

EARLY WARNING REPORT
Form 62-103F1
Filed Pursuant to National Instrument 62-103

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares (“**Shares**”) of Torchlight Innovations Inc. (the “**Issuer**”).

The Issuer has a head office at 119 – 998 Harbourside Drive, North Vancouver, BC, V7P 3T2.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The transaction involved an issuance from treasury and did not take place on a stock exchange or other published market for the Shares.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Duane Nelson (the “**Acquiror**”) of 119 – 998 Harbourside Drive, North Vancouver, BC, V7P 3T2.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

The Issuer entered into a definitive business combination agreement (the “**Agreement**”) dated April 11, 2025 between Innovation Mining Inc. (“**Innovation**”), the Issuer and a wholly owned subsidiary of the Issuer (“**Subco**”).

Pursuant to the Agreement, a business combination transaction was effected on October 10, 2025 by way of a three-cornered amalgamation pursuant to the Business Corporations Act (*British Columbia*), which constituted as a “Qualifying Transaction” under TSX Venture Exchange (“**TSXV**”) Policy 2.4 – *Capital Pool Companies* (the “**Transaction**”).

In connection with the Transaction, the following Shares were issued to the Acquiror and Beverly Nelson in exchange for outstanding common shares of Innovation:

- (i) 4,975,349 Shares to the Acquiror; and
- (ii) 2,487,674 Shares to Beverly Nelson.

2.3 State the names of any joint actors.

Beverly Nelson

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

Prior to the completion of the Transaction, the Acquiror, together with joint actors, beneficially owned and controlled Nil Shares and Nil stock options.

Upon completion of the Transaction, the Acquiror, together with joint actors, beneficially owns and controls 7,463,023 Shares and 310,959 stock options, representing 12.09% of the issued and outstanding Shares on a non-diluted basis and 12.53% on a partially diluted basis.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

The Acquiror acquired beneficial ownership or control over the securities that triggered the requirement to file this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See item 3.1.

3.5 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See Item 3.1.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

See Item 2.2.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See Item 2.2.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

See Item 2.2.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The Acquiror and Beverly Nelson acquired an aggregate total of 7,463,023 Shares and 310,959 stock options of the Issuer pursuant to the Agreement. The Acquiror and Beverly Nelson do not currently have plans to acquire additional securities or dispose of their holdings in the Issuer. The Acquiror and Beverly Nelson's shares are currently subject to a TSXV Form 5D – *Escrow Agreement* (see Item 6). However, the Acquiror and Beverly Nelson may acquire or dispose of securities depending on market conditions, changes in plans, or other relevant factors.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

In connection with the Acquisition, the Acquiror and Beverly Nelson have entered into a TSXV Form 5D – *Escrow Agreement* whereby the Shares held by the Acquiror and Beverly Nelson will be subject to the following escrow release schedule: 10% will be released on October 20, 2025, which is the date of the TSXV Exchange Bulletin confirming the TSXV's final acceptance of the Transaction, and 15% released every six months thereafter.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

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Item 9 – Certification

I, as the acquiror, certify, to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

10/27/2025

Dated this ____ day of October, 2025

Duane Nelson

Duane Nelson