to the Agent all documents or information requested by the Agent in relation to the transactions contemplated in this Agreement and in relation to the performance by the Agent of its due diligence investigations in respect of the Preliminary Prospectus and the Prospectus and the listing of the Common Shares on the Exchange, including, without limitation, personal information forms for all insiders and directors, financial statements, consent of insiders to background, credit, educational and other checks, shareholders lists and business plans.

6.11 Subject to Article 11 hereof, the Agent can, in its sole discretion, retain at the Corporation's expense, any agents, experts, professionals or others which it deems necessary or advisable in order to perform its obligations and due diligence procedures under this Agreement and in accordance with the Policy, and the Corporation covenants that it will comply with all reasonable requests by such agents, experts or professionals in respect of their investigations into the business and affairs of the Corporation.

6.12 Until the Corporation completes a Qualifying Transaction, the Corporation will comply with all applicable provisions of the Policy. The Corporation will use its best efforts to maintain its status as a reporting issuer not in default of any Securities Legislation in the Offering Jurisdictions and maintain its listing on the Exchange for a period of 24 months following the Listing Date. The Corporation will use its commercially reasonable efforts to complete a Qualifying Transaction within 24 months following the Listing Date.

6.13 The proceeds received by the Corporation from the sale of the Offered Common Shares will be used by the Corporation as described in the Prospectus under the heading "Use of Proceeds" and in compliance with the provisions of the Policy.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF THE AGENT

7.1 The Agent warrants and represents to the Corporation that:

- (a) it is a member in good standing of the Exchange;

- (b) it has complied with and will fully comply with the requirements of all Securities Legislation, its rules and regulations and the by-laws and rules of the Exchange, in relation to trading in the Offered Common Shares and all matters relating to the Offering; and
- (c) it is registered as a dealer in the Offering Jurisdictions.

ARTICLE 8 COVENANTS OF THE AGENT

8.1 The Agent hereby covenants, subject to the conditions contained Article 9 hereof, to use its commercially reasonable best efforts to solicit subscriptions for all of the Offered Common Shares in the Offering Jurisdictions and, without limiting the generality of the foregoing, to obtain subscriptions,

- (a) from at least 150 Subscribers:
 - A. with each Subscriber beneficially owning at least 1,000 Common Shares, each free of Resale Restrictions (as "Resale Restrictions" is defined in the Exchange's Corporate Finance Manual Policy 1.1); and
 - B. not being a Non Arm's Length Party to the CPC (as defined in the Exchange's Corporate Finance Manual Policy 1.1);
- (b) comprising at least 75% of the Offered Common Shares, from subscribers individually purchasing, directly or indirectly, no more than 2% of the Offered Common Shares, and, in conjunction with such Subscriber's Associates and Affiliates (as "Associates" and "Affiliates" are defined in the Exchange's Corporate Finance Manual Policy 1.1), purchasing no more than 4% of the Offered Common Shares.

8.2 The Agent hereby covenants and agrees that it will not solicit subscriptions for Offered Common Shares except in compliance with applicable law, the rules, policies and by-laws of the Exchange and the terms and conditions set forth in the Prospectus and this Agreement.

8.3 The Agent will only solicit subscriptions for the Offered Common Shares from Subscribers resident in the Offering Jurisdictions in compliance with Securities Legislation and the terms and conditions set out herein and will deliver to each Subscriber a copy of the Prospectus sufficiently in advance of the Time of Closing such that all withdrawal rights under applicable Securities Legislation will have expired at the Time of Closing.

8.4 The Agent will close the subscription books and thereafter not receive any further subscriptions for the Offered Common Shares at the earlier of such time:

- (a) as orders for the maximum number of Offered Common Shares have been received (for certainty being 3,000,000 Common Shares); or
- (b) as prescribed by Securities Legislation.

8.5 The obligation of the Agent to execute any certificate or deliver any documents pertaining to the Preliminary Prospectus and the Prospectus shall be conditional upon compliance by the Corporation to the date of such execution and delivery with each of its covenants contained in this Agreement to be complied with prior to the filing of either the Preliminary Prospectus or the Prospectus, as the case may be.

8.6 The Agent covenants and agrees that it shall:

- (a) provide all such notices and documents as may be required in connection with the Offering, including those required for the Prospectus by the orders, policies, rules, regulations, by-laws and procedures of the Commissions and the Exchange which govern capital pool company offerings, as amended from time to time; and
- (b) deliver to the Exchange as soon as reasonably possible after the Closing Date, a Distribution Summary Statement (Form 2E) as required by Section 3.2 of Policy 2.3 of the Exchange.

ARTICLE 9

CONDITIONS OF THE AGENT'S OBLIGATIONS

9.1 The obligations of the Agent contained in this Agreement may be terminated by the Agent in the event that prior to the Time of Closing:

- (a) any order operating to restrict, prevent or cease trading in the Common Shares is made pursuant to the Securities Legislation;
- (b) there is any breach or non-performance of any of the material covenants of the Corporation herein contained that has not been rectified, remedied or waived;
- (c) any authority having jurisdiction, including any stock exchange, commences or gives notice that it intends to commence any formal inquiry or investigation in relation to the Corporation, its affairs, records or accounts or any of the directors or officers of the Corporation, or into any holdings or transactions in the securities of the Corporation;
- (d) any inquiry, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of its directors or officers is commenced, announced or threatened, or any order is issued by any federal, provincial or other government authority or by any stock exchange, or there is any change of law which, in the sole opinion of the Agent, operates or will operate to prevent or to restrict the trading of the Common Shares or the distribution of any Common Shares or materially adversely affects or may materially adversely affect the marketability of the Common Shares;
- (e) there shall occur any changes (actual, anticipated, contemplated or threatened) in the assets, liabilities, business or operations of the Corporation which, in the sole opinion of the Agent, could reasonably be expected to have a material adverse effect on the market price or value of the Common Shares or materially adversely affects or may materially adversely affect the marketability of the Common Shares;
- (f) if there should develop, occur or come into effect or existence any event, action, state, condition or financial occurrence of consequence or any governmental action, law, regulation, inquiry or other occurrence of any nature whatsoever which, in the sole opinion of the Agent materially adversely affect or involve, the financial markets generally or the business, operations, affairs or financial condition of the Corporation, or the marketability of the Common Shares;
- (g) any new or amended Prospectus discloses information which, in the sole opinion of the Agent may result in the Subscribers of a material number of the Offered Common Shares exercising their rights under applicable legislation to withdraw from or rescind their purchase thereof at any time prior to the Closing;

- (h) there is any amendment to Securities Legislation which, in the sole opinion of the Agent will impose any limitations or restrictions on the exercise of the Agent's Options or on the subsequent trading of Common Shares which are acquired, or which may be acquired, by the Agent under the Agent's Options; or
- (i) the Agent is not satisfied with the results of its due diligence investigations.

9.2 Any termination of any of the obligations of the Agent hereunder pursuant to the provisions hereof shall be effected by written notice to the Corporation not later than the Time of Closing. Notwithstanding the giving of any notice of termination hereunder, the provisions of Section 6.7 hereof and all rights of action in connection therewith shall survive for a period of three years following such termination and the fees and expenses agreed to be paid by the Corporation, referred to in Articles 10 and 11 hereof, incurred up to the time of the giving of such notice shall be paid by the Corporation. The rights of the Agent to terminate this Agreement are in addition to such remedies as it may have in respect of any default, misrepresentation, act or failure to act of the Corporation in respect of any of the transactions contemplated in this Agreement.

ARTICLE 10 THE CLOSING

10.1 Subject to the terms and conditions hereof, the Closing shall take place at the Time of Closing at the offices of the Corporation's counsel, or such other location as the Corporation and the Agent may direct.

10.2 At the Time of Closing, the Corporation shall deliver to the Agent and its counsel, a certificate, in form and substance satisfactory to counsel for the Agent, acting reasonably signed by the Chief Executive Officer of the Corporation and the Chief Financial Officer of the Corporation, dated the Closing Date, addressed to the Agent to the effect that, to the knowledge of such officer after a reasonable investigation:

- (a) such officer is familiar with and has personal knowledge of the Corporation's corporate records and the matters herein, and are authorized to execute and deliver such certificate for and on behalf of the Corporation;
- (b) all of the representations and warranties of the Corporation herein and any agreements, instruments, certificates or other documents delivered by the Corporation pursuant or supplemental thereto are true and correct at and as at the Time of Closing after giving effect to the transactions contemplated by the Prospectus;
- (c) all of the covenants and conditions of the Corporation in the Agreement and any agreements, instruments, certificates or other documents delivered by the Corporation pursuant or supplemental thereto to be fulfilled and observed prior to or at the time of the filing of the Prospectus have been fulfilled and observed at or prior to the Closing Date;
- (d) since the respective dates as of which information is given in the Prospectus:
 - A. the Corporation has not incurred any material liabilities or obligations (absolute, accrued or contingent, financial or otherwise) or entered into any transaction not in the ordinary course of business;
 - B. there has been neither any material change (actual, anticipated, contingent, proposed or threatened, financial or otherwise) in or affecting, nor any events, occurrences, material transactions or facts which could have a material effect (actual, anticipated, contingent,

proposed or threatened, financial or otherwise) on, the assets, liabilities, obligations, results of operations or financial position, business, operations, affairs, prospects, condition (whether financial or otherwise), capital or control of the Corporation, whether individually or in the aggregate, and whether arising from a transaction in the ordinary course of business or otherwise; and

- C. to the best of their knowledge, no event has occurred and there exists no state of facts that is required under the applicable securities laws or the terms of the Agreement to be set forth in an amendment that has not been so set forth;
- (e) the Corporation is not insolvent, and no acts or proceedings have been taken by or against or are pending in connection with the Corporation, and the Corporation is not in the course of, nor has it received any notice, in respect of a dissolution, liquidation, winding-up, insolvency, bankruptcy or reorganization, whether voluntary or involuntary;
- (f) the Corporation has not been notified by any applicable securities regulatory authorities in any jurisdiction that it is in default of any requirement of the applicable securities regulatory authorities and, to the best of their knowledge, the Corporation is not in default of any such requirement;
- (g) receipts for the Prospectus have been issued by the Securities Commissions in the Offering Jurisdictions, and there is no current or pending, or to their knowledge after due inquiry, contemplated or threatened, order, ruling, decree or other determination or judgement having the effect of:
 - A. ceasing, halting, suspending or otherwise prohibiting or preventing the offer, sale, issuance, delivery or trading of any securities of the Corporation or of any use of the Prospectus; or
 - B. ceasing, halting, suspending or otherwise prohibiting or preventing the trading of any securities by any one or more directors, officers or other insiders or promoters of the Corporation,and there is no current or pending, or to their knowledge after due inquiry, contemplated or threatened, action, suit, inquiry, investigation or other proceeding for this purpose, and there is, to their knowledge, no grounds therefor;
- (h) such officer has carefully examined the Prospectus and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated thereby, the Corporation has not incurred any material amount of liabilities or obligations (absolute, accrued, contingent or otherwise) and there has been no material adverse change in the assets or financial position of the Corporation, and there has occurred no event required to be set forth in an amended Prospectus which has not so been set forth;
- (i) no event of material default under any agreement or instrument to which the Corporation is a party has occurred and no event which with the giving of notice or the passage of time or both would constitute an event of material default under any such agreement or instrument has occurred and is continuing; and
- (j) such other matters as the Agent may reasonably request.

10.3 At the Time of Closing, the Agent shall receive from the Corporation, a legal opinion, addressed to the Agent and counsel to the Agent, from counsel to the Corporation, relating to any legal matter in connection with the creation, issuance and, as applicable, sale of the Securities and such other matters including without limitation any tax matters in connection with the Offering, as the Agent may reasonably request in connection with this Offering, and deliver such other confirmations, certificates, instruments and other documents as the Agent or its counsel may reasonably request.

10.4 In giving the foregoing opinion, counsel for the Corporation may rely upon opinions of local counsel, acceptable to the Agent, as to the laws of jurisdictions other than the jurisdictions in which such counsel is licensed to practice law, if any, and as to matters of fact not within their knowledge, upon certificates as to such facts, signed, in the case of the Corporation, by the Chief Executive Officer of the Corporation, or such other directors or officers of the Corporation as the Agent may accept.

10.5 At the Time of Closing, the Corporation shall direct Odyssey Trust Company, as the registrar and transfer agent for the Common Shares, to issue and deliver the Offered Common Shares in accordance with the instructions of the Agent and the Agent will pay to the Corporation the Subscription Funds from the sale of the Offered Common Shares pursuant to the Offering (less any amounts deducted pursuant to Sections 10.6 and 10.7 hereof).

10.6 The Corporation authorizes the Agent to deduct its expenses, the Agent's Commission and the Work Fee (plus GST) from the proceeds of the Offering accounting for any prepayment previously forwarded by the Corporation as provided for in Articles 3 and 11 hereof.

10.7 If the Agent has not already deducted such amounts pursuant to the provisions of Section 10.6 hereof at the Time of Closing, the Corporation shall deliver to the Agent payment of the Agent's Commission in the form satisfactory to the Agent as provided for in Article 3 hereof, payment of the Work Fee and payment of the balance owed in respect of the expenses of the Agent including without limitation the fees and expenses of the Agent's legal counsel, accounting for any prepayment previously forwarded by the Corporation, as provided for in Article 3 and Article 11.

ARTICLE 11

EXPENSES

11.1 Notwithstanding any termination of this Agreement or the cancellation of its obligations by the Agent pursuant to Article 9 hereof or otherwise provided herein, the non-refundable deposit portion of the Work Fee, and the costs and expenses of or incidental to the creation, issue and offering of the Offered Common Shares including the fees and expenses of counsel and auditors for the Corporation and counsel for the Agent, all other reasonable expenses incurred by the Agent in connection with the Offering, the cost of printing and delivering the definitive certificates for the Offered Common Shares, the fees and disbursements of the transfer agent, the cost of preparing, printing and delivering the Prospectus to and by the Agent and the associated fees prescribed by the Securities Legislation in connection with the Offering shall be paid by the Corporation, whether or not the Offering is completed as contemplated, provided that such the Agent's legal expenses shall not exceed \$15,000 plus disbursements and taxes without the prior consent of the Corporation and that such consent will not be unreasonably withheld. The Corporation will pay the reasonable expenses incurred by the Agent, and the fees and expenses of counsel for the Agent from time to time as requested by the Agent by bank draft or certified cheque payable to the Agent or counsel to the Agent or in such other manner as is acceptable to the Agent. At the request of the Corporation, the Agent will, at Closing, provide an invoice summarizing its expenses, including its legal expenses.

ARTICLE 12 ELECTION

12.1 The Corporation covenants and agrees to file an election (the “**Election**”) in its return of income tax for its first taxation year to be deemed to have been a "public corporation", as defined in the ITA, from the beginning of its first taxation year, onward and the Chief Executive Officer of the Corporation shall provide such undertaking as necessary to the agent.

12.2 If the Corporation does not file the Election in the manner contemplated in the Prospectus, the Corporation agrees to indemnify the Agent for any and all expenses, losses, fees, claims, actions, damages, obligations and liabilities, including the reasonable fees and expenses of its counsel, the Agent incurs in connection with the Corporation's failure to file the Election, including but not restricted to any claims against the Agent in relation to penalties under the ITA assessed by the Canada Revenue Agency against purchasers under the Offering.

ARTICLE 13 CONFIDENTIALITY

13.1 The Agent will keep all information, data and documents provided to it in connection herewith confidential and shall not disclose any of the same not previously disclosed to the public except: (a) to employees and agents of the Corporation or its affiliates and to those officers, employees, agents and advisors of the Agent who require access thereto for the purpose of permitting the Agent to execute its obligations hereunder and who agree to keep such information, data and documents confidential and not to disclose the same; (b) as may be required by law in connection with any legal, stock exchange or regulatory proceedings; or (c) with the consent of the Corporation.

ARTICLE 14 NOTICES

14.1 Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to have been given or made when delivered at the addresses of the relevant party set forth below or such other address as a party may stipulate in writing:

(a) to the Corporation at:

Torchlight Innovations Inc.
Suite 2300, Bentall 5, 550 Burrard Street,
Vancouver, British Columbia, V6C 2B5

Attention: Fayyaz Alimohamed
E-mail: fayyaz@zabinacapital.com

with a copy to:

Gowling WLG (Canada) LLP
Suite 2300, Bentall 5, 550 Burrard Street,
Vancouver, British Columbia, V6C 2B5

Attention: Daniel M. Allen
E-mail: daniel.allen@gowlingwlg.com

(b) to the Agent at:

Research Capital Corporation
Suite 1920, 1075 West Georgia Street
Vancouver, British Columbia V6E 3C9

Attention: Jovan Stupar
Email: jstupar@researchcapital.com

with a copy to:

Vantage Law Corporation
Suite 1120 – 625 Howe Street
Vancouver, British Columbia V6C 2T6

Attention: John Rhee
Email: jrhee@vantagelawcorp.com

ARTICLE 15 MISCELLANEOUS

15.1 Upon the request of the Agent, the Corporation will supply to the Agent a copy of all financial and other information given by the Corporation to its public shareholders or to any stock exchange at the time when such information is so given for a period of two years following Closing, unless such information has already been filed by the Corporation on the System for Electronic Document Analysis and Retrieval.

15.2 Time shall be of the essence with respect to the terms and conditions of this Agreement.

15.3 This Agreement may be executed in several counterparts and may be represented by facsimile or PDF, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

15.4 All warranties, representations, covenants, indemnifications and agreements herein contained or contained in certificates or documents submitted pursuant to or in connection with the transactions herein along with all rights of action in connection therewith shall survive the Closing of the Offering and shall continue in full force and effect for a period of two years following the Closing Date for the benefit of the Agent and for the benefit of the Corporation.

15.5 This Agreement supersedes all other agreements, documents, writings and verbal understandings among the parties relating to the subject matter hereof and represents the entire agreement between the parties relating to the subject matter hereof.

15.6 This Agreement shall be construed and interpreted, and the rights and obligations of the parties arising hereunder governed, by the laws of the Province of British Columbia. Each of the parties irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of British Columbia with respect to this Agreement and any matters arising therefrom.

15.7 All the terms and provisions of this Agreement shall be binding upon, shall enure to the benefit of, and shall be enforceable by and against the parties hereto and their respective successors and assigns, but shall not be assignable, before or after the Time of Closing, without the written consent of the other parties hereto.

15.8 The Agent may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective the day and year first above written.

RESEARCH CAPITAL CORPORATION

Per: (signed) "Jovan Stupar"
Authorized Signatory

TORCHLIGHT INNOVATIONS INC.

Per: (signed) "Fayyaz Alimohamed"
Authorized Signatory