

TORCHLIGHT INNOVATIONS INC.

(to be renamed RZOLV Technologies Inc.)

FILING STATEMENT

with respect to a Qualifying Transaction pursuant to Policy 2.4 of the TSX Venture Exchange

DATED: October 8, 2025

*Neither the TSX Venture Exchange Inc. (the “**Exchange**”) nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.*

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NOTE TO UNITED STATES SHAREHOLDERS

The transactions contemplated herein are being undertaken in accordance with Canadian corporate and securities laws. Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Filing Statement has not been filed with or approved by the United States Securities and Exchange Commission or the securities regulatory authority of any state within the United States. Likewise, information concerning the operations of each of Innovation Mining Inc. (“**Innovation**”) and Torchlight Innovations Inc. (“**Torchlight**”) has been prepared in accordance with Canadian standards and may not be comparable to similar information for issuers organized in the United States.

The financial statements of Innovation and Torchlight included in this Filing Statement have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial statements prepared in accordance with accounting principles generally accepted in the United States of America. Completion of the transactions described herein may have tax consequences under the laws of both the United States and Canada, and neither Torchlight nor Innovation undertakes to describe any such tax consequences under the laws of the United States in this Filing Statement. United States shareholders of Innovation or Torchlight are advised to consult their tax advisors to determine any particular tax consequences to them of the transactions to be effected in connection with the Transaction.

THE COMMON SHARES IN THE CAPITAL OF TORCHLIGHT TO BE EXCHANGED PURSUANT TO THE TRANSACTION HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND SUCH SECURITIES ARE BEING ISSUED IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. AS A RESULT, COMMON SHARES IN THE CAPITAL OF TORCHLIGHT ISSUED TO UNITED STATES SHAREHOLDERS MAY BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS.

UNITED STATES HOLDERS OF INNOVATION OR TORCHLIGHT SECURITIES SHOULD CONSULT THEIR OWN TAX, LEGAL AND FINANCIAL ADVISORS REGARDING THE PARTICULAR CONSEQUENCES TO THEM OF THE TRANSACTION.

NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements that relate to the current expectations and views of future events of Innovation, Torchlight and the Resulting Issuer. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, predictions, indications, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events.

Forward-looking statements relating to Innovation, Torchlight, the Resulting Issuer include, among other things, statements relating to:

- the terms and conditions upon which the Qualifying Transaction and the Concurrent Financings will be completed;
- the completion, expenses and timing of the closing of the Qualifying Transaction;
- the expected capitalization of the Resulting Issuer upon completion of the Qualifying Transaction;
- the composition of the board of directors and management of the Resulting Issuer upon completion of the Qualifying Transaction;

- the anticipated executive compensation for the board of directors and management of the Resulting Issuer;
- future financial or operating performance and condition of the Resulting Issuer, including its ability to continue as a going concern;
- the intended use of the net proceeds of the Concurrent Financings and the available funds of the Resulting Issuer;
- the adequacy of the Resulting Issuer's financial resources and the availability and terms of additional debt or equity financing;
- Exchange and other regulatory approval of the Qualifying Transaction;
- timing, receipt and maintenance of required approvals, consents and permits under applicable legislation;
- environmental, permitting, legal, taxation, title, socio-economic, community relations or political issues that may adversely affect the current operations of Innovation and the anticipated operations of the Resulting Issuer; and
- Innovation's expectations, strategies and plans for the Resulting Issuer's proprietary technologies including planned research, development, expenditures, and related administrative costs.

These statements and other forward-looking information are based on opinions, assumptions and estimates made by Torchlight and Innovation in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Innovation believes are appropriate and reasonable in the circumstances, as of the date of this Filing Statement, including, without limitation:

- that the Transaction will receive Exchange and other required regulatory approval;
- that the Transaction will be completed on the terms and conditions expected;
- the ability to raise any necessary additional capital on reasonable terms;
- the Resulting Issuer's competitive advantages;
- continuity of contractor and supplier relationships;
- favourable operating conditions, including that the Resulting Issuer will be able to operate in a safe, efficient and effective manner;
- the receipt and maintenance of governmental and third party approvals, licenses and permits on favourable terms;
- stability in financial and capital markets;
- the accuracy of the accounting estimates and judgments of Innovation;
- general economic, political and market conditions; and
- changes in Laws, rules and regulations applicable to Innovation, Torchlight or the Resulting Issuer.

There can be no assurance that such estimates and assumptions will prove to be correct. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Filing Statement. Although Innovation and Torchlight believe that the assumptions underlying the statements related to Innovation and Torchlight, respectively, are reasonable, they may prove to be incorrect.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by Innovation and Torchlight as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following factors, some of which are described in greater detail under the heading "*Risk Factors*":

- the Qualifying Transaction or Concurrent Financings not being approved;
- no history of operations or earnings for Innovation;
- substantial capital requirements and liquidity needed for the Resulting Issuer;
- the Resulting Issuer's additional requirements for capital;
- the Resulting Issuer's reliance on key individuals;
- competition risks;
- regulatory changes;

- environmental risks;
- risks related to world-wide economic, market, and geopolitical uncertainty;
- critical supplies interruptions;
- uninsured and uninsurable risks including, but not limited to pollution or hazards for which insurance cannot be obtained;
- health and safety risks;
- a lack of active securities market for the Resulting Issuer Shares;
- commodity market risks;
- conflicts of interests;
- changes in general economic conditions;
- public health crises;
- operating hazards and risks;
- Innovation and the Resulting Issuer's reliance on its proprietary technology;
- litigation and other proceedings;
- dilution from future sales or issuances of equity securities;
- availability of equipment affecting the Resulting Issuer's operations; and
- risks related to forward-looking statements.

Although Innovation and Torchlight have attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "*Risk Factors*" for a discussion of certain factors investors should carefully consider before deciding to invest in Resulting Issuer Shares.

These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Resulting Issuer. Given these risks, uncertainties and assumptions, investors should not place undue reliance on forward-looking information. These factors and assumptions, however, should be considered carefully.

An investor should read this Filing Statement with the understanding that the actual future results of Innovation and the Resulting Issuer may be materially different from what is expected.

All of the forward-looking information in this Filing Statement (including any schedules and appendices) is expressly qualified by these cautionary statements. Statements containing forward-looking information contained herein are made only as of the date of this Filing Statement. Innovation and Torchlight expressly disclaim any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. Investors should read this entire Filing Statement and consult their own professional advisors to assess the income tax consequences, risk factors and other aspects connected to the Qualifying Transaction.

CURRENCY PRESENTATION

The financial statements attached to this Filing Statement, and any selected consolidated financial data derived therefrom included herein, are presented in Canadian dollars. In this Filing Statement, references to "\$" or "C\$" are to Canadian dollars and "US\$" are to United States dollars.

GLOSSARY

The following terms used in this Filing Statement have the meanings set forth below. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout. Terms and abbreviations used in the financial statements and Management’s Discussion and Analysis (“MD&A”) of Torchlight and Innovation and the pro forma consolidated financial statements of the Resulting Issuer attached as schedules to this Filing Statement are defined separately in such schedules, and the terms and abbreviations defined below are not used, except where otherwise indicated. References in this Filing Statement to “we” or “our” mean Innovation or the Resulting Issuer, as such terms are defined below, depending on the context. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“**Affiliate**” means a company that is affiliated with another company as described below.

A company is an “**Affiliate**” of another company if:

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

A company is “**controlled**” by a Person if:

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

A Person beneficially owns securities that are beneficially owned by:

- (i) a company controlled by that Person, or
- (ii) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

“**Amalco**” means the corporation to be formed pursuant to the BCBCA as a result of the Amalgamation, to be named “Innovative Mineral Technologies Inc.” or such similar name as may be approved by Innovation;

“**Amalgamation**” means the amalgamation of Subco and Innovation in accordance with the terms and conditions of the Amalgamation Agreement to form Amalco pursuant to the BCBCA, which shall result in the indirect acquisition by Torchlight of all of the issued and outstanding securities of Innovation;

“**Amalgamation Agreement**” means the amalgamation agreement dated as of April 11, 2025 among Subco, Torchlight and Innovation containing the terms and conditions of the Transaction;

“**Amalgamation Resolution**” means the special resolution of the Innovation Shareholders to adopt the Amalgamation Agreement and approve the Amalgamation pursuant to Section 271(6)(a)(i) of the BCBCA;

“**Associate**” when used to indicate a relationship with any Person, means:

- (i) a partner, other than a limited partner, of the Person,
- (ii) a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity,
- (iii) an issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer; or,

- (iv) a relative, including the spouse, of that Person or a relative of that Person's spouse, if the relative has the same home as that Person;

but

- (v) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company;

“**Audit Committee**” means the audit committee of the Resulting Issuer Board;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended from time to time;

“**BCSC**” means the British Columbia Securities Commission;

“**Closing**” means the closing of the Transaction;

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange;

“**Concurrent Financings**” means collectively, the SR Financing and PP Financing;

“**Control Person**” means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CPC**” means a corporation:

- (i) that has been incorporated or organized in a jurisdiction of Canada,
- (ii) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy, and
- (iii) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

“**CPC Escrow Agreement**” means the Exchange Form 2F - *CPC Escrow Agreement* dated May 12, 2022 between Torchlight, certain shareholders of Torchlight and the Torchlight Escrow Agent;

“**CPC Escrowed Shares**” means the securities of Torchlight held in escrow pursuant to a CPC Escrow Agreement;

“**CPC Policy**” means Exchange Policy 2.4 – *Capital Pool Companies*;

“**Dissent Rights**” means the rights of dissent of Innovation Shareholders in respect of the Amalgamation Resolution in the manner provided in Section 242 of the BCBCA;

“**Escrowed Funds**” means the gross proceeds of the Concurrent Financings, together with all interest and other income earned thereon;

“Escrow Release Conditions” means the following conditions:

- (i) the receipt of written confirmation from Torchlight and Innovation that:
 - a. all conditions to the completion of the Transaction have been satisfied or waived, other than the release of the gross proceeds of the SR Financing plus interest and income earned thereof; and
 - b. no material terms of the Amalgamation Agreement have been modified and/or waived (unless such modifications or waivers were consented to by the parties thereto);
- (ii) the receipt of conditional approval from the Exchange for the listing of the Resulting Issuer Shares on the Exchange;
- (iii) the receipt of all regulatory, shareholder and third-party approval, as applicable, required in connection with the Transaction;
- (iv) Innovation will not be in breach or default of any of its covenants or obligations under the subscription receipt certificates; and
- (v) Innovation having delivered the release notice to the Innovation SR Escrow Agent.

“Exchange” means the TSX Venture Exchange;

“Exchange Policy 5.4” means Exchange Policy 5.4 – *Capital Structure, Escrow and Resale Restrictions*;

“Founder Securities” has the meaning attributed to that term under the heading *“Information Concerning the Resulting Issuer – Escrowed Securities – Resulting Issuer Escrowed Securities”*;

“Filing Statement” means this filing statement;

“Final Exchange Bulletin” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction;

“Insider” if used in relation to an issuer, means:

- (i) a director or senior officer of the issuer;
- (ii) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (iii) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (iv) the issuer itself if it holds any of its own securities;

“IPO” means Torchlight’s initial public offering of 3,000,000 Torchlight Shares at a price of \$0.10 per Torchlight Share for gross proceeds of \$300,000 completed under the CPC Policy on August 8, 2022;

“ITA” means the *Income Tax Act* (Canada) and the regulations adopted thereunder in effect on the date hereof;

“Innovation” means Innovation Mining Inc., a company incorporated under the BCBCA on October 6, 2022;

“Innovation Board” means the board of directors of Innovation;

“Innovation Business” means the business carried on by Innovation, as of the date hereof;

“Innovation Finders' Commission” means the cash fee which may be paid to certain finders as compensation in connection with the SR Financing, being equal to up to 10.0% of the aggregate gross proceeds raised from the issuance of the SR Financing Units to subscribers introduced to Innovation by such finders;

“Innovation Finders' Warrants” means the Innovation Warrants which may be issued to certain finders as compensation in connection with the SR Financing, being equal to up to 10% of the SR Financing Units issued to subscribers introduced to Innovation by such finders;

“Innovation SR Escrow Agent” means Computershare Trust Company of Canada;

“Innovation SR Escrow Agreement” means the subscription receipt escrow agreement dated September 25, 2025 between Innovation, Torchlight and Innovation’s SR Escrow Agent;

“Innovation Financial Statements” means the unaudited financial statements of Innovation for the six months ended June 30, 2025 and the audited financial statements of Innovation for the years ended December 31, 2024 and 2023, attached as Schedule “C” to this Filing Statement;

“Innovation MD&A” means the management discussion and analysis of Innovation in respect of each of the Innovation Financial Statements, attached as Schedule “D” to this Filing Statement;

“Innovation Meeting” means the special meeting of Innovation Shareholders held on August 7, 2025, including any adjournment or postponement thereof, to be held for the purpose of approving the Amalgamation Resolution and related matters;

“Innovation Shareholders” means the holders of the Innovation Shares;

“Innovation Shares” means common shares in the capital of Innovation;

“Innovation Stock Option Plan” means Innovation’s stock option plan adopted on October 18, 2023 by Innovation’s Board and providing for the granting of Stock Options to Innovation’s directors, officers, employees and consultants;

“Investor Relations Agreement” means the investor relations agreement dated August 26, 2025 between Innovation and Market One Media Services;

“Member” has the meaning ascribed to that term as defined in Rule A.1.00 of the TSX Venture Exchange Rule Book and Policies;

“Named Executive Officer” or **“NEO”** has the meaning ascribed to such term in Form 51-102F6 – *Statement of Executive Compensation* under National Instrument 51-102 – *Continuous Disclosure Obligations*;

“Name Change” means the proposed change in the name of Torchlight to “RZOLV Technologies Inc.” or such similar name as may be approved by Innovation and acceptable to the Exchange, and which is to be effected at the time of Closing;

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

“Option Exercise Price” has the meaning attributed to that term under the heading *“Information Concerning the Resulting Issuer – Proposed Statement of Executive Compensation”*;

“Person” means a company or individual;

“PP Financing” means a non-brokered private placement of PP Financing Units at a price per PP Financing Unit of \$0.35 (\$0.28 post-Share Split) for gross proceeds of \$1,358,712;

“PP Financing Unit” means a unit comprised of one Innovation Share and one PP Financing Warrant, issued to subscribers in connection with the PP Financing;

“PP Financing Warrant” means a common share purchase warrant of Innovation issued to subscribers in connection with the PP Financing, each entitling the holder thereof to purchase one Innovation Share at a price of \$0.50 (\$0.40 post-Share Split) per Innovation Share for a period of two years from the date of issuance;

“Principal Securities” has the meaning attributed to that term under the heading *“Information Concerning the Resulting Issuer – Escrowed Securities – Resulting Issuer Escrowed Securities”*;

“Promoter” means:

- (i) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer; or
- (ii) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business;

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and, specifically in the case of Torchlight, means the Transaction, as more particularly described herein;

“Resulting Issuer” means Torchlight after giving effect to the Transaction (including the Torchlight Consolidation and the Name Change), upon the issuance of the Final Exchange Bulletin;

“Resulting Issuer Board” means the board of directors of the Resulting Issuer;

“Resulting Issuer Escrow Agent” means Computershare Trust Company of Canada;

“Resulting Issuer Escrow Agreement” means the Exchange Form 5D – Escrow Agreement dated October 8, 2025 between the Resulting Issuer, certain shareholders of the Resulting Issuer and the Resulting Issuer Escrow Agent;

“Resulting Issuer SR Financing Warrants” means the common share purchase warrants of the Resulting Issuer to be issued to holders of SR Financing Warrants in exchange thereof upon completion of the Transaction pursuant to the terms of the Amalgamation Agreement, each exercisable to acquire one Resulting Issuer Share at a price of \$0.75 for a period of two years from the date of issuance;

“Resulting Issuer Options” means stock options to purchase Resulting Issuer Shares pursuant to the Resulting Issuer Plan, which on Closing is anticipated to include the post-Torchlight Consolidation Torchlight Options;

“Resulting Issuer Shareholders” means the shareholders of the Resulting Issuer at the relevant time;

“Resulting Issuer Shares” means the common shares in the capital of the Resulting Issuer (on a post-Torchlight Consolidation basis);

“SEDAR+” means the System for Electronic Document Analysis and Retrieval;

“Share Exchange Agreement” has the meaning attributed to that term under the heading *“Information Concerning Innovation – General Development of the Innovation Business – History”*

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

“**SR Financing**” means the non-brokered private placement conducted by Innovation of Subscription Receipts at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281;

“**SR Financing Unit**” means a unit comprised of one Innovation Share and one SR Financing Warrant, issued to subscribers in connection with the SR Financing;

“**SR Financing Warrant**” means a common share purchase warrant of Innovation issued to subscribers in connection with the SR Financing, each entitling the holder thereof to purchase one Innovation Share at a price of \$0.75 per Innovation Share for a period of two years from the date of issuance;

“**SR Warrant Indenture**” means the warrant indenture governing the warrants issuable by Torchlight pursuant to the SR Financing dated September 25, 2025 between Torchlight, Innovation and Computershare Trust Company of Canada;

“**Subco**” means 1535261 B.C. Ltd., a wholly-owned Subsidiary of Torchlight incorporated under the BCBCA on April 10, 2025;

“**Subscription Receipts**” means the subscription receipts of Innovation issued pursuant to the SR Financing, with each Subscription Receipt automatically converting, for no additional cost, into one SR Financing Unit upon satisfaction of the Escrow Release Conditions;

“**Subscription Receipt Certificate**” means the certificate representing the Subscription Receipts issued pursuant to the SR Financing;

“**Subsidiary**” includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

“**Torchlight**” means Torchlight Innovations Inc., a company incorporated pursuant to the provisions of the BCBCA on October 8, 2021;

“**Torchlight board**” means the board of directors of Torchlight;

“**Torchlight Consolidation**” means the consolidation of the Torchlight Shares on the basis of 1.923 pre-Torchlight Consolidation Torchlight Shares for each 1 post-Torchlight Consolidation Torchlight Share;

“**Torchlight Escrow Agent**” means Computershare Trust Company of Canada;

“**Torchlight Financial Statements**” means the unaudited financial statements of Torchlight for the six months ended June 30, 2025 and the audited financial statements of Torchlight for the years ended December 31, 2024 and 2023, attached as Schedule “A” to this Filing Statement;

“**Torchlight MD&A**” means the management discussion and analysis of Torchlight in respect of each of the Torchlight Financial Statements, attached as Schedule “B” to this Filing Statement;

“**Torchlight Options**” means the options to acquire Torchlight Shares granted under the Torchlight Stock Option Plan;

“**Torchlight Shareholders**” means the shareholders of Torchlight at the relevant time;

“**Torchlight Shares**” means the common shares in the capital of Torchlight;

“Torchlight Stock Option Plan” or **“TSOP”** means the current option plan of Torchlight;

“Torchlight Supporting Shareholders” means all of the directors and officers of Torchlight that have entered into Torchlight Support Agreements;

“Transaction” means the Transaction between Torchlight and Innovation in accordance with the terms and conditions of the Amalgamation Agreement pursuant to which, subject to all necessary shareholder and Exchange approvals, among other matters:

- (i) Innovation will complete the Share Split;
- (ii) Innovation will complete the Concurrent Financings;
- (iii) Torchlight will complete the Torchlight Consolidation and Name Change; and
- (iv) Torchlight, Subco and Innovation will complete the Amalgamation, as a result of which Torchlight will acquire all of the issued and outstanding securities of Innovation by way of the Amalgamation after giving effect to the Torchlight Consolidation, holders of Innovation Shares held immediately prior to the Amalgamation will receive one Resulting Issuer Share for each one Innovation Share held, Amalco will become a direct, wholly-owned Subsidiary of Torchlight, and Torchlight will be re-named “Innovation Mining Inc.” or such similar name as may be approved by Innovation and acceptable to the Exchange;

“Transfer Agent” means Computershare Trust Company of Canada, the transfer agent and registrar of Torchlight.

SUMMARY OF THE FILING STATEMENT

The following is a summary of information relating to Torchlight, Innovation and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms are defined in the Glossary. Unless otherwise stated, all references in this Filing Statement to “\$” or “dollars” mean the lawful currency of Canada. Information contained herein is current as of the date of this Filing Statement unless otherwise indicated. No person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. **Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.**

Torchlight Innovations Inc.

Torchlight is a “capital pool company” formed in accordance with the CPC Policy. Torchlight was incorporated under the BCBCA on October 8, 2021 and completed its IPO under the CPC Policy on August 8, 2022. The Torchlight Shares were listed for trading on the Exchange on August 8, 2022 under the symbol “TLX.P”. Following completion of the IPO, Torchlight’s principal business has been restricted to the identification and evaluation of businesses or assets for the purposes of completing its Qualifying Transaction. Torchlight does not have any subsidiaries or affiliates other than Subco, a wholly-owned subsidiary of Torchlight incorporated on April 10, 2025 for the purposes of completing the Amalgamation.

Torchlight is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario. Trading in the Torchlight Shares was halted on April 14, 2025 in connection with the announcement that Torchlight and Innovation had entered into a definitive agreement in connection with the Transaction.

See “*Part II – Information Concerning Torchlight*”.

Innovation Mining Inc.

Innovation was incorporated under the BCBCA on October 6, 2022, under the name “Dynavat Gold Mining Technologies Inc.” and changed its name to “Innovation Mining Inc.” on August 31, 2023. The registered office of Innovation is located at 1111 West Hastings Street, 15th Floor, Vancouver, BC V6E 2J3 and its head office is located at 119 - 998 Harbourside Drive, North Vancouver, BC V7P 3T2. Upon completion of the Transaction, the Resulting Issuer will carry on the business of Innovation as a technology issuer.

See “*Part III – Information Concerning Innovation*”.

The Qualifying Transaction

Management of Torchlight has identified the acquisition of Innovation as an appropriate transaction to constitute its Qualifying Transaction. Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory, board and shareholder approvals, Torchlight will indirectly acquire all of the issued and outstanding securities of Innovation by way of a three-cornered amalgamation whereby Innovation will amalgamate with Subco pursuant to the provisions of the BCBCA to form Amalco and such entity will become a wholly-owned subsidiary of the Resulting Issuer upon Closing. Pursuant to the Amalgamation Agreement, the Innovation Shareholders will receive one Resulting Issuer Share (on a post-Torchlight Consolidation basis) for each Innovation Share held, such that the total consideration payable in connection with the Transaction is expected to be approximately 58,851,943 Resulting Issuer Shares, on a post-Torchlight Consolidation basis. The consideration and other terms and conditions of the Transaction were determined pursuant to arm’s length negotiations between Torchlight and Innovation.

In connection with the Transaction and subject to receipt of applicable regulatory, board and shareholder approvals:

- (i) Innovation will complete a share split on an approximately 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the “**Share Split**”);
- (ii) Innovation will complete the Concurrent Financings;
- (iii) Torchlight will consolidate its Torchlight Shares on a 1.923:1 basis, and any outstanding securities convertible into Torchlight Shares will be adjusted in accordance with their terms to account for the Torchlight Consolidation;
- (iv) Torchlight will complete the Name Change to “RZOLV Technologies Inc.”, or such other name requested by Innovation acting reasonably and as may be acceptable to the Exchange and regulatory authorities, and adopt a new stock symbol;
- (v) Subco and Innovation will amalgamate, with Amalco, the company to be formed as a result of the Amalgamation, continuing as a direct, wholly-owned Subsidiary of the Resulting Issuer; and
- (vi) Torchlight will issue one Resulting Issuer Share (on a post-Torchlight Consolidation basis) to the Innovation Shareholders in exchange for each Innovation Share held prior to giving effect to the Transaction. After giving effect to the Concurrent Financings, the aggregate number of securities to be issued by the Resulting Issuer is expected to be as follows:
 - a. 58,851,943 common shares to Innovation Shareholders (in exchange for the same number of Innovation common shares issued and outstanding following the Share Split together with the common shares issued in connection with the PP Financing and upon exercise of the Subscription Receipts issued in connection with the SR Financing);
 - b. 621,919 options to current Innovation option holders, exercisable for 621,919 common shares of the Resulting Issuer at a price of \$0.08 per share (in exchange for the same number of Innovation options issued and outstanding following the Share Split);
 - c. 3,793,705 options to current Innovation option holders, exercisable for 3,793,705 common shares of the Resulting Issuer at a price of \$0.20 per share (in exchange for the same number of Innovation options issued and outstanding following the Share Split);
 - d. 159,085 warrants to current Innovation warrant holders, exercisable for 159,085 common shares of the Resulting Issuer at a price of \$0.20 per share (in exchange for the same number of Innovation broker warrants issued and outstanding following the Share Split);
 - e. 160,000 warrants to current Innovation warrant holders, exercisable for 160,000 common shares of the Resulting Issuer at a price of \$0.28 per share (in exchange for the same number of Innovation broker warrants issued and outstanding following the Share Split);
 - f. 80,898 warrants to current Innovation warrant holders, exercisable for 80,898 common shares of the Resulting Issuer at a price of \$0.40 per share (in exchange for the same number of Innovation broker warrants issued and outstanding following the Share Split);
 - g. 3,528,767 warrants to current Innovation warrant holders, exercisable for 3,528,767 common shares of the Resulting Issuer at a price of \$0.60 per share (in exchange for the same number of Innovation warrants issued and outstanding following the Share Split);
 - h. 4,828,619 warrants to Innovation warrant holders in connection with the PP Financing, exercisable for 4,828,619 common shares of the Resulting Issuer at a price of \$0.40 per share; and

- i. 5,686,562 warrants to Innovation warrant holders in connection with the SR Financing, exercisable for 5,686,562 common shares of the Resulting Issuer at a price of \$0.75 per share.
- j. 370,360 warrants to Innovation warrant holders in connection with the SR Financing, exercisable for 370,360 common shares of the Resulting Issuer at a price of \$0.50 per share.

Innovation convened the Innovation Meeting to approve the Amalgamation Resolution. Innovation's board of directors unanimously recommended to its shareholders that they vote in favor of and approve the Amalgamation Resolution.

The Innovation Meeting took place on August 7, 2025. In connection therewith, the Amalgamation Resolution was unanimously approved by the Innovation Shareholders who voted by proxy or in person, respectively.

The completion of the Transaction is subject to the approval of the Exchange, including the fulfillment by the Resulting Issuer of all of the initial listing requirements and conditions of the Exchange for a Tier 2 Technology Issuer, the receipt of all other necessary regulatory approvals, and the satisfaction or waiver of the conditions precedent as set forth in the Amalgamation Agreement, including:

- (i) receipt of all shareholder and requisite regulatory approvals relating to the Transaction;
- (ii) completion of the Share Split;
- (iii) completion of the Concurrent Financings;
- (iv) completion of the Torchlight Consolidation;
- (v) the Amalgamation Resolution will have been approved by the Innovation Shareholders, in accordance with the requirements of applicable Laws;
- (vi) Dissent Rights will not have been exercised with respect to the Amalgamation by Innovation Shareholders holding Innovation Shares which will in the aggregate represent 5%, or more of the Innovation Shares outstanding on the record date determined by Innovation for determining Innovation Shareholders entitled to notice and to vote at the Innovation Meeting; and
- (vii) each of Torchlight and Innovation will have performed all covenants on its part to be performed under the Amalgamation Agreement and all representations and warranties of each party contained in the Amalgamation Agreement shall be true and correct at the time of Closing.

The Transaction cannot close until all of the conditions set out in the Amalgamation Agreement are satisfied or waived. There can be no assurance that the Transaction will be completed on the terms proposed in the Amalgamation Agreement or at all.

After giving effect to the Torchlight Consolidation and the Concurrent Financings, on Closing the Resulting Issuer is expected to have issued and outstanding approximately:

- (i) 61,712,057 Resulting Issuer Shares, after giving effect to the Concurrent Financings;
- (ii) 5,686,562 Resulting Issuer SR Financing Warrants to acquire an aggregate of 5,686,562 Resulting Issuer Shares at \$0.75 each, after giving effect to the Concurrent Financings;
- (iii) 4,701,635 Resulting Issuer Options exercisable to acquire 4,701,635 Resulting Issuer Shares at a weighted average exercise price of \$0.18 each;
- (iv) 8,357,386 Resulting Issuer Warrants to acquire an aggregate of 8,357,386 Resulting Issuer Shares at a weighted average exercise price of \$0.49 each; and

- (v) 399,983 Resulting Issuer Broker Warrants to acquire an aggregate of 399,983 Resulting Issuer Shares at a weighted average exercise price of \$0.27 each.
- (vi) 370,360 Resulting Issuer Broker Warrants to acquire an aggregate of 370,360 Resulting Issuer Shares at an exercise price of \$0.50 each.

all on a post-Torchlight Consolidation basis and subject to minor deviations as a result of the effects of rounding at the individual securityholder level.

The Transaction will constitute Torchlight's Qualifying Transaction pursuant to the CPC Policy, and will constitute a reverse take-over of the Resulting Issuer in as much as the former Torchlight Shareholders will own (on a non-diluted basis) approximately 4.63% of the equity of the Resulting Issuer immediately after Closing and giving effect to the Concurrent Financings. See "*Part IV – Information Concerning the Resulting Issuer*".

No deposits, advances or loans have been made, or will be made, in connection with the Transaction.

The Concurrent Financings

PP Financing

Innovation completed a non-brokered private placement of units (the "**PP Financing Units**") at a price per PP Financing Unit of \$0.35 (\$0.28 post-Share Split (as defined below)) for gross proceeds of \$1,358,712 (the "**PP Financing**"). Each PP Financing Unit is comprised of one Innovation Share and one common share purchase warrant (each, a "**PP Financing Warrant**"). Each PP Financing Warrant is exercisable for one Innovation Share at a price of \$0.50 per Innovation Share (\$0.40 post-Share Split) for a period of two years from the date of issuance. The funds raised in the PP Financing were available for Innovation's use towards its business prior to the completion of the Transaction and did not form part of the SR Financing (defined below).

SR Financing

Innovation completed a share split on an approximately 1:1.24 basis prior to completion of the SR Financing and the Transaction (the "**Share Split**").

Prior to Closing and following the Share Split, Innovation completed a non-brokered private placement of subscription receipts (each a "**Subscription Receipt**") at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281 (the "**SR Financing**"). Each Subscription Receipt will automatically convert, without any further action by the holder of such Subscription Receipt, and for no additional consideration, into one SR Financing Unit upon satisfaction of the Escrow Release Conditions. Each SR Financing Unit is comprised of one Innovation Share and one SR Financing Warrant entitling the holder thereof to purchase one Innovation Share at a price of \$0.75 per Innovation Share for a period of 2 years from the date of issuance. Upon the Closing, the SR Financing Warrants outstanding will become exercisable for Resulting Issuer Shares on a one-for-one basis, after giving effect to the Torchlight Consolidation, in accordance with the terms of such SR Financing Warrants. Additionally, Innovation expects to compensate certain finders in connection with the SR Financing, by providing an Innovation Finders' Commission of up to 10.0% of the aggregate gross proceeds raised from the issuance of the SR Financing Units to subscribers introduced to Innovation by such finders and the issuance of Innovation Finders' Warrants equal to up to 10% of the Subscription Receipts Units issued to subscribers introduced to Innovation by such finders.

The Escrow Release Conditions are to be satisfied within 180 days from the date of closing of the SR Financing or such later date as may be agreed to in writing between Innovation and the holders of the Subscription Receipts (the "**Termination Date**"). The aggregate gross proceeds of the SR Financing will be held in escrow by the Innovation SR Escrow Agent until the satisfaction of the Escrow Release Conditions.

The Resulting Issuer

The capital structure of the Resulting Issuer will remain unchanged, other than for the issuances of securities contemplated by the Transaction. Upon completion of the Transaction and subject to the approval of the Exchange, the Resulting Issuer is expected to become a Tier 2 Technology Issuer on the Exchange. See “*Information Concerning the Resulting Issuer – Corporate Structure*”.

The proposed directors and officers of the Resulting Issuer following Closing are as follows:

Name and Residence	Proposed Position with Resulting Issuer
Duane Nelson <i>British Columbia, Canada</i>	Chief Executive Officer, Director
Grant Bond <i>British Columbia, Canada</i>	Chief Financial Officer
Marien Segovia <i>British Columbia, Canada</i>	Corporate Secretary
Hanif Jafari <i>British Columbia, Canada</i>	Chief Technology Officer
Reza Kafaei <i>British Columbia, Canada</i>	Chef Innovation Officer
Darryl Yea <i>British Columbia, Canada</i>	Director
Mike Cowin <i>British Columbia, Canada</i>	Director
Robert Archer <i>British Columbia, Canada</i>	Director

Interests of Insiders, Promoters and Control Persons

No Insiders, Promoters or Control Persons of Torchlight or any of their Associates or Affiliates (before giving effect to the Transaction) have any interest in the Transaction.

Arm’s Length Qualifying Transaction

The proposed Qualifying Transaction described in this Filing Statement is not a Non-Arm’s Length Qualifying Transaction for Torchlight within the meaning of the CPC Policy.

Available Funds and Principal Purposes

After completion of the Transaction, the Resulting Issuer is expected to have available funds as set forth below

	Estimated Amount after giving effect to the SR Financing
Estimated working capital of Torchlight as of September 30, 2025	\$20,000
Estimated working capital of Innovation as of September 30, 2025	(\$225,000)
Gross proceeds of SR Financing	\$2,843,281
Estimated costs associated with the Transaction ⁽¹⁾	(\$532,180)

Estimated available funds:	\$2,106,101
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Notes:

(1) Includes, among other things, professional fees and Exchange fees.

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Transaction will be used for the next 12 months. While management currently intends to use the available funds as set forth in this Filing Statement, the Resulting Issuer may reallocate available funds for sound business reasons from time to time.

Purpose	Estimated Amount after giving effect to the SR Financing
Estimated available funds	\$2,106,101
Research and development of RZOLV	\$450,000
Legal fees	\$74,000
Audit and accounting fees	\$75,000
Management salaries and consulting fees	\$730,000
Marketing/website	\$150,000
General and administrative expenses	\$273,000 ⁽¹⁾
Unallocated working capital	\$354,101

Note (1):

Description	Amount
Office and General	\$136,000
Insurance	\$35,000
Transfer Agent Fees	\$12,000
Travel Costs	\$90,000
Total	\$273,000

Selected Financial Information

Torchlight Innovations Inc.

Torchlight is currently a CPC. Other than the IPO, its principal business to date has consisted of identifying a suitable Qualifying Transaction. As at the date of this Filing Statement, Torchlight has raised an aggregate of \$425,000 through share issuances, including gross proceeds of \$300,000 from the IPO and aggregate gross proceeds of \$125,000 from financing activities completed prior to the IPO. As of September 30, 2025, Torchlight had working capital in the amount of approximately \$20,000, had no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management believes that as at the date of this Filing Statement, Torchlight has sufficient working capital to meet its anticipated financial obligations for 2025 and to pursue another Qualifying Transaction should the Transaction not be completed.

Innovation Mining Inc.

The following table sets out certain financial data for the Innovation Business in respect of the six months ended June 30, 2025 and the years ended December 31, 2024 and 2023.

	Six months ended June 30, 2025	Financial year ended December 31, 2024	Financial year ended December 31, 2023
	Unaudited	Audited	Audited
Total Revenue	Nil	Nil	Nil
Net Loss	\$(1,161,880)	\$(2,333,981)	\$(1,097,066)
Total Assets	\$816,859	\$699,472	\$1,348,170
Total Liabilities	\$347,306	\$259,488	\$198,655
Shareholders' Equity	\$469,553	\$439,984	\$1,149,515

The Resulting Issuer

The following table summarizes certain pro forma financial information for the Resulting Issuer after giving effect to the Transaction and should be read in conjunction with the pro forma financial statement for the Resulting Issuer attached as Schedule “E” to this Filing Statement, the Torchlight Financial Statements attached as Schedule “A” to this Filing Statement, and the Innovation Financial Statements, attached as Schedule “C” to this Filing Statement.

Pro Forma (Unaudited)	As at June 30, 2025⁽¹⁾
Total Assets	\$3,222,843
Total Liabilities	\$362,856
Shareholders' Equity	\$2,859,987

Notes:

(1) After giving effect to the Transaction and Concurrent Financings.

Market Price of Torchlight Shares

The Torchlight Shares are listed on the Exchange under the symbol “TLX.P”. The closing market price of the Torchlight Shares on April 10, 2025, the last trading day immediately preceding the announcement of the Transaction, was \$0.04 (\$0.08 post-Torchlight Consolidation). See “*Information Concerning Torchlight – Market Price and Trading Volume Data*” for information relating to the trading price of the Torchlight Shares since completion of its IPO.

There is currently no public market for the Innovation Shares.

Sponsorship

Torchlight has received a waiver from the Exchange in respect of the requirement in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements* to engage a sponsor for the Transaction.

Conflicts of Interest

There may be potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA. See “*Risk Factors*”.

Shareholder Approvals

Pursuant to the BCBCA, Innovation is required to obtain approval, by a special resolution of the Innovation Shareholders, for the Transaction and the Amalgamation Agreement. Such approval is a condition to Closing under the Amalgamation Agreement. The Transaction is not subject to approval from the Torchlight Shareholders. The Innovation Meeting took place on August 7, 2025. In connection therewith, the Amalgamation Resolution was unanimously approved by the Innovation Shareholders who voted by proxy or in person, respectively.

See “*General Matters – Shareholder Approval*”.

Interest of Experts

No person or company who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has, or will have immediately following completion of the Transaction, any direct or indirect interest in Innovation or in Torchlight.

Risk Factors

The current business of Innovation will be the business of the Resulting Issuer upon completion of the Transaction. Innovation’s future development and operating results may be very different from those expected as at the date of this Filing Statement. Readers should carefully consider the risks related to Innovation’s and the Resulting Issuer’s future performance. See “*Risk Factors*”.

Conditional Listing Approval

The Exchange has conditionally accepted the Transaction, subject to Torchlight and Innovation fulfilling all of the requirements of the Exchange on or before December 9, 2025.

INFORMATION CONCERNING TORCHLIGHT

CORPORATE STRUCTURE

Name and Incorporation

Torchlight's full corporate name is "Torchlight Innovations Inc.". Torchlight was incorporated under the BCBCA on October 8, 2021, and completed its IPO under the CPC Policy on August 8, 2022. The head office and registered office of Torchlight are located at 2501, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Torchlight is a CPC and to date has not carried on any operations other than the identification and evaluation of businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate participation in a Qualifying Transaction, subject to acceptance by the Exchange.

Torchlight completed its IPO under the CPC Policy on August 8, 2022, issuing an aggregate of 3,000,000 Torchlight Shares at a price of \$0.10 per Torchlight Share from gross proceeds of \$300,000. The Torchlight Shares were listed for trading on the Exchange on August 8, 2022 under the symbol "TLX.P".

The authorized share capital of Torchlight consists of an unlimited number of Torchlight Shares. As of the date hereof, 5,500,000 Torchlight Shares are issued and outstanding (on a pre-Torchlight Consolidation basis). The Torchlight Shareholders are entitled to receive notice of and attend all meetings of the Torchlight Shareholders and are entitled to one vote at such meetings, in respect of each Torchlight Share held. In the event of the liquidation, dissolution or winding-up of Torchlight, the Torchlight Shareholders are entitled to share rateably in the remaining assets of Torchlight.

Torchlight has no Subsidiaries other than Subco. Subco is a wholly-owned Subsidiary of Torchlight formed solely for the purpose of entering into the Amalgamation Agreement and completing the Amalgamation to effect the Transaction. Subco was incorporated under the BCBCA on April 10, 2025.

THE TRANSACTION

Management of Torchlight has identified the acquisition of Innovation as an appropriate transaction to constitute its Qualifying Transaction. Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and board approvals, Torchlight will indirectly acquire all of the issued and outstanding securities of Innovation in exchange for Resulting Issuer securities. The Transaction has been structured by way of a three-cornered amalgamation whereby Innovation will amalgamate with Subco pursuant to the provisions of the BCBCA to form Amalco and such entity will become a wholly-owned subsidiary of the Resulting Issuer upon Closing. Pursuant to the Amalgamation Agreement, the Innovation Shareholders will receive one Resulting Issuer Share (on a post-Torchlight Consolidation basis) for each Innovation Share held, such that the total consideration payable in connection with the Transaction is expected to be approximately 58,851,943 Resulting Issuer Shares, on a post-Torchlight Consolidation basis. The consideration and other terms and conditions of the Transaction were determined pursuant to arm's length negotiations between Torchlight and Innovation.

In connection with the Transaction and subject to receipt of applicable regulatory, board and shareholder approvals:

- (i) Innovation will complete a share split on an approximately 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the "**Share Split**");
- (ii) Innovation will complete the Concurrent Financings;

- (iii) Torchlight will consolidate its Torchlight Shares on a 1.923:1 basis, and any outstanding securities convertible into Torchlight Shares will be adjusted in accordance with their terms to account for the Torchlight Consolidation;
- (iv) Torchlight will complete the Name Change to “Innovation Mining Inc.”, or such other name requested by Innovation acting reasonably and as may be acceptable to the Exchange and regulatory authorities, and adopt a new stock symbol;
- (v) Subco and Innovation will amalgamate, with Amalco, the company to be formed as a result of the Amalgamation, continuing as a direct, wholly-owned Subsidiary of the Resulting Issuer; and
- (vi) Torchlight will issue one Resulting Issuer Share (on a post-Torchlight Consolidation basis) to the Innovation Shareholders in exchange for each Innovation Share held prior to giving effect to the Transaction. After giving effect to the Concurrent Financings, the aggregate number of securities to be issued by the Resulting Issuer is expected to be as follows:
 - a. 58,851,943 common shares to Innovation Shareholders (in exchange for the same number of Innovation common shares issued and outstanding following the Share Split together with the common shares issued in connection with the PP Financing and upon exercise of the Subscription Receipts issued in connection with the SR Financing);
 - b. 621,919 options to current Innovation option holders, exercisable for 621,919 common shares of the Resulting Issuer at a price of \$0.08 per share (in exchange for the same number of Innovation options issued and outstanding following the Share Split);
 - c. 3,793,705 options to current Innovation option holders, exercisable for 3,793,705 common shares of the Resulting Issuer at a price of \$0.20 per share (in exchange for the same number of Innovation options issued and outstanding following the Share Split);
 - d. 159,085 warrants to current Innovation warrant holders, exercisable for 159,085 common shares of the Resulting Issuer at a price of \$0.20 per share (in exchange for the same number of Innovation broker warrants issued and outstanding following the Share Split);
 - e. 160,000 warrants to current Innovation warrant holders, exercisable for 160,000 common shares of the Resulting Issuer at a price of \$0.28 per share (in exchange for the same number of Innovation broker warrants issued and outstanding following the Share Split);
 - f. 80,898 warrants to current Innovation warrant holders, exercisable for 80,898 common shares of the Resulting Issuer at a price of \$0.40 per share (in exchange for the same number of Innovation broker warrants issued and outstanding following the Share Split);
 - g. 3,528,767 warrants to current Innovation warrant holders, exercisable for 3,528,767 common shares of the Resulting Issuer at a price of \$0.60 per share (in exchange for the same number of Innovation warrants issued and outstanding following the Share Split);
 - h. 4,828,619 warrants to Innovation warrant holders in connection with the PP Financing, exercisable for 4,828,619 common shares of the Resulting Issuer at a price of \$0.40 per share; and
 - i. 5,686,562 warrants to Innovation warrant holders in connection with the SR Financing, exercisable for 5,686,562 common shares of the Resulting Issuer at a price of \$0.75 per share.
 - j. 370,360 warrants to Innovation warrant holders in connection with the SR Financing, exercisable for 370,360 common shares of the Resulting Issuer at a price of \$0.50 per share.

Innovation convened the Innovation Meeting to approve the Amalgamation Resolution. Innovation's board of directors unanimously recommended to its shareholders that they vote in favor of and approve the Amalgamation Resolution.

The Innovation Meeting took place on August 7, 2025. In connection therewith, the Amalgamation Resolution was unanimously approved by the Innovation Shareholders who voted by proxy or in person, respectively.

The completion of the Transaction is subject to the approval of the Exchange, including the fulfillment by the Resulting Issuer of all of the initial listing requirements and conditions of the Exchange for a Tier 2 Technology Issuer, the receipt of all other necessary regulatory approvals, and the satisfaction or waiver of the conditions precedent as set forth in the Amalgamation Agreement, including:

- (i) receipt of all shareholder and requisite regulatory approvals relating to the Transaction;
- (ii) completion of the Share Split;
- (iii) completion of the Concurrent Financings;
- (iv) completion of the Torchlight Consolidation;
- (v) the Amalgamation Resolution will have been approved by the Innovation Shareholders, in accordance with the requirements of applicable Laws;
- (vi) Dissent Rights will not have been exercised with respect to the Amalgamation by Innovation Shareholders holding Innovation Shares which will in the aggregate represent 5%, or more of the Innovation Shares outstanding on the record date determined by Innovation for determining Innovation Shareholders entitled to notice and to vote at the Innovation Meeting; and
- (vii) each of Torchlight and Innovation will have performed all covenants on its part to be performed under the Amalgamation Agreement and all representations and warranties of each party contained in the Amalgamation Agreement shall be true and correct at the time of Closing.

The Transaction cannot close until all of the conditions set out in the Amalgamation Agreement are satisfied or waived. There can be no assurance that the Transaction will be completed on the terms proposed in the Amalgamation Agreement or at all.

After giving effect to the Torchlight Consolidation and the Concurrent Financings, on Closing the Resulting Issuer is expected to have issued and outstanding approximately:

- (i) 61,712,057 Resulting Issuer Shares, after giving effect to the Concurrent Financings;
- (ii) 5,686,562 Resulting Issuer SR Financing Warrants to acquire an aggregate of 5,686,562 Resulting Issuer Shares at \$0.75 each, after giving effect to the Concurrent Financings;
- (iii) 4,701,635 Resulting Issuer Options exercisable to acquire 4,701,635 Resulting Issuer Shares at a weighted average exercise price of \$0.18 each; and
- (iv) 8,357,386 Resulting Issuer Warrants to acquire an aggregate of 8,357,386 Resulting Issuer Shares at a weighted average exercise price of \$0.49 each; and
- (v) 399,983 Resulting Issuer Broker Warrants to acquire an aggregate of 399,983 Resulting Issuer Shares at a weighted average exercise price of \$0.27 each; and
- (vi) 370,360 Resulting Issuer Broker Warrants to acquire an aggregate of 370,360 Resulting Issuer Shares at an exercise price of \$0.50 each,

all on a post-Torchlight Consolidation basis and subject to minor deviations as a result of the effects of rounding at the individual securityholder level.

The Transaction will constitute Torchlight’s Qualifying Transaction pursuant to the CPC Policy, and will constitute a reverse take-over of the Resulting Issuer inasmuch as the former Torchlight Shareholders will own (on a non-diluted basis) approximately 4.63% of the equity of the Resulting Issuer immediately after Closing, after giving effect to the Concurrent Financings. See “*Part IV – Information Concerning the Resulting Issuer*”.

No deposits, advances or loans have been made, or will be made, in connection with the Transaction.

SELECTED FINANCIAL INFORMATION AND MD&A

Following completion of the IPO, Torchlight’s principal business as a CPC has been restricted to the identification and evaluation of businesses or assets for the purpose of completing its Qualifying Transaction. Since incorporation, Torchlight has incurred costs in carrying out the IPO, in seeking out, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer. The following tables set out selected historical financial information for Torchlight for the six months ended June 30, 2025 and the financial years ended December 31, 2024 and December 31, 2023. Such information is derived from and should be read in conjunction with the financial statements of Torchlight attached as Schedule “A” to this Filing Statement and the accompanying MD&A of Torchlight attached as Schedule “B” to this Filing Statement.

Financial Results	Six months ended June 30, 2025 (Unaudited) (\$)	Year ended December 31, 2024 (Audited) (\$)	Year ended December 31, 2023 (Audited) (\$)
Revenue	-	-	-
Total expenses	41,958	55,022	48,285
Net loss	41,958	55,022	48,285
Financial Position			
Cash and cash equivalents ..	44,610	70,008	136,860
Total assets	54,226	90,133	146,067
Liabilities	15,550	9,499	10,411
Shareholders’ equity	38,676	80,634	135,656

Torchlight expects to continue generating negative cash flow from operating activities in the future until such a time as Torchlight begins generating revenue subsequent to Completion of the Qualifying Transaction and in accordance with the business of Innovation.

As of September 30, 2025, Torchlight had estimated working capital in the amount of \$20,000, had no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management of Torchlight believes that Torchlight has sufficient working capital to meet its anticipated financial obligations for 2025 and to pursue another Qualifying Transaction should the Transaction not be completed.

DESCRIPTION OF THE SECURITIES

Torchlight Shares

The authorized share capital of Torchlight consists of an unlimited number of Torchlight Shares. As of the date hereof, 5,500,000 Torchlight Shares (on a pre-Torchlight Consolidation basis) are issued and outstanding, of which an aggregate of 2,500,000 Torchlight Shares (on a pre-Torchlight Consolidation basis) are held in escrow pursuant to the CPC Escrow Agreement as at the date hereof. After giving effect to the Torchlight Consolidation, an aggregate of approximately 2,860,114 post-Torchlight Consolidation Torchlight Shares will be issued and outstanding, subject to minor deviation as a result of the effects of rounding at the individual securityholder level.

The Torchlight Shareholders are entitled to receive notice of and attend all meetings of the Torchlight Shareholders and are entitled to one vote, in person or by proxy, at such meetings, in respect of each Torchlight Share held. In the event of the liquidation, dissolution or winding-up of the Torchlight, whether voluntary or involuntary, the Torchlight Shareholders are entitled to share equally in such assets of the Torchlight as are distributable to the Torchlight Shareholders. The Torchlight Shareholders will be entitled to dividends, if, as and when declared by the Torchlight board. The Torchlight Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Torchlight Options

Pursuant to the Torchlight Stock Option Plan, Torchlight has issued 550,000 Torchlight Options (on a pre-Torchlight Consolidation basis) exercisable to acquire 550,000 Torchlight Shares (on a pre-Torchlight Consolidation basis) at a price of \$0.10 per Torchlight Share on or before August 8, 2032, all of which are outstanding as of the date of this Filing Statement.

STOCK OPTION PLAN

Participation Limits

Torchlight has adopted the Torchlight Stock Option Plan (the “**TSOP**”), which provides that the Torchlight board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants of Torchlight and eligible charitable organizations, non-transferable Torchlight Options, provided that the number of Torchlight Shares reserved for issuance will not exceed 10% of the Torchlight Shares issued and outstanding as at the date of grant of any Torchlight Options, and that the exercise period of Torchlight Options will not exceed 10 years from the date of grant. The number of Torchlight Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Torchlight Shares as at the date of grant of any Torchlight Options, and the number of Torchlight Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Torchlight Shares as at the date of grant of any Torchlight Options. The number of Torchlight Shares issuable at any given time to eligible charitable organizations in aggregate will not exceed 1% of the issued and outstanding Torchlight Shares as at the date of grant of any Torchlight Options. Torchlight Options must expire no later than 12 months following cessation of the optionee’s position with the Resulting Issuer. Any common shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction will be subject to escrow restrictions until the issuance of the Final Exchange Bulletin.

Exercise Price

Subject to Section 7 of *TSXV Policy 2.4 Capital Pool Companies*, the Exercise Price (as defined in the TSOP) of a Torchlight Option will be set by the Board and cannot be less than the Discounted Market Price (as defined in the TSOP). The Exercise Price in respect of each Torchlight Share issuable under a Torchlight Option granted to an Employee will not be less than the Fair Market Value (as defined in the TSOP) of a Torchlight Share as at the date of the grant of the Torchlight Option.

Terms of Vesting

Subject to the exception below, vesting of Torchlight Options shall be at the discretion of the Board and, with respect to any particular Torchlight Options granted under the Plan, in the absence of a vesting schedule being specified in the applicable Stock Option Agreement (as defined in the TSOP), all such Torchlight Options shall vest immediately. Following the completion of the Qualifying Transaction, Torchlight Options granted to Consultants conducting Investor Relations Activities (as defined in the TSOP) 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.

Outstanding Options

Torchlight has issued 550,000 Torchlight Options exercisable to acquire 550,000 Torchlight Shares at a price of \$0.10 per Torchlight Share on or before August 8, 2032, all of which are outstanding as of the date of this Filing Statement.

PRIOR SALES**Prior Sales**

Torchlight has not issued any securities in the 12-month period before the date of this Filing Statement.

Trading Price and Volume

The Torchlight Shares have been listed and posted for trading on the Exchange since August 8, 2022. The following table sets forth certain trading information for the Torchlight Shares on the Exchange for the 12-month period before the date of this Filing Statement, as reported by the Exchange. Trading in the Torchlight Shares was halted by the Exchange on April 14, 2025, upon Torchlight's announcement of the definitive agreement.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Trading Volume</u>
September 2024	\$0.192	\$0.192	0.0
October 2024	\$0.192	\$0.115	2,600
November 2024	\$0.115	\$0.115	0.0
December 2024	\$0.115	\$0.077	2,600
January 2025	\$0.077	\$0.077	2,600
February 2025	\$0.077	\$0.077	0.0
March 2025	\$0.077	\$0.077	0.0
April 2025 ⁽¹⁾	\$0.077	\$0.077	0.0
May 2025	\$0.077	\$0.077	0.0
June 2025	\$0.077	\$0.077	0.0
July 2025	\$0.077	\$0.077	0.0
August 2025	\$0.077	\$0.077	0.0
September 2025	\$0.077	\$0.077	0.0

Note:

- (1) On April 14, 2025, the Torchlight Shares were halted for trading on the TSXV pending the Exchange's approval of the Qualifying Transaction.
- (2) Figures are presented on a post-Torchlight Consolidation basis.

ARM'S LENGTH TRANSACTION

The proposed Qualifying Transaction described in this Filing Statement does not constitute a Non-Arm's Length Qualifying Transaction for Torchlight within the meaning of the CPC Policy.

LEGAL PROCEEDINGS

Torchlight is not currently a party to any legal proceedings, nor is Torchlight currently contemplating any legal proceedings, which are material to its business. Management of Torchlight is currently not aware of any legal proceedings contemplated against Torchlight or any legal proceedings of which Torchlight's property is the subject matter.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor for Torchlight is Davidson and Company LLP at 609 Granville Street, #1200, Vancouver, British Columbia V7Y 1G6. Davidson and Company LLP is independent of Torchlight, in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Transfer Agent and Registrar

The transfer agent and registrar for the Torchlight Shares is Computershare Trust Company of Canada at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

MATERIAL CONTRACTS

Torchlight has not entered into any contracts material to investors in the Torchlight Shares since incorporation, and is not expected to enter into any material contracts prior to Closing, other than contracts in the ordinary course of business, except:

- (i) Transfer Agency Service Agreement dated January 12, 2025 between Torchlight and the Transfer Agent;
- (ii) CPC Escrow Agreement dated May 12, 2022 between Torchlight, the Transfer Agent, and certain securityholders of Torchlight;
- (iii) Torchlight Stock Option Plan adopted on February 28, 2022 and amended on May 12, 2022;
- (iv) SR Warrant Indenture;
- (v) Innovation SR Escrow Agreement; and
- (vi) Amalgamation Agreement dated April 11, 2025 between Torchlight, Subco and Innovation.

Copies of these agreements are, or will upon finalization and execution, be available for inspection, without charge, at the offices of DuMoulin Black LLP, located at 1111 West Hastings Street, 15th Floor, Vancouver, British Columbia V6E 2J3 during ordinary business hours and until 30 days after the completion of the Transaction.

INFORMATION CONCERNING INNOVATION

CORPORATE STRUCTURE

Name and Incorporation

Innovation Mining Inc. (formerly Dynavat Gold Mining Technologies Inc.) was incorporated under the BCBCA on October 6, 2022. Innovation changed its name under the BCBCA on August 31, 2023. The registered office of Innovation is located at 1111 West Hastings Street, 15th Floor, Vancouver, BC V6E 2J3 and its head office is located at 119 - 998 Harbourside Drive, North Vancouver, BC V7P 3T2.

Intercorporate Relationships

Innovation does not have any subsidiaries.

DESCRIPTION OF THE INNOVATION BUSINESS

General

Innovation is a clean-tech company with an innovative technology that aims to transform the gold mining industry. Innovation has developed RZOLV, a patent pending, proprietary, and non-toxic hydrometallurgical formula for gold extraction. The formula offers a sustainable, safe, and water-based alternative to cyanide.

While cyanide has been the industry standard for over a century, its toxic nature has led to bans in several countries and costly permitting challenges for mining companies. RZOLV offers similar cost and performance metrics as cyanide, but with a non-toxic, reusable and sustainable profile. To date, Innovation has conducted a series of successful validation tests in collaboration with SGS, one of the world's leading inspection, verification, testing, and certification companies. These independent evaluations, including large-scale column and vat leach simulations, have confirmed the efficacy and scalability of the RZOLV formula under various operational conditions. Innovation is currently focused on validating its technology through a series of advanced lab-scale, bulk-scale, and a 100-tonne on-site industrial test, after which full commercialization efforts will begin.

RZOLV Technology

(a) Features and Benefits

RZOLV represents a transformative step in hydrometallurgical extraction technology, designed to tackle the challenges faced by modern mining operations. Developed as an alternative to traditional cyanide-based methods, RZOLV offers a safer, more efficient, and environmentally compatible solution for gold recovery. The technology is built on a foundation of sustainability and innovation.

RZOLV's standout feature is its non-toxic composition, addressing the environmental and safety risks long associated with cyanide-based leaching. This innovation eliminates the need for extensive safety measures and detoxification systems, significantly reducing costs and environmental liabilities. Its efficiency is demonstrated by recovery rates of up to 98%, even in challenging ore types such as copper-gold complex gold systems.

Unlike other proposed alternatives that require complex equipment, enclosed (airtight) operations, high temperatures and pressures, water-based RZOLV operates effectively under ambient conditions, lowering energy consumption and simplifying operational requirements. Additionally, the technology is designed to integrate seamlessly into existing infrastructure, making it adaptable for heap leaching, vat leaching, stirred tank leaching, and more specialized applications like gold concentrate processing and tailings reprocessing.

(b) Applications

(i) Heap and Vat Leaching

RZOLV's compatibility with heap and vat leaching processes is a major advantage for large-scale operations. Its non-toxic nature allows for easier management of leachate and minimizes environmental risks. This adaptability makes it particularly useful for processing low-grade ores and whole ore bodies in both developed and remote locations.

(ii) Gold Concentrate Processing

RZOLV is particularly effective in refining gold concentrates, offering a sustainable and less energy-intensive alternative to traditional methods like smelting and high intensity cyanidation. This application improves recovery rates and reduces penalties, shipping costs, and smelting fees. It also reduces the overall carbon footprint of gold production.

(iii) Tailings Reprocessing

Tailings, often considered waste, contain residual gold and other valuable metals. RZOLV enables efficient recovery from these materials, turning environmental liabilities into profitable opportunities. This process not only generates revenue but also helps mining companies meet environmental reclamation obligations.

(iv) In-Situ Leaching (Future Potential Application)

RZOLV holds potential for in-situ leaching, a method that eliminates the need for extensive excavation by injecting the solution directly into the ore body. This reduces surface disturbance and waste generation while providing an economically viable solution for extracting gold from deep or geologically complex deposits.

(c) Competitive Advantages over Traditional Cyanidation

Traditional gold recovery methods, especially those relying on cyanide, are increasingly constrained by regulatory and environmental challenges. RZOLV addresses these limitations with several distinct advantages:

(i) Reduced Environmental Cleanup Costs

Cyanide is highly toxic and poses significant risks to local ecosystems. If spills or leaks occur, the costs of environmental cleanup can be extremely high, requiring extensive remediation efforts. By using a safer, non-toxic alternative, mining companies can reduce potential cleanup expenses and mitigate the risk of fines and penalties for environmental damage.

(ii) Enhanced Public and Regulatory Acceptance

Mining companies that adopt environmentally friendly alternatives to cyanide may gain better public perception and community support. This can lead to fewer regulatory hurdles, lower permitting costs, and faster approval processes, which can significantly reduce operational delays and associated costs.

(iii) Lower Insurance Premiums

Insurance premiums for mining operations can be substantially reduced when a company demonstrates that it is using safer, less toxic chemicals. Insurance companies may offer lower premiums to companies that use environmentally friendly alternatives, as the risk of catastrophic environmental damage is minimized.

(iv) Access to Green Investment and Funding

Investors and financial institutions are increasingly prioritizing sustainability in their portfolios. By switching to a more environmentally friendly approach, mining companies can attract "green" investment and funding from environmentally conscious investors, often at favorable terms.

(v) Long-Term Operational Sustainability

Safer, environmentally friendly alternatives to cyanide may have lower environmental impact, allowing for longer-term, sustainable mining operations. This can help ensure that operations are less likely to face sudden shutdowns due to environmental concerns, allowing companies to maintain a steady income flow over time.

(vi) Potential for Cost Savings

RZOLV has the potential to be more cost-effective than cyanide. The potential reusability of RZOLV significantly reduces comparative reagent costs. Additional cost savings include site remediation, insurance, monitoring, testing, and transportation costs. Depending on the ore type, these factors potentially lower the overall cost per ounce of gold recovered, even in challenging ore bodies like sulfides, and complex copper-gold deposits.

(vii) Reduction in Health-Related Costs

Cyanide poses serious health risks to workers. By replacing it with a less hazardous substance, mining companies can reduce health-related costs, such as medical treatment for employees, compensation claims, and worker absenteeism due to poisoning or accidents. Healthier workers also tend to be more productive, contributing to higher overall operational efficiency.

(viii) Selective Chemistry

In sulfides, and copper-gold systems, traditional cyanide methods often suffer from high reagent consumption due to mineral interference, RZOLV's selective chemistry ensures higher gold recovery rates while simultaneously recovering copper into solution.

In summary, replacing cyanide with environmentally friendly alternatives not only helps mitigate environmental and health risks but also offers several economic benefits such as cost savings, improved regulatory compliance, and access to sustainable investment opportunities.

(d) Process Overview

The Innovation lixiviant consists of a patent pending base formula of non-toxic dry ingredients which are mixed with water. The oxidant is uniquely generated and regenerated for re-use electrochemically. While the primary formula was found to leach gold, a number of enhancing agents have been identified that improve the leach kinetics as well as the stability of the solution and the resulting gold complex which is formed during the leach reaction.

These leach modifying additives are a unique and key component in the effectiveness of this process. Hundreds of individual tests have been completed on the Innovation formula. The tests will involve the preparation and comparative leaching of ores in lab-scale and pilot-scale scenarios.

Following the leach cycle, analysis of the solution will be completed using Atomic Absorption Spectroscopy, or other analytical instruments and the analysis of the leach tailings/residue by acid digestion and/or fire assay.

A detailed economic analysis will also be performed to determine chemical consumption and overall costs comparisons to conventional cyanide applications.

Results to date indicate the Innovation solution performs with similar recoveries and leach kinetics as that of 1,000 PPM sodium cyanide solution. The formula produces a gold complex which is stable in solution and there are no preliminary indications to a maximum solubility level. Recoveries from solution are also similar to that of cyanide with the gold complex reporting over 99.5% of gold to activated carbon.

Using the proprietary formula and process, the solution selectively extracts precious metals from the host material into solution in a safe, environmentally friendly, and sustainable fashion.

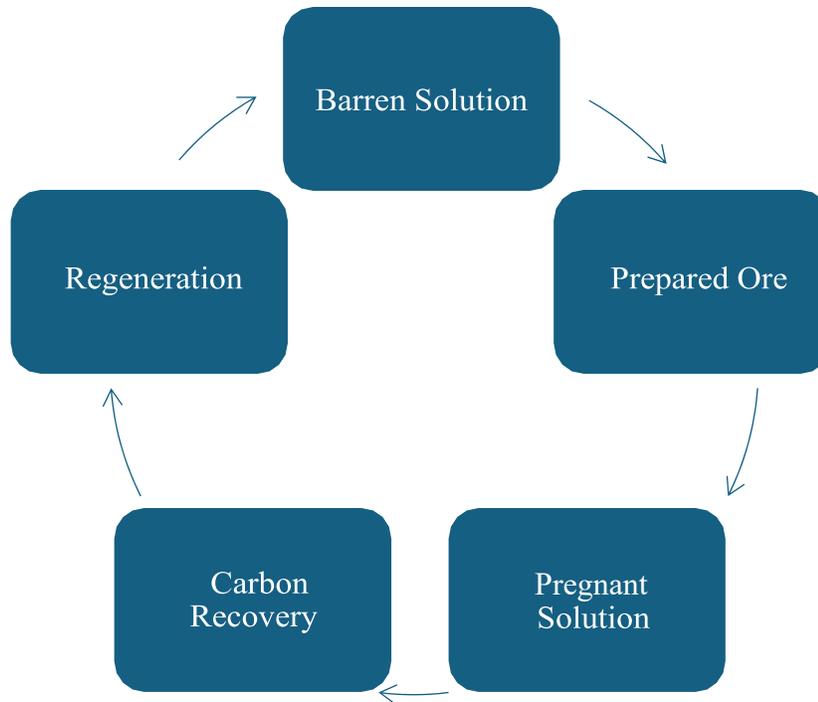


Figure 1: Innovation Process flow

(e) Regeneration and Reuse of Formula

Innovation's proprietary technology integrates state-of-the-art regeneration and reuse systems utilizing Element 6's diamond-based electrochemical cells. Element 6, a division of De Beers Group, is globally recognized for expertise in industrial diamonds and electrochemical technologies. These specialized bipolar cells play a critical role in restoring the chemical formula to its oxidative state after the primary leach cycle, ensuring sustained reusability of the barren solution.

This low-cost, closed-circuit process eliminates the need for additional chemicals on-site while enhancing the efficiency and sustainability of gold extraction. Innovation has secured exclusive North American rights to this revolutionary technology, positioning itself as a leader in eco-friendly mining innovations.

Gold is recovered from pregnant (gold bearing) solution by the process of passing the solution through activated carbon or electrowinning cells. The use of carbon is common throughout the gold mining sector.

Following leaching, the activated carbon is mixed with the pregnant leaching solution, or the solution is passed through the carbon. The gold is adsorbed onto the surface of the activated carbon, now considered loaded.

The gold can then be desorbed from the loaded carbon in a process known as elution (this step is often referred to as stripping), which produces a high gold concentrate solution from which gold can be electrowon.

For recovery using electrowinning, an electric current is passed through the solution causing solid gold to plate out on steel wool or stainless-steel cathodes.

(f) Economic Comparisons to Cyanide

An essential aspect of RZOLV's viability is its economic competitiveness with cyanide. Comprehensive cost analyses were conducted, factoring in reagent costs, consumption rates, recovery efficiencies, and associated operational expenses.

For example: a recent lab-scale test on low-grade oxide ore produced the following results. These results are typical of numerous tests performed but will vary from ore to ore depending on a number of variables.

Key Findings:

- Reagent Costs: RZOLV's solution costs approximately \$0.0056 per liter, similar to 1,000 PPM (1.88 g/L) cyanide costs at \$0.0059 per liter.
- Cost per Tonne of Ore: Based on one lab-scale test the costs of RZOLV is estimated at \$1.45 per tonne, compared to cyanide at \$1.41 per tonne, not including pH adjustments and not including the economic effects of reusability.
- Chemical Reusability: The reusability economics of each solution was NOT taken into account on the cost per tonne of ore. At the end of the test period RZOLV retained 65% of its reagents, reducing subsequent cycle costs and the cyanide sample retained approximately 30% of its original free cyanide.
- Gold Recovery Rates: Gold recoveries into solution are typically similar to that of 1,000 PPM (1.88 g/L) cyanide (NaCN).
- Cyanide-Associated Costs: Cyanide use incurs additional expenses, including cyanide destruction circuits, environmental compliance, permitting delays, and higher remediation costs.

(g) Scalability of Innovation's RZOLV Formula

The chemical stability of the formula is one of its core strengths, as its reagents maintain their stability across varying concentrations and volumes. This ensures consistent leaching efficiency and predictable outcomes regardless of the scale of operations. The formula's homogeneous reaction dynamics further contribute to its scalability. By supporting a uniform reaction mechanism, the leaching process remains effective in both small- scale and large-scale systems. Additionally, the absence of significant exothermic reactions or localized heating reduces inefficiencies during scaling.

Compatibility with standard hydrometallurgical equipment, such as reactors, tanks, and pumps, makes this formula easy to adopt within existing setups. Equipment for processes like agitation, mixing, and aeration can also be scaled up without requiring modifications to handle larger volumes. The reagents used in the formula are widely available and maintain their integrity during bulk production and transportation, making them cost- effective for industrial-scale operations.

From an environmental and safety perspective, the formula offers significant advantages over cyanide. Its reduced toxicity minimizes the need for complex safety measures, while simplified waste treatment systems for non-toxic byproducts lower operational challenges and costs. The leaching process can be monitored and controlled using standard instrumentation to measure parameters such as pH, temperature, and oxidation-reduction potential (ORP). Automation and real-time analytics ensure consistent performance and reduce human error, enabling smooth scalability.

(h) Engineering and Operational Considerations

The formula operates effectively in both stirred-tank reactors and continuous-flow systems, with agitation systems scaling proportionally to maintain efficiency. Its non-cyanide chemistry relies on diffusion and mass transfer processes that remain efficient even at larger scales, supported by proper agitation and aeration to ensure uniform reagent distribution. Hydrodynamic similarity principles, including geometric, kinematic, and dynamic similarity, ensure that reaction dynamics at small laboratory scales are comparable to those at industrial scales.

(i) Real-World Applications

Pilot plant trials conducted at intermediate scales of 100 to 1,000 liters have demonstrated consistent gold recovery rates, validating the formula's scalability. Lessons learned during these trials help facilitate the transition to full-scale industrial operations. Large-scale mining operations stand to benefit significantly from the formula's ability to process diverse ore types, including low-grade and refractory ores. Furthermore, the absence of cyanide reduces regulatory hurdles, enhancing the formula's attractiveness for widespread adoption.

(j) Potential beyond Gold Mining (Focused Applications)

While RZOLV is tailored for base gold recovery, Innovation believes its versatility extends to broader applications within the mining sector. One key area of focus is its performance in copper-gold deposits with its proven ability to recover copper and gold into solution simultaneously. These deposits often present unique challenges, such as reagent consumption and interference, that hinder recovery using conventional methods. RZOLV overcomes these obstacles with its selective leaching capabilities, unlocking significant value in complex ore systems.

In addition, the technology's adaptability makes it potentially suitable for in-situ leaching, a future-focused application that could redefine mining economics. By enabling direct extraction from ore bodies without surface disruption, RZOLV aligns with the industry's push toward reducing operational footprints and improving resource efficiency.

(k) Intellectual Property and R&D Roadmap

Innovation has safeguarded RZOLV by filing an international patent and possessing a robust portfolio of trade secrets, facility security, chemical obfuscation, and stringent employment confidentiality agreements ensuring long-term competitive advantages. The intellectual property framework includes protection for its chemical formulation, regeneration processes, and specific applications in heap leaching, vat leaching, and concentrate processing. Innovation believes this strategic approach not only solidifies Innovation's market position but also opens opportunities for licensing and partnerships.

Innovation believes the research and development roadmap for RZOLV is equally ambitious. Current efforts are focused on optimizing recovery rates for diverse ore types, including copper/gold complexes, and sulfide ores, and improving reagent regeneration cycles to further reduce costs. Field trials and pilot projects are planned to validate the technology's performance in real-world mining conditions, with a particular emphasis on the processing of low-grade ores in heap leaching and vat leaching applications.

Future initiatives include exploring the full potential of in-situ leaching and refining the technology for even more complex deposits. Sustainability remains a core priority, with ongoing research into reducing water consumption and integrating renewable energy into leaching operations.

Competitive Conditions

Global Mining Industry Overview

The global mining industry is a cornerstone of the world economy, supplying essential raw materials for various sectors, including construction, manufacturing, technology, and energy. Among these materials, gold holds a unique position due to its historical significance, economic value, and diverse applications.

Gold Production and Reserves

As of 2023, global gold mine production was approximately 130 million ounces (Moz), with projections indicating a rise to 135.2 Moz by 2025 and reaching 141.6 Moz by 2030, reflecting a compound annual growth rate (CAGR) of 0.9%. China leads global production, contributing around 10% of the total output. Other significant producers include Australia, Russia, and Canada, each playing a vital role in meeting global demand.

Market Valuation and Growth

The gold mining market was valued at approximately USD 198 billion in 2022 and is anticipated to grow to around USD 260 billion by 2030, with a CAGR of roughly 3.5% between 2023 and 2030. This growth is driven by factors such as increasing demand for gold in jewelry, investments, and technological applications, as well as central banks bolstering their gold reserves.

Regional Dynamics

The Asia-Pacific region dominates the gold mining market, with China's consumption rebounding strongly in 2023. The China Gold Association reported an 8.78% increase in the country's gold consumption, reaching 1,089.69 tons in 2023. This surge is attributed to both central bank acquisitions and retail consumer demand, underscoring gold's status as a safe-haven asset amid economic uncertainties.

Industry Challenges

Despite its growth, the mining industry faces challenges, including environmental concerns, regulatory pressures, and the need for sustainable practices. Traditional gold extraction methods, particularly those involving cyanide, have come under scrutiny due to their environmental impact, leading to a push for safer and more sustainable alternatives.

Cyanide, Replacements, and Sustainable Technology Market

Cyanide has been the predominant reagent for gold extraction since the 1870's. However, its toxicity poses significant environmental and health risks, leading to stringent regulations and, in some cases, outright bans on its use.

Sodium cyanide is used throughout the world, primarily as a reagent in the mining industry for the isolation of precious metals. Close to 90% of sodium cyanide is used for gold and silver processing. However, it is also used as a chemical intermediate, especially in locations where there is no local supply of hydrogen cyanide, since sodium cyanide can be transported and stored.

In Japan and Europe, chemical uses predominate, while in North and South America, Australia, South Africa, and mainland China, use for gold extraction is the major application. There is substantial world trade in solid sodium cyanide, with the United States, South Korea, and Australia as the major exporting nations. Sodium cyanide (NaCN) is an inorganic poisonous solid with high affinity for metals.

Countries with cyanide bans in mining:

- Germany: Implemented a gradual reduction of allowed cyanides in mining, leading to stringent restrictions.
- Czech Republic: Banned gold cyanide leaching in 2002 to protect environmental and public health.
- Hungary: Following the 2000 Baia Mare cyanide spill, Hungary imposed a complete ban on cyanide mining in December 2009.
- Costa Rica: Established a moratorium on open-pit cyanide-leach mining in 2002 to safeguard its rich biodiversity.
- Sudan: In October 2019, Sudan's Council of Ministers ordered an immediate halt to the use of mercury and cyanide in mining operations due to health and environmental impacts.

U.S. States with cyanide bans in mining:

- Montana: In 1998, Montana voters approved Initiative 137, prohibiting new open-pit gold and silver mines that use heap and vat cyanide leach processing. This decision was upheld by the Montana Supreme Court in 2005.

- Wisconsin: Banned the use of cyanide in mining operations in 2001 to prevent potential environmental hazards.

The International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold, also referred to as the Cyanide Code, is a voluntary program designed to assist the global gold mining industry. It also helps the producers and transporters of cyanide used in gold mining in improving cyanide management practices, and to publicly demonstrate their compliance with the Cyanide Code through an independent and transparent process.

Rising demand for precious metals, especially gold and silver, in conjunction with increased emphasis by miners on reducing the cost of production is a key driver of the sodium cyanide market. The chemical is used as a cost-effective reagent in separation of those precious metals.

Rapid pace of industrialization in some developing regions of the world has paved the way to demand for sodium cyanide in pharmaceutical, dyes industries, and chemical industries. In a bid to capture revenues, producers have been keenly expanding their supply chains, thus enriching the value chain of the market.

Limits on Cyanide Use in Mining

There are currently four ways by which the use cyanide can be banned, regulated, limited and conditioned. These methods include voluntary initiatives, state and local regulations, including outright bans, federal international laws and treaties, and multinational agreements.

The International Cyanide Management Code is a voluntary best practices code of regulations. It was prompted in response to a cyanide spill in Romania in January 2000. A tailings dam ruptured at a mine operated by Aural S.A., releasing about 100,000 m³ of liquid and suspended waste. The tragedy was blamed on a combination of design defects, unexpected operating conditions, and bad weather conditions. A plume of cyanide solution worked its way through Hungary and Yugoslavia on the Danube River all the way to the Black Sea. Prior to the Fukushima disaster in Japan last year, the Baia Mare spill has often been referred to as the worst environmental disaster since Chernobyl.

In the U.S., state and local cyanide regulations are typically based on the U.S. Bureau of Land Management's (BLM) national cyanide policy. The mine must have the ability to contain any process using cyanide so that it withstands the run-off from a 24-hour storm with a 100-year reoccurrence interval. The state BLM office prepares a cyanide management plan before permits are issued to mine applicants.

Another reoccurring theme is that the closure operations should not allow any residual cyanide problems. Nevada leads the way in conforming to BLM's cyanide containment policy. Nevada's Bureau of Mining Regulation and Reclamation's policy is set out in "Preparation Requirements and Guidelines for Permanent Closure Plans and Final Closure Reports" (NRS 445A). It applies to all mines on any property. It primarily ensures that waters of the state are not degraded after mining operations have ceased. BLM will not consider approval of mine closure without a satisfactory closure report. For individual sources nearing closure, all heap leaching pads and tailing impoundments must be neutralized; prior detoxification historic chemical use and materials characterization must be detailed in a closure report.

Emergence of Alternative Technologies

In response to these challenges, several alternative gold leaching technologies have been researched and proposed but none have achieved commercialization. This is due most in part to the instability and uneconomical nature of the underlying chemical compounds in solution. These include:

- Thiosulfate
 - Description: Ammonium or sodium thiosulfate can leach gold effectively.
 - Advantages:
 - Non-toxic and environmentally friendly.
 - Suitable for ores with high copper content.

- Limitations:
 - High reagent consumption.
 - Complex process chemistry requiring precise pH and temperature control.
 - Requires additional steps to recover gold from solution, often with resin-in-pulp techniques.
- Halide Systems (Chlorine, Bromine, Iodine)
 - Description: Gold dissolves in halide solutions, forming stable gold complexes.
 - Advantages:
 - Effective at dissolving gold quickly.
 - Useful for certain refractory ores.
 - Limitations:
 - Corrosive and hazardous (e.g., chlorine & bromine gas).
 - High chemical consumption.
 - Expensive reagents.
 - Complicated handling and recovery processes.
- Glycine
 - Description: Glycine, an amino acid, is used as a leaching agent under alkaline conditions.
 - Advantages:
 - Non-toxic and biodegradable.
 - Selective for gold and copper, reducing interference from other metals.
 - Works under mild conditions.
 - Limitations:
 - Slower leaching rates compared to cyanide.
 - Requires additional processes for gold recovery from the glycine complex.
 - Still in development for large-scale applications.
- Thiourea
 - Description: A sulfur-based compound that leaches gold in acidic conditions.
 - Advantages:
 - Fast leaching kinetics.
 - Suitable for refractory ores.
 - Limitations:
 - Toxic and carcinogenic.
 - Decomposes easily, leading to high reagent consumption.
 - Expensive.
- Bioleaching (Microbial Leaching)
 - Description: Bacteria (e.g., *Acidithiobacillus ferrooxidans*) are used to oxidize sulfide minerals, exposing gold for recovery.
 - Advantages:
 - Environmentally friendly.
 - Limitations:
 - Slow process compared to chemical leaching.
 - Requires controlled biological conditions.
 - High capital and operational costs.
 - Still requires dissolution of gold from host material

Key challenges across alternatives:

- Cost: Many alternatives are more expensive than cyanide.
- Scalability: Many methods are suitable only for small-scale or specific types of ores.
- Environmental Concerns: While less toxic, some alternatives have their own environmental risks.
- Recovery Efficiency: Cyanide remains highly efficient; alternatives often struggle to match its performance.
- Infrastructure: Transitioning to alternatives may require significant modifications to existing facilities.

Market Adoption and Challenges

The adoption of cyanide-free technologies is gaining momentum, driven by environmental concerns and regulatory pressures. However, challenges remain, including higher operational costs, the need for process optimization, and scalability issues. The market for cyanide alternatives is expected to grow as these technologies mature and become more economically viable.

Sustainability and Environmental Concerns

There is a growing emphasis on sustainable mining practices, with stakeholders demanding reduced environmental footprints and improved safety measures. This trend is driving the development and adoption of alternative extraction technologies that minimize ecological impact.

Technological Advancements

Advancements in metallurgical processes, such as the development of non-toxic leaching agents and in-situ leaching techniques, are transforming the industry. These innovations aim to enhance efficiency, reduce costs, and address environmental concerns associated with traditional mining methods.

Market Consolidation

The gold mining sector is experiencing increased mergers and acquisitions, driven by record gold prices and the need for operational efficiencies. Notable transactions include Newmont's \$17 billion takeover of Newcrest in 2023 and AngloGold Ashanti's £1.9 billion bid for Centamin. This consolidation trend is expected to continue as companies seek to enhance their market positions.

Central Bank Purchases

Central banks, particularly in emerging markets, are increasing their gold reserves as a hedge against economic instability and currency fluctuations. This trend supports global demand and influences market dynamics.

Investment Demand

Gold's status as a safe-haven asset continues to attract investors, especially during periods of economic uncertainty. The rise in gold prices has spurred investment in gold mining stocks, although these have sometimes underperformed relative to the metal itself.

Environmental and Economic Value

By replacing cyanide, RZOLV not only reduces the environmental and social risks associated with gold mining but also delivers economic benefits to clients. These include:

- Lower permitting and remediation costs due to reduced environmental risks.
- Enhanced social license to operate, improving community and stakeholder relations.
- Cost savings from simplified compliance with ESG regulations.
- Unlocks value of deposits stranded by ecological or political restrictions.

Target Market Segments and Customer Profiles

Large mining companies: Large-scale mining corporations are primary consumers of gold extraction technologies. These companies prioritize efficient, cost-effective, and environmentally compliant methods to enhance production while navigating increasingly stringent global regulatory standards. For these players, technologies like RZOLV offer a pathway to maintaining operational efficiency while reducing environmental impact, thereby strengthening their ESG profiles and stakeholder trust.

Junior and mid-tier miners: Smaller mining firms, including junior and mid-tier miners, focus on developing new deposits or reprocessing tailings to maximize returns on limited resources. These companies often operate in niche

markets or geographies where environmental restrictions and resource limitations pose unique challenges. Technologies like RZOLV, which offer adaptability and scalability, are particularly attractive to this segment. The ability to deploy modular processing systems, implement heap and vat leaching for whole ore, or reprocess tailings efficiently provides a significant competitive advantage for these operators, often with limited capital expenditure.

Gold Mining Regions with Regulatory Pressures

Regions with strict environmental regulations or outright bans on cyanide, such as parts of the European Union, certain U.S. states, and specific jurisdictions in South America, represent a growing market for cyanide-free solutions. Companies operating in these areas need technologies like RZOLV to continue operations without incurring penalties or damaging their social license to operate.

Copper-Gold Mining Operators

Mining operations focused on complex copper-gold deposits face significant challenges due to the interference of copper with traditional cyanide leaching processes. RZOLV's selective chemistry addresses these challenges, ensuring higher recovery rates and operational efficiency in this lucrative market segment.

Environmentally Focused Stakeholders

Governments, non-governmental organizations (NGOs), and environmentally conscious investors are increasingly influencing the direction of the mining industry. These stakeholders support the adoption of clean technologies like RZOLV to mitigate the environmental impact of gold mining. By aligning with global sustainability goals, RZOLV technology appeals to these groups, providing a clear pathway for responsible resource extraction.

Artisanal Small-Scale Gold Mining (ASGM)

ASGM operations account for approximately 10% to 20% of global gold production and often lack access to safe, scalable, and environmentally sustainable processing technologies. RZOLV, with its modular design and low infrastructure requirements, is an ideal solution for these miners, enabling them to improve recovery rates, reduce waste, and comply with environmental regulations.

Marketing and Sales Strategy

Innovation's marketing and sales strategy is meticulously crafted to position Innovation as a leader in sustainable mining solutions, effectively reach our target audience, establish strategic partnerships, and achieve significant sales and revenue milestones. Our approach integrates brand positioning, market segmentation, distribution strategies, and clear objectives to drive growth and industry impact.

Brand Positioning and Value Proposition

Innovation believes it positions itself at the forefront of the mining industry by offering innovative, environmentally friendly extraction technologies. Our value proposition centers on:

- **Sustainability:** Our proprietary RZOLV technology provides a non-toxic alternative to traditional extraction methods, aligning with global environmental standards and reducing ecological footprints.
- **Efficiency:** RZOLV enhances metal recovery rates while lowering operational costs, offering a compelling return on investment for mining operations.
- **Innovation:** We are committed to continuous research and development, ensuring our solutions remain at the leading edge of mining technology.

Innovation believes this positioning differentiates us from competitors by addressing the industry's pressing need for sustainable and efficient extraction methods.

Target Audience and Market Segmentation

Our target audience encompasses various segments within the mining industry:

- Large-scale chemical manufacturers: To develop RZOLV base formulas within their global infrastructure.
- Large-Scale Mining Corporations: Companies seeking to improve operational efficiency and comply with stringent environmental regulations.
- Mid-Tier and Junior Mining Companies: Firms looking for cost-effective and scalable extraction solutions to enhance project viability.
- Government and Regulatory Bodies: Entities interested in promoting sustainable mining practices within their jurisdictions.
- Environmental Advocacy Groups: Organizations focused on reducing the environmental impact of industrial activities.

By understanding the unique needs and challenges of each segment, we tailor our marketing messages to resonate effectively, emphasizing aspects of our value proposition that align with their specific priorities.

Distribution and Partnership Strategies

To expand our market reach and enhance the adoption of RZOLV technology, we will employ a multifaceted distribution and partnership strategy:

- Strategic Alliances: Collaborating with established chemical manufacturers, mining equipment manufacturers and distributors to integrate RZOLV into existing product lines, facilitating seamless adoption by end-users.
- Licensing Agreements: Partnering with global chemical manufacturers, enabling them to produce and distribute the RZOLV chemical formula.
- Joint Ventures: Partnering with mining firms on specific projects to demonstrate the efficacy of our technology, creating case studies that serve as powerful marketing tools.
- Digital Marketing and Thought Leadership: Leveraging digital platforms to share industry insights, case studies, and thought leadership articles, positioning Innovation as an authority in sustainable mining practices.
- Direct Sales: The Company intends to utilize an inside/outside based sales force to develop commercial relationships with global distributors and gold mining companies to address the small-scale mining sector and retail sales strategies.

These strategies ensure that our solutions are accessible to a broad audience while fostering industry relationships that drive growth and innovation.

Business Model

Revenue Streams – Technology Licensing and Sales

Innovation's proprietary RZOLV technology serves as a cornerstone of its revenue generation. By direct sales to mining companies and potential licensing to chemical manufacturers and, the company taps into a global demand for sustainable mining solutions. Additionally, Innovation is considering technology licensing or partnering with chemical manufacturers allows for rapid market penetration and scalability without the need for substantial capital investment in physical infrastructure.

Cost Structure and Profit Margins

Innovation's cost structure is strategically managed to maximize profit margins across its dual revenue streams.

Technology Sales and Licensing Costs

The expenses associated with technology licensing and sales are primarily related to market development, patent maintenance, sales fees, distribution, and distributor sales commissions. Once the technology is developed and

protected, the marginal cost of adding new distributors is minimal, leading to high-profit margins. The scalability of this model allows for significant revenue growth without a corresponding increase in costs.

Operational Technology Costs

Operational costs for the technology division include chemical partnership costs, which include product manufacturing, blending, storage and distribution. These costs are estimated at 50% of gross retail sale price.

Scalability and Diversification Strategy

Innovation's business model is inherently scalable and designed for diversification, ensuring long-term growth and resilience in the fluctuating mining industry.

(a) Scalability

The technology licensing component offers significant scalability. As the global mining industry increasingly prioritizes sustainable practices, the demand for non-toxic extraction technologies like RZOLV is expected to rise. Innovation can expand its market presence by entering new geographic regions and forming strategic partnerships, all without the substantial capital expenditures associated with developing new mining sites.

(b) Diversification

Diversification is achieved through:

- **Technological Innovation:** Continuously investing in research and development to enhance existing technologies and create new solutions applicable to a broader range of minerals and mining processes.
- **Market Segmentation:** Targeting various segments within the mining industry, including small-scale artisanal miners and large multinational corporations, to diversify the customer base and revenue sources.

Plan of Operations

Innovation is committed to revolutionizing the gold mining industry through the deployment of clean technologies, efficient operational frameworks, and sustainable practices. This plan outlines the strategic approach for implementing our proprietary RZOLV technology, establishing necessary infrastructure, and conducting comprehensive testing to ensure optimal performance and environmental compliance.

Operational Framework for Clean Technology Deployment

The integration of RZOLV technology into our mining operations is designed to enhance gold recovery while minimizing environmental impact. RZOLV's non-toxic composition and ability to operate under ambient conditions make it a superior alternative to traditional cyanide-based methods. Our deployment strategy involves:

- **Assessment and Customization:** Conducting thorough geological and metallurgical assessments to tailor the RZOLV process to specific ore types and site conditions.
- **Training and Capacity Building:** Providing comprehensive training programs for our workforce to ensure proficient handling and maintenance of the new technology.
- **Monitoring and Optimization:** Implementing real-time monitoring systems to track performance metrics, enabling continuous optimization of the extraction process.

This framework ensures that RZOLV is seamlessly integrated into our operations, enhancing efficiency and sustainability.

(a) Pilot and Full-Scale Testing Plans

To validate the efficacy of RZOLV technology and ensure its scalability, we have outlined a comprehensive testing strategy:

- 1) **Laboratory Testing:** Conducting controlled experiments on ore samples to determine optimal processing parameters and predict performance outcomes.
- 2) **Pilot Plant Trials:** Establishing a pilot-scale facility to process bulk samples, allowing for the assessment of operational dynamics and identification of potential challenges.
- 3) **Full-Scale Implementation:** Gradually scaling up to full production capacity, closely monitoring performance metrics, and making necessary adjustments to optimize efficiency and recovery rates.

This phased approach ensures that RZOLV technology is rigorously tested and refined before full-scale deployment, mitigating risks and enhancing operational success.

In conclusion, Innovation's Plan of Operations is meticulously designed to integrate clean technology, adhere to structured development timelines, establish sustainable infrastructure, and execute thorough testing protocols. This comprehensive strategy underscores our commitment to responsible mining practices and positions us at the forefront of industry innovation.

Employees

Innovation has 4 employees and 3 consultants engaged in the operation of its business.

Specialized Skills and Knowledge

Innovation operates with a leadership team and governance structure that emphasizes innovation, sustainability, and accountability. Innovation's governance framework is built around principles of environmental, social, and governance (ESG) responsibility, ensuring that all operations align with both regulatory requirements and stakeholder expectations.

The leadership team combines deep expertise in mining, metallurgical engineering, and clean technology with a vision for sustainable resource development. Governance processes are designed to ensure transparency and effective oversight, enabling Innovation to respond proactively to industry trends and challenges.

Environmental, Social and Governance (ESG) Initiatives

Innovation is dedicated to advancing sustainable and responsible mining practices through the introduction of innovative technology. Our ESG initiatives are rooted in reducing environmental impact, promoting social well-being, and aligning with international governance standards. These efforts ensure that our products contribute positively to society and the environment while setting a sustainable benchmark for the mining industry.

Commitment to Sustainability and Responsible Mining

Central to our mission is the integration of clean technologies, such as our proprietary RZOLV process, to minimize ecological disruption and enhance resource efficiency. By eliminating toxic substances like cyanide, RZOLV aligns with global environmental goals, reducing the industry's ecological footprint while maintaining high recovery rates.

A key aspect of our ESG strategy includes addressing the challenges of artisanal and small-scale gold mining (ASGM), a significant source of mercury pollution globally. Mercury-based ASGM not only impacts ecosystems but also poses severe health risks to miners and surrounding communities. Innovation's non-cyanide alternatives provide a scalable, accessible solution, reducing mercury emissions and supporting the transition to safer, more sustainable practices. By empowering ASGM communities with viable technologies, we contribute to global efforts to combat mercury pollution, such as those outlined in the Minamata Convention.

Environmental Impact Mitigation Strategies

Innovation is pioneering and supporting comprehensive strategies to help mitigate the environmental effects of mining activities:

- **Non-Toxic Extraction:** Our technologies reduce the use of hazardous chemicals, reducing soil and water contamination while ensuring compliance with international environmental standards.
- **Efficient Resource Utilization:** Advanced processing methods lower water and energy usage, further decreasing the environmental footprint.
- **Rehabilitation Programs:** Our products help to reduce mining impact including post-mining land reclamation, helping to restore biodiversity and repurposing sites for community use.
- **Global Mercury Reduction:** By providing alternatives to mercury in ASGM, we hope to contribute to reducing global mercury emissions and contamination.

Community Engagement and Development

We believe that sustainable mining must benefit the communities in which it operates. Innovation actively collaborates with local stakeholders to foster social and economic development:

- **Health and Safety Initiatives:** By eliminating toxic substances like mercury and cyanide, our technologies directly improve health outcomes in mining communities.
- **Economic Empowerment:** RZOLV's high efficiency increases miners' earnings while reducing operational costs, supporting economic stability in mining-dependent regions.
- **Training and Capacity Building:** We provide educational programs that promote safer and more efficient mining practices, equipping communities with the skills to adopt sustainable technologies.

Alignment with Global ESG Standards

Innovation's ESG initiatives align with internationally recognized frameworks such as the United Nations Sustainable Development Goals (SDGs) and the Minamata Convention on Mercury. By adhering to these standards, we demonstrate our commitment to responsible resource extraction and global environmental stewardship.

Transparency is at the heart of our governance model. Regular reporting on our environmental and social performance ensures accountability and fosters trust among stakeholders. Additionally, our compliance with local and international regulations reinforces our dedication to ethical business practices.

A Balanced Approach to ESG in Mining

Innovation's ESG initiatives are designed to address the multifaceted challenges of modern mining. By reducing environmental harm, supporting community development, and adhering to global governance standards, we set a precedent for sustainable industry practices. Our efforts to offer viable alternatives for ASGM, while a focused portion of our broader strategy, exemplify our commitment to tackling global challenges at every level.

Through these initiatives, we aim to not only transform the mining sector but also create lasting value for all stakeholders, ensuring that our operations leave a positive legacy for future generations.

Bankruptcy and Similar Procedures

Innovation does not and has not had any bankruptcy (whether voluntary or otherwise), receivership or other similar proceedings instituted by it or against it since its incorporation nor are any such proceedings being contemplated or threatened in the foreseeable future.

Reorganizations

Innovation has not completed any material restructuring transactions since incorporation.

GENERAL DEVELOPMENT OF THE INNOVATION BUSINESS

History

In July 2023, the Company made the discovery of a novel formula combination resulting in a clear solution, with no off gassing or odours, and demonstrated successful dissolution of gold in solution.

In September 2023, the Company made the discovery of a stable oxidant and stabilizers which provides a controlled oxidation process.

In November 2023, the Company reduced the necessary chemicals for the effective dissolution of gold which reduced chemical costs per tonne substantially.

In May 2024, the Company filed two provisional patents for the novel chemical formulas and processes.

In February 2024, the Company completed successful testing of the adsorption (recovery) of the dissolved gold complex to a bed of standard activated carbon. Subsequent recovery from carbon is a well documented and tested process.

In June 2024, the Company demonstrated high reusability of solution compared to standard cyanide solutions which effectively lower the operating costs.

In December 2024, the Company received independent positive test results from SGS Canada Inc. on the RZOLV formula.

In May 2025, the Company continued the successful advancement of the formula to increase stability of the resulting solution pH and ORP operating environment.

In May 2025, the Company filed an international Patent Cooperation Treaty (“PCT”) patent application for the novel chemical formulas and processes.

For the financial year ended December 31, 2023

On December 6, 2022, the Company entered into an agreement with Sibling Rivalries Investments Inc. (“**Sibling**”) to assign and transfer 100% of the rights and obligations of a Letter of Intent between Sibling and Environmental Technologies Inc. (“**ETI**”) to potentially license ETI’s iodine-based technology, for consideration of \$1. Sibling is considered a related party as the sole owner is the Company’s CEO.

In 2023, following exhaustive research and testing of ETI’s technology’s applicability on numerous gold ores, the Company concluded that it would no longer pursue the Letter of Intent with ETI and as a result, recognized a write-off of intangible asset – license technology in the amount of \$1.

On March 22, 2023, the Company completed a private placement for its founders which consisted of:

- 11,194,533 common shares issued to the CEO and Chairman of the Company at \$0.0008 per share for gross proceeds of \$9,000; and
- 7,463,026 common shares issued to other founders of the Company at \$0.008 per share for gross proceeds of \$60,000.

On March 30, 2023, May 5, 2023 and June 30, 2023, the Company completed three tranches of a private placement in which 20,622,828 common shares were issued at \$0.08 per share for gross proceeds of \$1,658,001. Total share issuance costs associated with the private placement were \$88,000 including finder’s fees of \$22,600.

On August 31, 2023, Innovation changed its name to “Innovation Mining Inc.”

On December 22, 2023 and December 28, 2023, the Company completed the first tranche of a private placement in which 3,771,310 common shares were issued at \$0.20 per share for gross proceeds of \$758,000. Total share issuance costs associated with the private placement were \$80,790 including finder's fees of \$35,590 consisting of \$25,600 in cash and \$9,990 related to 98,760 broker warrants issued.

For the financial year ended December 31, 2024

On February 7, 2024, the Company completed the second tranche of a private placement in which 1,756,296 common shares were issued at \$0.20 per share for gross proceeds of \$353,000. Total share issuance costs, including finders fees, associated with the private placement were \$50,047 consisting of \$43,950 in cash and \$6,097 related to 60,325 broker warrants issued.

On July 10, 2024, the Company entered into a definitive agreement with Chester Millar, Chester Holdings Canada Inc. (“**CHC**”), Chester Millar 2018 Alter Ego Trust (“**CM Trust**”), Christopher Babcock, Antony Wong and Teena Shinkawa (together, the “Parties”) to acquire 100% of the RV Mine located in Haralson County, Georgia, United States of America. Chester Millar is a related party to the Company in his role as Chairman of the Board and Director. Christopher Babcock is a related party to the Company in his role as Vice President (“VP”) Operations. Under the terms of the definitive agreement, the transaction value for the RV Mine was US\$6,500,000.

From July 29, 2024 to December 30, 2024, the Company completed six tranches of a private placement of 3,528,767 units at a price of \$0.40 per unit for gross proceeds of \$1,418,500. As at December 31, 2024, a subscription agreement in the amount of \$50,000 was recorded in receivables and other (received on January 27, 2025). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.60 per common share for a period of two years from the date of issue.

Current financial year

In early 2025, Innovation changed its principal business from mining to clean-tech. The change was primarily due to the continued success of the development of the RZOLV technology with the received independent positive test results from SGS Canada Inc. in December 2024. Innovation's focus shifted entirely to the clean-tech side of the business and its application in the mining industry rather than the operation of small-scale mineral deposits. It allowed Innovation to focus its financial resources toward the technology rather than the capital-intensive business of mining operations.

On March 18, 2025, the Company and the Parties agreed to terminate the definitive agreement for the RV Mine. As a result, the Company wrote off the acquisition deposits paid and derecognized the acquisition liabilities recorded for the deposit amounts that were unpaid as at December 31, 2024.

Concurrent Financings

PP Financing

Innovation completed a non-brokered private placement of PP Financing Units for gross proceeds of \$1,358,712. Each PP Financing Unit is comprised of one Innovation Share and one PP Financing Warrant. Each PP Financing Warrant is exercisable for one Innovation Share at a price of \$0.50 per Innovation Share (\$0.40 post-Share Split) for a period of two years from the date of issuance. Any funds raised in the PP Financing were available for Innovation's use towards its business prior to the completion of the Transaction and did not form part of the SR Financing (defined below).

SR Financing

Prior to Closing and following the Share Split, Innovation completed a non-brokered private placement of Subscription Receipts at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281. Each Subscription Receipt will automatically convert, without any further action by the holder of such Subscription Receipt, and for no additional consideration, into one SR Financing Unit upon satisfaction of the Escrow Release Conditions. Each SR Financing Unit is comprised of one Innovation Share and one SR Financing Warrant entitling the holder thereof to

purchase one Innovation Share at a price of \$0.75 per Innovation Share for a period of 2 years from the date of issuance. Upon the Closing, the outstanding SR Financing Warrants became exercisable for Resulting Issuer Shares on a one-for-one basis, after giving effect to the Torchlight Consolidation, in accordance with the terms of such SR Financing Warrants. Additionally, Innovation expects to compensate certain finders in connection with the SR Financing, by providing an Innovation Finders' Commission of up to 10.0% of the aggregate gross proceeds raised from the issuance of the SR Financing Units to subscribers introduced to Innovation by such finders and the issuance of Innovation Finders' Warrants equal to up to 10% of the Subscription Receipts Units issued to subscribers introduced to Innovation by such finders.

The Escrow Release Conditions were satisfied prior to the Termination Date. The aggregate gross proceeds of the SR Financing were held in escrow by Innovation SR Escrow Agent until the satisfaction of the Escrow Release Conditions.

The SR Financing constituted a "Concurrent Financing" as such term is defined under the CPC Policy. The net proceeds of the Concurrent Financing will be used for general operating expenses and funding completion of the Transaction.

Expected Changes

Innovation intends to move forward in carrying out its strategies, meeting its business objectives and developing its business as described elsewhere in this Filing Statement – see information under the heading "*Description of the Business*" for a description of Innovation's business. However, Innovation's strategies and business objectives may be impacted by changes in the global economy, risks relating to the current global trade war, personnel and financial condition of Innovation or its business partners, changes in legislation, and unanticipated costs.

DESCRIPTION OF SECURITIES

Innovation is authorized to issue an unlimited number of common shares, of which 58,851,943 Innovation Shares are issued and outstanding as fully paid and non-assessable as at the date hereof. The Innovation Shareholders are entitled to receive notice of and attend all meetings of the Innovation Shareholders and are entitled to one vote, in person or by proxy, at such meetings, in respect of each Innovation Share held. In the event of the liquidation, dissolution or winding-up of Innovation, whether voluntary or involuntary, the Innovation Shareholders are entitled to share rateably in the remaining assets of Innovation, subject to the prior rights, if any, of the holders of any other class of shares of Innovation. The holders of the Innovation Shares, subject to the prior rights, if any, of any other class of shares of Innovation are entitled to receive such dividends in any financial year as the Innovation board may by resolution determine. The Innovation Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Other than (i) 4,415,624 Innovation Options; (ii) 8,757,369 Innovation Warrants; (iii) the Subscription Receipts sold in connection with the SR Financing and the Innovation Shares and SR Financing Warrants issuable upon automatic conversion of such Subscription Receipts; and (iv) 370,360 Innovation Broker Warrants associated with the SR Financing, there are no outstanding securities convertible into or exercisable to acquire any Innovation Shares or any other securities or agreements which could result in the issuance of shares or securities of Innovation.

Innovation has not generated profits and therefore no dividends have been declared or paid, and it is not currently anticipated that any dividends will be declared or paid in the foreseeable future.

CONSOLIDATED CAPITALIZATION

Other than as set out below, there has been no material change in the share and loan capital of Innovation since September 30, 2025.

The following table sets forth the consolidated capitalization of Innovation as at the date of this Filing Statement:

Designation of Security	Authorized	Outstanding as at December 31, 2024⁽¹⁾	Outstanding as at the date of this Filing Statement
Innovation Shares	Unlimited	48,336,762	53,165,381
Innovation Warrants	N/A	3,768,750	8,757,369
Innovation Options	10% of the total number of issued and outstanding Innovation Shares	4,415,624	4,415,624
Subscription Receipts ⁽²⁾	N/A	Nil	5,686,562
SR Financing - Broker Warrants	N/A	Nil	370,360

Notes:

- (1) Figures are presented on a post-Share Split basis.
- (2) The Subscription Receipts were issued at a price of \$0.50 each pursuant to the SR Financing. Each Subscription Receipt will automatically convert, for no additional cost, into one SR Financing Unit upon satisfaction of the Escrow Release Conditions. Each SR Financing Unit is comprised of one Innovation Share and one SR Financing Warrant. Each SR Financing Warrant entitles the holder thereof to purchase one Innovation Share at a price of \$0.75 per Innovation Share for a period of 2 years from the date of issuance. See disclosure under the heading “*Information Concerning Innovation – General Development of the Business – Concurrent Financings*” for more information on the Concurrent Financings.

PRIOR SALES

The following were the sales and issuances of securities by Innovation in the past 12 months preceding the date of this Filing Statement.

Date	Number and Type of Securities	Issue Price / Exercise Price	Aggregate Proceeds	Nature of Consideration Received
October 2, 2024	329,618 Common Shares	\$0.40	\$132,500	Cash
October 2, 2024	329,618 Warrants	\$0.60		Cash
October 16, 2024	1,246,325 Common Shares	\$0.40	\$501,000	Cash
October 16, 2024	1,246,325 Warrants	\$0.60		Cash
October 16, 2024	41,096 Broker Warrants	\$0.40		Cash
November 7, 2024	777,400 Common Shares	\$0.40	\$312,500	Cash
November 7, 2024	777,400 Warrants	\$0.60		Cash

November 7, 2024	8,707 Broker Warrants	\$0.40		Cash
November 22, 2024	87,068 Common Shares	\$0.40	\$35,000	Cash
November 22, 2024	87,068 Warrants	\$0.60		Cash
November 22, 2024	6,094 Broker Warrants	\$0.40		Cash
December 30, 2024	422,903 Common Shares	\$0.40	\$170,000	Cash
December 30, 2024	422,903 Warrants	\$0.60		Cash
April 4, 2025	124,384 Common Shares	\$0.28	\$35,000	Cash
April 4, 2025	124,384 Warrants	\$0.40		Cash
April 11, 2025	500,200 Common Shares	\$0.28	\$140,750	Cash
April 11, 2025	500,200 Warrants	\$0.40		Cash
April 11, 2025	22,460 Broker Warrants	\$0.28		Cash
May 13, 2025	528,631 Common Shares	\$0.28	\$148,750	Cash
May 13, 2025	177,691 Common Shares	\$0.28	\$50,000	Settlement of amounts owing
May 13, 2025	528,631 Warrants	\$0.40		Cash
May 13, 2025	177,691 Warrants	\$0.40		Settlement of amounts owing
May 13, 2025	9,577 Broker Warrants	\$0.28		Cash
May 21, 2025	664,209 Common Shares	\$0.28	\$186,900	Cash
May 21, 2025	664,209 Warrants	\$0.40		Cash
May 21, 2025	10,262 Broker Warrants	\$0.28		Cash
June 5, 2025	1,726,861 Common Shares	\$0.28	\$485,917	Cash

June 5, 2025	1,726,861 Warrants	\$0.40		Cash
June 5, 2025	80,287 Broker Warrants	\$0.28		Cash
June 19, 2025	677,394 Common Shares	\$0.28	\$190,610	Cash
June 19, 2025	677,394 Warrants	\$0.40		Cash
June 19, 2025	31,444 Broker Warrants	\$0.28		Cash
July 2, 2025	429,249 Common Shares	\$0.28	\$120,785	Cash
July 2, 2025	429,249 Warrants	\$0.40		Cash
July 2, 2025	5,970 Broker Warrants	\$0.28		Cash
September 25, 2025	5,686,562 Subscription Receipts	\$0.50	\$2,843,281	Cash
On Closing of Transaction	370,360 Broker Warrants	\$0.50		Cash

Notes:

(1) Figures are presented on a post-Share Split basis.

TRADING PRICE AND VOLUME

The Innovation Shares are not listed or quoted on any stock exchange.

EXECUTIVE COMPENSATION

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of Innovation. “Named Executive Officer” is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) the most highly compensated executive officer of Innovation, including any of its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of Innovation or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

Named Executive Officers

During the financial year ended December 31, 2024 Innovation had three Named Executive Officers being Duane Nelson, the CEO, Grant Bond, the CFO and Hanif Jafari, the Chief Technology Officer (“CTO”).

Director and Named Executive Officer Compensation

The following table summarizes compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for Innovation's most recently completed financial year.

Name and position	Salary, consulting fee, retainer or commission (\$)⁽¹⁾	Bonus (\$)⁽¹⁾	Committee or meeting fees(\$)⁽¹⁾	Value of perquisites (\$)⁽¹⁾	Value of all other compensation (\$)⁽¹⁾	Total compensation (\$)⁽¹⁾
Duane Nelson, CEO	\$215,000	-	-	\$17,200	\$5,616	\$237,816
Hanif Jafari, CTO	\$144,327	-	-	\$4,046	\$5,336	\$153,709
Grant Bond, CFO ⁽¹⁾	\$91,997	-	-	-	-	\$91,997

Notes:

- (1) The information in this table represents the financial year ended December 31, 2024.
- (2) The Company has a financial services agreement with P2 Gold Inc. for the services of Grant Bond in his role as CFO.

Stock Options and Other Compensation Securities

As of the date hereof, 1,772,468 Innovation Options have been granted to the directors and NEOs of Innovation.

Oversight and Description of Director and Named Executive Officer Compensation

The Innovation board has not yet established any formal objectives or criteria for executive compensation and does not have a formal pre-determined compensation plan on the basis that its current stage of development and financial resources requires flexibility in determining remuneration for its officers and directors.

Base Salary and Benefits

Base salaries and benefits are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries and benefits are based on an assessment of factors such as the executive's performance, a consideration of competitive compensation levels in companies similar to Innovation and a review of the performance of Innovation as a whole and the role such executive played in such corporate performance.

Cash Bonus

Innovation may award cash bonuses to motivate executives to achieve short- and long-term corporate goals. The success of executives in achieving their individual objectives and their contribution to Innovation in reaching its overall goals are factors in the determination of any cash bonuses.

Stock Option Plan

Innovation has in effect the Innovation Stock Option Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of Innovation and to enable Innovation to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for Innovation's shareholders. Innovation has no equity incentive plans other than the Stock Option Plan.

The proposed Resulting Issuer will adopt the Torchlight Stock Option Plan. Each holder of Innovation Options will receive, as consideration for their Innovation Options, one Torchlight Option for each Innovation Option held, on

substantially the same terms as the Innovation Options being replaced, subject to TSXV acceptance; every option certificate or option agreement representing a Innovation Option will be deemed to be cancelled and will represent only the right to receive a certificate representing one Torchlight Option for each cancelled Innovation Option.

Pension Disclosure

Innovation does not have any pension or retirement plan which is applicable to the NEOs or directors. Innovation has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of Innovation, in connection with or related to the retirement, termination or resignation of such person, and Innovation has provided no compensation to any such person as a result of a change of control of Innovation.

Employment, Consulting and Management Agreements

Management functions of Innovation are substantially performed by directors and senior officers of Innovation. No individual acting as a Named Executive Officer of Innovation is acting through an external management company. There are employment agreements between Innovation and its executive officers except for its CFO. Innovation has entered into a financial services agreement with P2 Gold Inc for the service of Grant Bond in his role as CFO.

NON-ARM'S LENGTH TRANSACTIONS

Since the date of incorporation of Innovation, Innovation has not acquired any assets or services from (i) any director, officer or promoter of Innovation, except in their capacities as directors, officers, employees or consultants of Innovation; (ii) any party disclosed in this Filing Statement as a principal securityholder; or (iii) an Associate or Affiliate of any of the persons or companies referred to in (i) or (ii).

LEGAL PROCEEDINGS

Except as disclosed in this Filing Statement, management of Innovation is not aware of any material pending or threatened proceedings since the beginning of the most recently completed financial year.

MATERIAL CONTRACTS

The following is a list of each material contract of Innovation, other than contracts entered into in the ordinary course of business, that were entered into since the date of incorporation of Innovation:

- (i) Share Exchange Agreement;
- (ii) Amalgamation Agreement;
- (iii) Investor Relations Agreement;
- (iv) SR Warrant Indenture; and
- (v) Innovation SR Escrow Agreement.

Copies of the contracts may be inspected, without charge, during business hours at the office of DuMoulin Black LLP, 15th Floor - 1111 West Hastings Street, 15th Floor, Vancouver, British Columbia Canada V6E 2J3.

INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this part is forward-looking in nature and assumes completion of the Transaction. See “*Notice Concerning Forward-Looking Statements*”.

CORPORATE STRUCTURE

Name and Incorporation

The corporate name of the Resulting Issuer is expected to be “Innovation Mining Inc.”, or such similar name as may be approved by Innovation, in its discretion, and accepted by the Exchange. The Resulting Issuer’s head office will be located at 119 – 998 Harbourside Drive, North Vancouver, BC and its registered office will be located at 1500-1111 West Hastings Street, Vancouver, BC. The Resulting Issuer has received conditional approval from the Exchange to list on the Exchange as a Tier 2 Technology Issuer under the trading symbol “RZLV”.

Articles

The articles of Torchlight will be the articles for the Resulting Issuer on completion of the Transaction.

Name Change

The articles permit the Resulting Issuer, by directors’ resolution, to change the name of the Resulting Issuer and the articles do not specify that another type of resolution is required.

Intercorporate Relationships

Following Closing, Amalco will be a wholly owned subsidiary of the Resulting Issuer, and will own 100% of the issued and outstanding shares of Innovation Subco.

DESCRIPTION OF THE BUSINESS

The Resulting Issuer will continue to carry on the Innovation Business described above under “*Information Concerning Innovation – Description of the Innovation Business*”.

Business Objectives and Milestones

The primary business objective of the Company is to successfully commercialize its RZOLV technology to the gold mining sector. The proposed milestones for commercialization include the following:

- Complete laboratory and pilot scale research and development to finalize formulas and processes.
- Continue research on numerous ore types to determine operational environment variability.
- Complete full size (commercial scale) on-site bulk test of the formula in a real-world application.
- Complete independent environmental testing and certification.
- Identify and apply for additional certification and approvals where necessary.
- Determine license fees, royalties, various pricing levels.
- Develop and enter into strategic long-term relationships with chemical manufacturers and distributors for the potential licensing, blending, packaging, and distribution of the RZOLV technology.
- Enter into multiple pilot-scale tests with mid and large-scale gold miners globally to establish a series of “early adopters” of the RZOLV technology to establish industry validation.
- Continue to identify core business opportunities within the mining sector.

Other business objectives and milestones include:

- Expand directors, executive, management, scientific teams, and the workforce necessary to achieve goals and objectives.

- Continue to identify and apply for US and Canada-based government funding programs to support global sustainability.
- Establish and build a solid internet and social media presence to effectively market the Company and the Company’s offerings.
- Lobby government and government agencies, NGO’s and international bodies (UN, UNDEP, EU, etc.) to support the adoption of RZOLV as a clean-tech alternative to the use of cyanide and mercury.

Proposed Use of Proceeds of the Funding previously described

Upon completion of the Transaction, as noted above, the Resulting Issuer’s principal business objective will be to successfully commercialize its RZOLV technology to the gold mining sector.

The above objectives may change at any time depending on market and regulatory conditions. There is no certainty that any objectives will be completed on the terms anticipated or at all. The achievement of the above objectives are subject to a number of assumptions, risks and conditions, including regulatory requirements and other items identified under “*Risk Factors*” in this Filing Statement.

The following table sets out the milestones, and the expected time frame and cost thereof, required to accomplish the foregoing business objectives.

Milestone	Estimated Completion Date	Estimated Cost
Product certification	November 1, 2025	\$50,000 ⁽¹⁾
Expanded Research and Development	December 1, 2025	\$50,000 ⁽¹⁾
Establish Primary partner/distributor	October 1, 2025	\$25,000 ⁽²⁾
Market research and business plan development	December 1, 2025	\$25,000 ⁽²⁾
Develop primary pilot-scale installation	January 1, 2026	\$150,000 ⁽¹⁾
Total		\$300,000

Notes:

- (1) The expected cost for such milestone is included within the “Research and development of RZOLV” line item in the table under “*Information Concerning The Resulting Issuer – Available Funds and Principal Purposes – Principal Purpose of Funds*” below.
- (2) The expected cost for such milestone is included within the “Marketing/website” line item in the table under “*Information Concerning The Resulting Issuer – Available Funds and Principal Purposes – Principal Purpose of Funds*” below.

DESCRIPTION OF SECURITIES

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares. In connection with the Transaction, it is anticipated that Torchlight will consolidate the Torchlight Shares on a 1.923:1 basis. As a result of the Torchlight Consolidation, each security convertible into a Torchlight Share will, upon conversion, be adjusted in accordance with its terms to account for the Torchlight Consolidation. All references to the Resulting Issuer Shares assume completion of the Torchlight Consolidation.

The Resulting Issuer Shareholders are entitled to receive notice of and attend all meetings of the Resulting Issuer Shareholders and are entitled to one vote, in person or by proxy, at such meetings, in respect of each Resulting Issuer Share held. In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, the Resulting Issuer Shareholders are entitled to share equally in such assets of the Resulting Issuer as

are distributable to the Resulting Issuer Shareholders. The Resulting Issuer Shareholders will be entitled to dividends, if, as and when declared by the Resulting Issuer board. The Resulting Issuer Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

PRO FORMA CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the pro forma capitalization of the Resulting Issuer after giving effect to the Transaction. This table should be read in conjunction with the pro forma financial statement for the Resulting Issuer included in this Filing Statement.

Designation of Security	Amount Authorized	Amount outstanding after giving effect to the Transaction and Concurrent Financings (1)(2)(7)
Resulting Issuer Shares	Unlimited	61,712,057
Resulting Issuer Options	10% of issued and outstanding Resulting Issuer Shares	4,701,635 ⁽³⁾
Resulting Issuer Warrants	N/A	8,357,386
Resulting Issuer Broker Warrants	N/A	399,983 ⁽⁴⁾
Resulting Issuer SR Financing Warrants	N/A	5,686,562 ⁽⁵⁾
Resulting Issuer SR Financing Broker Warrants	N/A	370,360 ⁽⁶⁾

Notes:

- (1) After giving effect to the Torchlight Consolidation. See disclosure under the heading “*Information Concerning Torchlight – The Transaction*”.
- (2) Assumes that none of the outstanding convertible securities of Torchlight are exercised.
- (3) Each Resulting Issuer Option is exercisable to acquire one Resulting Issuer Share at a weighted average exercise price of \$0.18 expiring between five years from Closing of the Transaction and August 8, 2032. See disclosure under the heading “*Security Based Compensation*”.
- (4) Each Resulting Issuer Broker Warrant is exercisable to acquire one Resulting Issuer Share at a weighted average exercise price of \$0.27 expiring between December 22, 2025 and July 2, 2027.
- (5) Each Resulting Issuer SR Financing Warrant is exercisable to acquire one Resulting Issuer Share at a price of \$0.75 for a period two years from the date of issuance. See disclosure under the heading “*Information Concerning Innovation – Concurrent Financings*”.
- (6) Each Resulting Issuer SR Financing Broker Warrant is exercisable to acquire one Resulting Issuer Share at a price of \$0.50 for a period two years from the date of issuance. See disclosure under the heading “*Information Concerning Innovation – Concurrent Financings*”.
- (7) Torchlight’s deficit as at June 30, 2025 was \$259,301 and shareholders’ equity was \$38,676. Innovation’s deficit as at June 30, 2025 was \$4,672,547 and shareholders’ equity was \$469,553.

For more information on the Concurrent Financings, see disclosure under the heading “*Information Concerning Innovation -General Development of the Business – Concurrent Financings*”.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction.

	Number of Resulting Issuer Shares after giving effect to the Transaction and SR Financing	Percentage of Resulting Issuer Shares after giving effect to the Transaction and SR Financing
Resulting Issuer Shares held by former Torchlight Shareholders	2,860,114	3.52%
Resulting Issuer Shares held by former Innovation Shareholders	58,851,943	72.45%
Resulting Issuer Shares reserved for issuance pursuant to Torchlight Options	286,011	0.35%
Resulting Issuer Shares reserved for issuance pursuant to Innovation Options	4,415,624	5.44%
Resulting Issuer Shares reserved for issuance pursuant to Resulting Issuer Warrants	8,357,386	10.29%
Resulting Issuer Shares reserved for issuance pursuant to Resulting Issuer Broker Warrants	399,983	0.49%
Resulting Issuer Shares reserved for issuance pursuant to Resulting Issuer SR Financing Warrants	5,686,562	7.00%
Resulting Issuer Shares reserved for issuance pursuant to Resulting Issuer SR Financing Broker Warrants	370,360	0.46%
Total Number of Diluted Securities	81,227,983	100%

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

After completion of the Transaction, the Resulting Issuer is expected to have available funds as set forth below.

	Estimated Amount after giving effect to the SR Financing
Estimated working capital of Torchlight as of September 30, 2025	\$20,000
Estimated working capital of Innovation as of September 30, 2025	(\$225,000)
Gross proceeds of SR Financing	\$2,843,281
Estimated costs associated with the Transaction ⁽¹⁾	(\$532,180)
Estimated available funds:	\$2,106,101

Notes:

(1) Includes, among other things, professional fees and Exchange fees.

Dividends or Distributions

The Resulting Issuer has not declared any cash dividends or distributions since incorporation. It is not anticipated that the Resulting Issuer will declare or pay any cash dividends or distributions in the foreseeable future. It is expected that the Resulting Issuer will use its earnings to finance further business development. Any future determination to pay dividends or distributions will be at the discretion of the Resulting Issuer board and will depend on, among other things, the Resulting Issuer's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Resulting Issuer board may deem relevant. Apart from those imposed by statute, there are no restrictions on the Resulting Issuer's ability to declare or pay dividends or distributions.

Principal Purpose of Funds

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Transaction will be used for the next 12 months. While management currently intends to use the available funds as set forth in this Filing Statement, the Resulting Issuer may reallocate available funds for sound business reasons from time to time.

Purpose	Estimated Amount after giving effect to the SR Financing
Estimated available funds	\$2,106,101
Research and development of RZOLV	\$450,000
Legal fees	\$74,000
Audit and accounting fees	\$75,000
Management salaries and consulting fees	\$730,000
Marketing/website	\$150,000
General and administrative expenses ⁽¹⁾	\$273,000
Unallocated working capital	\$354,101

Notes:

(1) The estimated general and administrative costs for the next 12 months are as follows:

Description	Amount
Office and general	\$136,000
Insurance	\$35,000
Transfer agent fees	\$12,000
Travel costs	\$90,000
Total	\$273,000

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and senior officers of each of Torchlight and Innovation, as of the date hereof, no shareholder is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction.

DIRECTORS AND OFFICERS

Name, Residence, Occupation and Security Holdings

Following completion of the Transaction the following will be the directors and senior officers of the Resulting Issuer:

Name and Residence	Position / Offices to be Held	Principal Occupation During Past 5 Years	Director or Officer of Innovation/Torchlight Since⁽¹⁾	Number and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after giving effect to the Transaction and Concurrent Financings⁽²⁾
Duane Nelson ⁽³⁾ <i>British Columbia, Canada</i>	Chief Executive Officer, Director	See Management and Director Information below.	N/A	4,975,349 / 8.06%
Grant Bond <i>British Columbia, Canada</i>	Chief Financial Officer	See Management and Director Information below.	N/A	248,767 / 0.40%
Marien Segovia <i>British Columbia, Canada</i>	Corporate Secretary	See Management and Director Information below.	N/A	124,384 / 0.20%
Reza Kafaei <i>British Columbia, Canada</i>	Chief Innovation Officer	See Management and Director Information below.	N/A	310,959 / 0.50%
Hanif Jafari <i>British Columbia, Canada</i>	Chief Technology Officer	See Management and Director Information below.	N/A	310,959 / 0.50%
Darryl Yea ⁽³⁾ <i>British Columbia, Canada</i>	Director	See Management and Director Information below.	N/A	932,878 / 1.51%
Mike Cowin ⁽³⁾⁽⁴⁾ <i>British Columbia, Canada</i>	Director	See Management and Director Information below.	N/A	870,686 / 1.41%
Robert Archer <i>Ontario, Canada</i>	Director	See Management and Director Information below.	October 8, 2021	260,010 / 0.42%

Notes:

- (1) The term of office of each director of the Resulting Issuer will expire at the next annual general meeting of the Resulting Issuer Shareholders.
- (2) Based on 61,712,057 Resulting Issuer Shares issued and outstanding and assumes that the directors and officers do not participate in the SR Financing.
- (3) Member of Audit Committee.
- (4) The Resulting Issuer Shares are held by Bunkwee Investments Ptd. Ltd. which is controlled and owned by Mike Cowin.

Assuming the completion of the Transaction and after giving effect to the Concurrent Financings, but prior to giving effect to any Resulting Issuer Shares subscribed for by such persons pursuant to the Concurrent Financings, the proposed directors and officers of the Resulting Issuer will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 8,033,991 Resulting Issuer Shares, representing approximately 13.02% of the Resulting Issuer Shares issued and outstanding (on an undiluted basis).

Audit Committee

The Audit Committee is expected to be re-constituted following completion of the Transaction, such that the Audit Committee will be chaired by Darryl Yea with Mike Cowin and Duane Nelson as the other members, all of whom will be considered “financially literate” as such term is defined in National Instrument 52-110 *Audit Committees* (“NI 52-110”). Mike Cowin and Darryl Yea would be considered “independent” pursuant to NI 52-110. Duane Nelson would not be considered “independent” due to his proposed role as the CEO of the Resulting Issuer. For the relevant education and experience of each member of the Audit Committee, please see “*Information Concerning the Resulting Issuer – Directors and Officers – Management and Director Information*”.

The full text of the proposed charter of the Audit Committee is attached as Schedule “F” to this Filing Statement.

Management and Director Information

The following are brief biographies of the proposed directors and officers of the Resulting Issuer.

Duane Nelson – Chief Executive Officer and Director

With over 40 years of entrepreneurial and leadership experience, Duane Nelson has founded and led several successful ventures, including SilverMex Resources, which was sold for \$235 million. He also founded Quotemedia Inc., a global leader in financial market data services. Mr. Nelson is a director of Group 11 Technologies, pioneering in-situ gold mining technologies, and serves on the board of NGO Sustainability Inc, focusing on sustainable development in partnership with United Nations initiatives. His career highlights include fostering innovation in mining, finance, and renewable energy.

As CEO and director of the Resulting Issuer, Mr. Nelson will be an employee of the Resulting Issuer and expects to devote 100% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer.

Grant Bond – Chief Financial Officer

Grant Bond is a Chartered Professional Accountant (CPA, CA) with over 12 years of financial management experience in the mining industry, Mr. Bond currently serves as CFO for P2 Gold Inc. and Austin Gold Corp. His background includes financial reporting, risk management, and transitioning companies, including Pretium Resources Inc., from exploration to production phases. Mr. Bond began his career in the assurance group at PricewaterhouseCoopers LLP, and holds a Diploma in Accounting and Bachelor of Science from the University of British Columbia.

As CFO of the Resulting Issuer, Mr. Bond will be a consultant of the Resulting Issuer and expects to devote approximately 25% of his time to performing the work required in connection with acting as an executive officer of the Resulting Issuer.

Hanif Jafari – Chief Technology Officer

Mr. Jafari is a mining and mineral processing engineer highly specialized and experienced in hydrometallurgical research, value chain analysis, and strategic growth planning across domestic and international markets. He holds a Master of Engineering in Mining and Mineral Processing from the University of British Columbia and brings a strong foundation in construction and technical development.

As Chief Technology Officer of the Resulting Issuer, Mr. Jafari will be an employee of the Resulting Issuer and expects to devote approximately 100% of his time to performing the work required in connection with acting as an executive officer of the Resulting Issuer.

Reza Kafaei – Chief Innovation Officer

Mr. Kafaei is a mining engineer with over 15 years of hands-on experience in mineral processing, operations, production, quality control, and metallurgical analysis. He holds a master's degree in mining engineering and brings deep technical expertise across metallurgical laboratory and process optimization.

As Chief Innovation Officer of the Resulting Issuer, Mr. Kafaei will be an employee of the Resulting Issuer and expects to devote 100% of his time to performing the work required in connection with acting as an executive officer of the Resulting Issuer.

Marien Segovia – Corporate Secretary

Marien Segovia is a corporate governance professional with nearly 20 years of experience supporting the administration of public companies. She brings extensive expertise in corporate compliance and governance frameworks, regulatory and statutory requirements, corporate record management, and shareholder engagement. Throughout her career, Ms. Segovia has held positions at various public companies including SSR Mining, Great Panther Silver, EMX Royalty, and Harvest One. She currently serves as Corporate Secretary for P2 Gold Inc. and Luca Mining Corp.

As Corporate Secretary of the Resulting Issuer, Ms. Segovia will be a consultant of the Resulting Issuer and expects to devote approximately 40% of her time to performing the work required in connection with acting as an executive officer of the Resulting Issuer.

Darryl Yea – Director

With over 35 years of experience in operations, investment banking, and corporate finance, Darryl Yea has held leadership roles in diverse industries. He has served as CEO of financial and technology firms, chaired several companies, and advised regulatory bodies. Mr. Yea's expertise in mergers and acquisitions, strategic planning, and corporate governance has made him a prominent figure in the finance and mining sectors. He holds a Bachelor of Commerce from the University of British Columbia.

Mr. Yea is a director of Innovation and has not entered into a non-competition and non-disclosure agreement with Innovation. Mr. Yea will devote approximately 5 – 10% of his time to Innovation.

Mike Cowin – Director

Mike Cowin brings 20 years of investment and portfolio management experience, particularly in emerging companies. As a director at Northcape Capital, he has managed funds totaling over AUD \$8 billion. His career includes leadership roles at AMP and UBS, with a focus on industrial and diversified sectors.

Mr. Cowin is a director of Innovation and has not entered into a non-competition and non-disclosure agreement with Innovation. Mr. Cowin will devote approximately 5 – 10% of his time to Innovation.

Robert Archer – Director

Robert Archer has more than 40 years' experience in the mining industry, working throughout the Americas. After spending more than 15 years with major mining companies (including Newmont, Placer Dome and Rio Algom), Mr. Archer held several senior management positions in the junior mining sector. He cofounded and built Great Panther Mining Limited from concept into a mid-tier precious metals producer with three operating mines and a listing on NYSE American. Mr. Archer currently serves as President & CEO and Director of Pinnacle Silver and Gold Corp.

Mr. Archer is a director of Torchlight and has not entered into a non-competition and non-disclosure agreement with Torchlight. Mr. Archer will devote approximately 5% of his time to Innovation.

Promoter Consideration

The Resulting Issuer, Torchlight and Innovation do not have any promoters. As such, no promoters will receive anything of value directly or indirectly from the Resulting Issuer, including money, property, contracts, options or rights. There is currently no arrangement pursuant to which the Resulting Issuer or a subsidiary of the Resulting Issuer will receive assets from any promoter of Torchlight, Innovation, or any person who may be a promoter of the Resulting Issuer. In addition, no assets have been received by Torchlight or Innovation during the last two years from any promoter of Torchlight, Innovation, or any person who may be a promoter of the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

No director, officer or Promoter of the Resulting Issuer, or securityholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or has been within the past ten years, a director, officer, Insider or Promoter of any other issuer that, while such person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer or Promoter of the Resulting Issuer, or securityholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No director, officer or Promoter of the Resulting Issuer, or securityholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or personal holding company of any such persons, has within the past ten years, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Interests of Management and Others in Material Transactions

No expected director, executive officer or shareholder of the Resulting Issuer that is expected to beneficially own, or control or direct, directly or indirectly, more than 10% of the Resulting Issuer Shares expected to be outstanding at Closing, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction

within the three years before the date of this Filing Statement which has materially affected Torchlight or Innovation or any of their respective subsidiaries, as applicable, or is reasonably expected to materially affect the Resulting Issuer or any subsidiary of the Resulting Issuer.

Conflicts of Interest

There is no existing conflict of interest between the proposed directors and officers of the Resulting Issuer or any subsidiary of the Resulting Issuer and Torchlight or Innovation. There may be potential conflicts of interest to which some of the directors, officers and Insiders of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors, officers and Insiders may have been engaged in, are engaged in or will continue to be engaged in corporations or businesses which may be in competition with those of the Resulting Issuer. Accordingly, situations may arise where some or all of the directors, officers and Insiders of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. See “*Summary of the Filing Statement - Risk Factors*”

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five (5) years, directors, officers or promoters of other reporting issuers.

Name	Name and Jurisdiction of Reporting Issuer	Name of Exchange or Market	Position	From	To
Duane Nelson <i>British Columbia, Canada</i>	EnviroMetal Technologies Inc.	CSE	President, CEO and Director	March 2017	February 2023
Grant Bond <i>British Columbia, Canada</i>	P2 Gold Inc.	TSXV	CFO	June 2021	Present
	Austin Gold Corp.	NYSE	CFO	October 2022	Present
	Tudor Gold Corp.	TSXV	CFO	July 2025	Present
Marien Segovia <i>British Columbia, Canada</i>	P2 Gold Inc.	TSXV	Corporate Secretary	January 2020	Present
	Luca Mining Corp.	TSXV	Corporate Secretary	February 2024	Present
	Tudor Gold Corp.	TSXV	Corporate Secretary	July 2025	Present
Darryl Yea <i>British Columbia, Canada</i>	Genix Pharmaceuticals Corporation	TSXV	Director	September 2020	May 2023
	Railtown II Capital Corp.	TSXV	Director	November 2021	Present
Mike Cowin <i>NSW, Australia</i>	MegaWatt Lithium and Battery Metals Corp.	CSE	Director	July 2019	January 2021
	Gold Bull Resources Corp.	TSXV	Director	January 2021	March 2025
	Rokmaster Resources Corp.	TSXV	Director	November 2016	Present
	Queens Road Capital Investment Ltd.	TSX	Director	February 2020	Present

Robert Archer <i>British Columbia, Canada</i>	Pinnacle Silver and Gold Corp	TSXV	President, CEO & Director	March 2018	Present
	Madoro Metals Corp.	TSXV	Director	June 2019	Present
	Great Panther Mining Limited	TSX / NYSE	President, CEO & Director	February 2004	June 2020

AUDIT COMMITTEE

Audit Committee Composition

The Resulting Issuer will form an Audit Committee following completion of the Transaction, that will be comprised of Darryl Yea (chair), Mike Cowin, and Duane Nelson, all of whom are “financially literate” as defined in NI 52-110. Mike Cowin and Darryl Yea would be considered “independent” pursuant to NI 52-110. Duane Nelson would not be considered “independent” due to his proposed role as the CEO of the Resulting Issuer. No member of the Audit Committee will be a “control person” within meaning of the Securities Act (British Columbia) as at (i) the date of the Filing Statement, and (ii) immediately after Closing.

Audit Committee Mandate and Charter

The primary function of the Audit Committee is to assist the board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting, and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to: (a) serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements; (b) to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any such advisors; (c) review and appraise the performance of the Company’s external auditors; and (d) provide an open avenue of communication among the Company’s auditors, financial and senior management and the board.

The full text of the Audit Committee Charter is attached to this Filing Statement as Schedule “F”.

Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Resulting Issuer to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Resulting Issuer's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

For a summary of the experience and education of the Audit Committee members see “*Information Concerning the Resulting Issuer - Directors and Executive Officers – Management and Director Information*”.

Audit Committee Oversight

At no time since incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board.

Pre-Approval Policies and Procedures

The Mandate of the Audit Committee requires that the Audit Committee pre-approve the completion of any non-audit services by the external auditors and, with the assistance of the auditors, determine which non-audit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

External Auditor Service Fees by Category

The fees billed to external auditors by Torchlight and Innovation for the last two financial years, and for their most recent financial year for the audit engagement, and non-audit related services provided to it or its subsidiaries (if any) were as follows:

Innovation

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2024	\$55,000	\$8,000 ⁽⁵⁾	\$30,000 ⁽⁶⁾	-
December 31, 2023	\$35,000	\$8,000 ⁽⁵⁾	-	-
TOTALS	\$90,000	\$16,000	\$30,000	-

Torchlight

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2024	\$10,628	Nil	Nil	Nil
December 31, 2023	\$10,097	Nil	Nil	Nil
TOTALS	\$20,725	Nil	Nil	Nil

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes Fees charged for tax compliance, tax advice and tax planning services. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities
- (4) "All Other Fees" include all other non-audit services.
- (5) Audit related fees are for quarterly interim reviews completed on the financial statements.
- (6) Tax fees are related to Canadian and US tax due diligence procedures incurred as part of the acquisition of the Royal Vindicator Mine (which has since been terminated).

Exemption

Since incorporation, the Resulting Issuer has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) the exemption in subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer) of NI 52-110; or
- (c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member) of NI 52-110; or
- (d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

The Resulting Issuer is relying on the exemption in section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

STATEMENT ON CORPORATE GOVERNANCE

Torchlight and Innovation recognize the importance of corporate governance to the effective management of the Resulting Issuer and to the protection of its employees and its shareholders. The Resulting Issuer's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Resulting Issuer are effectively managed so as to enhance shareholder value. The board of the Resulting Issuer will fulfill its mandate directly and through any of its subcommittees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Resulting Issuer's affairs and in light of opportunities or risks which the Resulting Issuer faces. The directors will be kept informed of the Resulting Issuer's business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The of the Resulting Issuer will be committed to ensuring that the Resulting Issuer has an effective corporate governance system, which adds value and assists the Resulting Issuer in achieving its objectives.

The Resulting Issuer's approach to corporate governance is set forth below.

Mandate of the Board

The board of the Resulting Issuer will be responsible for overseeing the exercise of corporate powers and ensuring that the Resulting Issuer's business is managed to meet its corporate goals and objectives and that the long-term interests of its shareholders are served. The board of the Resulting Issuer will be responsible for, among other things:

- (a) adopting a strategic plan for the Resulting Issuer and reviewing the plan in light of management's assessment of emerging trends, industry changes, the competitive environment, the Resulting Issuer's strengths, weaknesses, opportunities and threats, risk issues, and key success factors for the achievement of Company's goals and objectives;
- (b) overseeing succession planning for management by developing a policy for the appointment, training and performance monitoring of senior management and personnel and developing, training and mentoring selected successors;
- (c) ensuring individual directors and the board's committees are performing effectively;
- (d) defining the criteria that all proposed candidates for election to the board will possess and developing corporate goals and objectives that the Chief Executive Officer is responsible for meeting;

- (e) developing clear position descriptions for the Chair of the board, the Chair of each committee and the Chief Executive Officer; and
- (f) ensuring that all new directors receive comprehensive orientation including education regarding the role of the board and its committees, the expectations of individual directors and the nature and operation of the Resulting Issuer's business.

All board members are expected to: (a) develop and maintain an understanding of the Resulting Issuer's operations, strategies and industry within which the Resulting Issuer operates; (b) develop and maintain an understanding of the regulatory, legislative, business, social and political environment within which the Resulting Issuer operates; (c) develop and maintain familiarity with the officers of the Resulting Issuer; (d) attend board and, if applicable, committee meetings regularly; (e) read advance materials prior to board or committee meetings; (f) participate fully and actively in the discussions of the board and any committee to which the individual belongs; (g) if absent from a meeting, keep up-to-date on discussions missed; (h) devote the necessary time and attention to Company issues in order to make informed decisions; (i) if requested, participate on board committees; (j) remain knowledgeable of the mandate of the board and the mandate of the committee or committees of which the director is a member; and (k) participate in continuing director education.

The frequency of meetings of the board and the nature of agenda items may change from year to year depending upon the activities of the Resulting Issuer. The board intends to meet at least quarterly and at each meeting there is a review of the business of the Resulting Issuer.

The board of the Resulting Issuer expects to facilitate its exercise of independent supervision over the Resulting Issuer's management through frequent meetings of the board being held to obtain an update on significant corporate activities and plans, both with and without members of the Resulting Issuer's management being in attendance.

Composition and Independence of the Board

The Resulting Issuer's board will consist of four directors, 3 of whom are independent and 1 of whom is not independent. For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with the Resulting Issuer, as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). A "material relationship" is a relationship which could, in the view of the board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Resulting Issuer within the last three years is considered to have a material relationship with the Resulting Issuer.

The majority of the Resulting Issuer's board will be independent. Of the directors of the Resulting Issuer, Darryl Yea, Mike Cowin and Robert Archer are independent for the purposes of NI 58-101 and Duane Nelson, as CEO is not independent for the purposes of NI 58-101.

Directorships

Other than as set out below, none of the directors of the Resulting Issuer serve on the boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. However, certain of the Resulting Issuer's directors are, or may become, directors, officers or shareholders of other companies with businesses which may conflict with the Resulting Issuer's business.

Name	Name and Jurisdiction of Reporting Issuer	Name of Exchange or Market	Position	From	To
Darryl Yea	Railtown II Capital Corp.	TSXV	Director	November 2021	Present
Mike Cowin	Rokmaster Resources Corp.	TSXV	Director	November 2016	Present
		TSX	Director	February 2020	Present

	Queens Road Capital Investment Ltd.				
Robert Archer	Pinnacle Silver and Gold Corp	TSXV	President, CEO & Director	March 2028	Present
	Madoro Metals Corp.	TSXV	Director	June 2019	Present

See also “*Risk Factors – Risks Related to the Resulting Issuer – Conflicts of Interest*”.

Orientation and Education

Upon Closing, the Resulting Issuer expects to establish a formal orientation or education procedure for newly incoming directors. The orientation program to be established is expected to include presentations by management to familiarize new directors with the Resulting Issuer’s projects, strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers, its internal and independent auditors and its outside legal advisors. Additionally, both incoming directors and existing directors will be asked to regularly review and become familiar with: (i) the mandate of the board; (ii) the Code of Conduct (defined below); and (iii) the Disclosure, Confidentiality & Insider Trading Policy (defined below). Additionally, board members will be encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members will have full access to the Resulting Issuer’s records.

Ethical Business Conduct

Upon Closing, the Resulting Issuer expects to adopt a written Code of Conduct (the “**Code of Conduct**”) which emphasizes the importance of matters relating to honest and ethical conduct, conflicts of interest, confidentiality of corporate information, protection and proper use of corporate assets and opportunities, the maintenance of safe and healthy working conditions for all employees and third parties, social media responsibility, compliance with whistleblower and anti-retaliation principles, compliance with applicable laws, rules and regulations and the reporting of any illegal or unethical behaviour. The Code of Conduct further outlines how the Resulting Issuer expects its personnel to conduct themselves and do business on behalf of the Resulting Issuer so that the Resulting Issuer:

- maintains a work environment that respects each person’s integrity and dignity;
- fosters a standard of conduct that reflects positively on the Resulting Issuer, its employees and shareholders;
- complies with all laws and regulations that govern the Resulting Issuer’s business activities; and
- protects the Resulting Issuer from unnecessary exposure to financial, reputational or any other kind of loss, damage or liability.

Compliance with the Code of Conduct is expected to be a condition to the employment of personnel of the Resulting Issuer.

Disclosure, Confidentiality & Insider Trading Policy

Upon Closing, the Resulting Issuer expects to adopt a written Disclosure, Confidentiality & Insider Trading Policy (the “**Disclosure, Confidentiality & Insider Trading Policy**”) which establishes procedures that are designed to (i) permit the disclosure of information about the Resulting Issuer to the public in an informative, timely and broadly disseminated manner, (ii) ensure that non-publicly disclosed information remains confidential, and (iii) ensure that trading of the Resulting Issuer’s securities by directors, officers and employees of the Resulting Issuer remains in compliance with applicable securities laws. The implementation of such policies and procedures is important in developing sound disclosure practices and maintaining investor confidence, as well as complying with securities laws and the Exchange’s rules on disclosure and trading.

Nomination of Directors

Upon Closing, the Resulting Issuer expects to implement a process for identifying new director candidates that involves completing a thorough evaluation and assessment of potential candidates based on various criteria. This will include reviewing the candidate's track record, business acumen, relevant industry experience, leadership skills, and alignment with the Resulting Issuer's strategic direction. The process will also include considering the candidate's qualifications, expertise, and diversity, as well as conducting reference checks and interviews with a view of completing a comprehensive evaluation. The Resulting Issuer will be committed to identifying director candidates who can make a positive and impactful contribution to the board and the overall governance of the Resulting Issuer. The Resulting Issuer does not intend to enter into any voting agreement or nomination rights agreement with any party.

Compensation

The process for determining compensation for the directors and NEO's of the Resulting Issuer is set forth above under "*Executive Compensation*".

Other board Committees

In addition to the Audit Committee, as the directors will be actively involved in the operations of the Resulting Issuer and the size of the Resulting Issuer's operations does not warrant a larger board of directors, and the board of the Resulting Issuer expects to determine that additional committees are not necessary at the stage of the Resulting Issuer's development.

Director Assessment

The directors will be responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the board as a whole, the individual committees of the board, and the individual members of the board and such committees with a view of ensuring that they are fulfilling their respective responsibilities and duties. In connection with such evaluations, each director will be required to provide his or her assessment of the effectiveness of the board and each committee as well as the performance of the individual directors, annually. Such evaluations take into account the competencies and skills each director is expected to bring to his or her particular role on the board or on a committee, as well as any other relevant factors.

Director Term Limits

The Resulting Issuer does not expect to impose term limits on its directors. The board of the Resulting Issuer expects to determine that term limits are an arbitrary mechanism for removing directors and can result in highly qualified and experienced directors being forced out solely based on the length of their service.

Policies Regarding the Representation of Women on the Board

The initial board of the Resulting Issuer does not include any women. The Resulting Issuer does not expect to adopt a formal policy in respect of the identification and nomination of women for board and executive officer appointments.

The Resulting Issuer will be committed to developing a diverse environment where individual differences are respected and diversity is promoted and valued. The board of the Resulting Issuer will promote a diverse workforce. The board believes it will enhance the Resulting Issuer's effectiveness by leveraging access to a broad spectrum of experience, skills, and knowledge. The Resulting Issuer recognizes the benefits from creating and maintaining a diverse and inclusive culture within its workforce, including exposure to different perspectives. Therefore, while opportunities will be primarily based on performance, skill and merit, due consideration will be given to diversity in all aspects of employment of and engagement by an employee, officer, or director of the Resulting Issuer, including selection, recruitment, hiring, promotion, compensation, termination, training and development. For clarity, "diversity" means any element or quality that can be used to differentiate groups and people from one another,

including differences based on race, color, religion, gender and gender identity, sexual orientation, family or marital status, political belief, age, national or ethnic origin, citizenship or physical or mental disability, among others.

The board will encourage the consideration of women who have the necessary, skills, knowledge, experience and character when evaluating new potential candidates for the board, and it will consider the level of representation of women on the board when identifying and nominating potential candidates for election or re-election to the board; however, the board expects to determine that, in keeping its commitment to meritocracy, the best and most qualified individual in all respect should be the individual that is nominated.

The board will encourage the consideration of women who have the necessary, skills, knowledge, experience and character when considering new potential candidates for executive officer positions. The Resulting Issuer does not currently have any established targets regarding the representation of women on the board or executive officer positions. The board of the Resulting Issuer believes that imposing quotas or targets regarding the representation of women in executive officer positions would compromise the principles of meritocracy and its overall philosophy of equal opportunity and diversity.

PROPOSED EXECUTIVE COMPENSATION

Director and Named Executive Officer Compensation

The following table sets forth the anticipated compensation for the Chief Executive Officer, Chief Technology Officer, Chief Innovation Officer, Chief Financial Officer and Directors of the Resulting Issuer following the Transaction.

Table of compensation excluding compensation securities

Name and position	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees(\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Duane Nelson, Chief Executive Officer, Director	\$240,000	-	-	-	\$7,364	\$247,364
Hanif Jafari, Chief Technology Officer	\$150,000	-	-	-	\$9,007	\$159,007
Reza Kafaei, Chief Innovation Officer	\$150,000	-	-	-	\$9,007	\$159,007
Grant Bond, Chief Financial Officer	\$81,756	-	-	-	-	\$81,756
Darryl Yea ⁽¹⁾ Director	-	-	-	-	-	-
Mike Cowin ⁽¹⁾ Director	-	-	-	-	-	-
Robert Archer ⁽¹⁾ Director	-	-	-	-	-	-

Notes:

⁽⁷⁾ Compensation for Directors who are not Executive Officers will be determined at a later date.

Stock Option Plan

The proposed Resulting Issuer will adopt the Torchlight Stock Option Plan.

See “*Part II – Information Concerning Torchlight – Stock Option Plan*”.

Pension Plan Benefits

No benefits are proposed to be paid to any of the Resulting Issuer’s Named Executive Officers or directors of the Resulting Issuer under any pension or retirement plan or under any deferred compensation plan during the twelve months following completion of the Transaction.

Employment Agreements

In connection with the Closing it is anticipated that each of Duane Nelson, Hanif Jafari and Reza Kafaei will enter into employment agreements with the Reporting Issuer and Grant Bond and Marien Segovia will enter into consulting agreements with the Resulting Issuer. See “*Information Concerning Innovation – Executive Compensation – Employment, Consulting and Management Agreements*”.

Compensation of Directors

It is expected that the Resulting Issuer will grant Options pursuant to the Torchlight Option Plan to directors in recognition of their service as directors of the Resulting Issuer. The actual timing, amounts and terms of these future Options will similarly be considered and determined in the discretion of the Resulting Issuer board following completion of the Transaction.

Insurance Coverage for Directors and Officers and Indemnification

The Resulting Issuer will obtain a directors’ and officers’ liability insurance policy, which will cover corporate indemnification of directors and officers and individual directors and officers of the Resulting Issuer in certain circumstances. In addition, the Resulting Issuer will enter into indemnification agreements with its directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors, executive officers or employees of Torchlight or Innovation, or the proposed directors or officers of the Resulting Issuer, or former directors, executive officers or employees of Torchlight or Innovation or their respective Subsidiaries had any indebtedness outstanding to Torchlight or Innovation or any of their respective Subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Torchlight or Innovation or any of their respective Subsidiaries as at the date hereof. Additionally, no individual who is, or at any time during either of Torchlight or Innovation’s last financial year was, a director or executive officer of either of Torchlight or Innovation, proposed director or officer of the Resulting Issuer, or associate of any such director, executive officer or proposed director or officer, is as at the date hereof, or at any time since the beginning of either of Torchlight or Innovation’s last financial year has been, indebted to either of Torchlight or Innovation or any of their respective Subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by either of Torchlight or Innovation or any of their respective Subsidiaries, including indebtedness for security purchase or any other programs.

INVESTOR RELATIONS ARRANGEMENTS

Other than as disclosed below, Innovation has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following Closing will be at the determination of the Resulting Issuer board.

Innovation has entered into an agreement dated August 26, 2025 with Market One Media Services (“**Market One**”) pursuant to which Market One will provide certain investor relations services (the “**Investor Relations Agreement**”).

This agreement is for a term of 12 months and Innovation will pay a fee of \$100,000 upon completion of the Qualifying Transaction which services will be provided to the Resulting Issuer.

Market One does not own any securities of Innovation or the Resulting Issuer.

SECURITY BASED COMPENSATION

Security Based Compensation Plans

The Torchlight Option Plan will operate as the Resulting Issuer's option plan following the completion of the Transaction. For the material terms of the Torchlight Option Plan, see disclosure under the heading "*Proposed Executive Compensation.*"

Options to Purchase Securities

The table below, arranged by identifiable groups of individuals, sets forth the Resulting Issuer Options that will be held upon completion of the Transaction.

Category of Holder	Number of Resulting Issuer Shares Under Resulting Issuer Options Held ⁽¹⁾	Exercise Price (\$/Resulting Issuer Share)	Expiry Date ⁽²⁾⁽³⁾
Executive Officers	932,877	\$0.20	
Directors (who are not also Executive Officers)	310,960	\$0.20	
Employees	404,247	\$0.20	
Consultants	3,053,551	\$0.18	

Notes:

- (1) Assumes completion of the Torchlight Consolidation and Innovation Share Split.
- (2) The Expiry Date will be determined upon the date that the Final Exchange Bulletin is issued.
- (3) The share options granted will commence vesting upon completion of the Qualifying Transaction and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the Qualifying Transaction. The vesting schedule of the share options is as follows:
 - 25% on the date that the Qualifying Transaction closes (or when regulatory escrow allows);
 - 25% six months from the date that the Qualifying Transaction closes (or when regulatory escrow allows);
 - 25% 12 months from the date that the Qualifying Transaction closes (or when regulatory escrow allows); and
 - 25% 18 months from the date that the Qualifying Transaction closes (or when regulatory escrow allows).

The term of the share options is 5 years from the date that the Qualifying Transaction closes.

ESCROWED SECURITIES

CPC Escrowed Securities

In connection with the IPO, Torchlight entered into the CPC Escrow Agreement with the Transfer Agent and certain securityholders of Torchlight. An aggregate of 2,500,000 Torchlight Shares on a pre-Torchlight Consolidation basis (1,300,052 on a post-Torchlight Consolidation basis) and 550,000 Torchlight Options on a pre-Torchlight Consolidation basis (286,011 on a post-Torchlight Consolidation basis) are held in escrow pursuant to the CPC Escrow Agreement.

An aggregate of 550,000 Torchlight Options on a pre-Torchlight Consolidation basis (286,011 on a post-Torchlight Consolidation basis) granted prior to the date of the Final Qualifying Transaction Exchange Bulletin and any Torchlight Shares issued on exercise of Torchlight Options that were exercised prior to the date of the Final Qualifying Transaction Exchange Bulletin will be released from escrow on the date of the Final Qualifying Transaction Exchange Bulletin.

An aggregate of 1,300,052 (on a post-Torchlight Consolidation basis) Resulting Issuer Shares will be released from escrow in accordance with the following schedule:

<u>Release Date</u>	<u>Percentage of Escrowed Resulting Issuer Shares to be Released</u>
Date of Final Qualifying Transaction Exchange Bulletin	25%
6 Months from the Date of Final Qualifying Transaction Exchange Bulletin	25%
12 Months from the Date of Final Qualifying Transaction Exchange Bulletin	25%
18 Months from the Date of Final Qualifying Transaction Exchange Bulletin	25%

The following table sets out, to the knowledge of Torchlight and Innovation as of the date hereof, the number of Resulting Issuer Shares which will be held in escrow with the CPC Escrow Agent pursuant to the CPC Escrow Agreement.

<u>Name of securityholder</u>	<u>Prior to giving effect to the Transaction⁽¹⁾</u>		<u>After giving effect to the Transaction⁽²⁾</u>	
	<u>Number of Resulting Issuer Shares held in escrow</u>	<u>Percentage of class</u>	<u>Number of Resulting Issuer Shares held in escrow</u>	<u>Percentage of class⁽³⁾</u>
Fayyaz Alimohamed	520,021	18.18%	520,021	0.84%
Frederic Leigh	520,021	18.18%	520,021	0.84%
Robert Archer	260,010	9.09%	260,010	0.42%

Notes:

- (1) Assumes completion of the Torchlight Consolidation.
- (2) Prior to the issuance of the Final Exchange Bulletin.
- (3) Based on 61,712,057 Resulting Issuer Shares (undiluted) expected to be outstanding upon Closing after the completion of the Concurrent Financings.

Resulting Issuer Escrowed Securities

Pursuant to Exchange Policy 5.4, upon listing of the Resulting Issuer Shares, all (i) Resulting Issuer Shares issued at a price of less than \$0.05 (“Seed Shares”) and (ii) subject to certain exceptions set out in Exchange Policy 5.4, all securities of the Resulting Issuer that are held by “Principals”, as such term is defined in the policies of the Exchange (“Principal Securities”) must be subject to resale restrictions or placed into escrow on the terms and conditions prescribed by Exchange policies. Upon Closing, prior to the issuance of the Final Exchange Bulletin, it is expected that an aggregate of 8,022,746 Resulting Issuer Shares will be Seed Shares held by certain non-Principals that will be held in escrow (“Founder Securities”) pursuant to the Resulting Issuer Escrow Agreement (representing 13.00% of the issued and outstanding Resulting Issuer Shares upon closing of the Transaction) and 10,261,656 Resulting Issuer Shares will be Principal Securities held in escrow pursuant to the Resulting Issuer Escrow Agreement (representing

16.63% of the issued and outstanding Resulting Issuer Shares upon closing of the Transaction). Seed Shares not held in escrow that are held by non-Principals who qualify as a “Below 1% Holder” pursuant to section 4.1(e)(ii) of Exchange Policy 5.4. will not be subject to seed share resale restrictions and a one-year hold period in accordance with section 4.3 of Exchange Policy 5.4.

Principal Securities

The following table sets out, to the knowledge of Torchlight and Innovation, the number of Resulting Issuer Shares which will be Principal Securities held in escrow with the Escrow Agent following Closing pursuant to the Resulting Issuer Escrow Agreement, after the completion of the Concurrent Financings.

Name of securityholder	After giving effect to the Transaction⁽¹⁾	
	Number of Resulting Issuer Shares held in escrow	Percentage of class⁽²⁾
Duane Nelson	7,463,023 ⁽³⁾	12.09%
Darryl Yea	932,878	1.51%
Mike Cowin	870,686	1.41%
Grant Bond	248,767	0.40%
Marien Segovia	124,384	0.20%
Hanif Jafari	310,959	0.50%
Reza Kafaei	310,959	0.50%

Notes:

- (1) Prior to the issuance of the Final Exchange Bulletin.
- (2) Based on 61,712,057 Resulting Issuer Shares (undiluted) expected to be outstanding upon Closing after the completion of the Concurrent Financings.
- (3) Upon completion of the Transaction, Duane Nelson will hold 4,975,349 Resulting Issuer Shares and Beverly Nelson, the wife of Duane Nelson, will hold 2,487,674, for a combined total of 7,463,023 Resulting Issuer Shares.

Founder Securities

In addition to the Resulting Issuer Shares set out in the above table, there will be 8,022,746 Founder Securities held in escrow with the Escrow Agent following Closing pursuant to the Resulting Issuer Escrow Agreement, after the completion of the Concurrent Financings. For greater certainty, these Founder Securities will not be subject to seed share resale restrictions pursuant to section 4.3 of Exchange Policy 5.4.

Total Escrowed Securities

In total, 18,284,402 Resulting Issuer Shares will be released from escrow pursuant to the Resulting Issuer Escrow Agreement, in accordance with the applicable release schedule set out in the following table.

Release date	Percentage of securities released if the Resulting Issuer Escrow Agreement applies
Upon the issuance of the Final Exchange Bulletin	10%
6 months from the issuance of the Final Exchange Bulletin	15%
12 months from the issuance of the Final Exchange Bulletin	15%

18 months from the issuance of the Final Exchange Bulletin	15%
24 months from the issuance of the Final Exchange Bulletin	15%
30 months from the issuance of the Final Exchange Bulletin	15%
36 months from the issuance of the Final Exchange Bulletin	15%

For greater certainty, the above table does not apply to Principals of Torchlight and Principals of the Resulting Issuer who were Principals of Torchlight prior to the completion of the Transaction, as such Principals' Securities are subject to the CPC Escrow Agreement and will remain subject to the CPC Escrow Agreement upon completion of the Transaction.

The Exchange's prior consent must be obtained before a transfer within escrow of Principal Securities, other than in specified circumstances set out in the Resulting Issuer Escrow Agreement and Exchange Policy 5.4.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor for the Resulting Issuer is expected to be BDO Canada LLP, having an address at 1055 West Georgia Street, #1100, Vancouver, BC V6E 3P3.

Transfer Agent and Registrar

The transfer agent and registrar for the Resulting Issuer Shares will be Computershare Investor Services Inc., having an address at 3rd Floor – 510 Burrard Street, Vancouver, BC V6C 3B9.

RISK FACTORS

There are inherent risks in the business of Torchlight and in the business of Innovation. The Transaction must be considered speculative due to the nature of the business of Torchlight and Innovation, and each company's relatively formative stage of development. Torchlight Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of Torchlight and the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to secure future financing to meet its future needs on reasonable terms. The business of the Resulting Issuer will be subject to risks and hazards related to Torchlight and Innovation, some of which are beyond its control.

The following risk factors should be carefully considered in evaluating Torchlight, Innovation, the Resulting Issuer and the Qualifying Transaction. The risks presented below may not be all of the risks that Innovation and the Resulting Issuer may face. It is believed that these are factors that could cause actual results to be different from expected and historical results. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the business following Completion of the Qualifying Transaction. The market in which Innovation currently competes is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results. For the purposes of the risk factors presented below and herein, references to "Innovation" and/or the "**Resulting Issuer**", based on the context, shall be, and be deemed to be, also references to Amalco and the business of the Resulting Issuer.

Risks Relating to Torchlight

Limited Operating History and History of Losses

Torchlight has not commenced commercial operations and has no assets other than cash. Torchlight has no history of earnings and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until completion of a Qualifying Transaction, Torchlight is not permitted to carry on any business other than the identification and evaluation of potential transactions.

Management and Conflicts of Interest

The ability of Torchlight to successfully complete a Qualifying Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of Torchlight and are, or will be, engaged in other projects or businesses. The current directors, officers and Promoters of Torchlight also serve as directors and/or officers of other companies which may compete with Torchlight in its search for the businesses or assets targeted in order to complete a Qualifying Transaction. Accordingly, situations may arise where the directors, officers and promoters of Torchlight are in a position of conflict with Torchlight.

Risks Relating to the Transaction and the Resulting Issuer Shares

Completion of the Transaction and Exchange Approval

The completion of the Transaction is subject to several conditions precedent, certain of which are outside the control of both Torchlight and Innovation. There can be no assurances that the Transaction will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Transaction may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin, or the requirements of the Exchange such that it will list the Resulting Issuer Shares. Failure to complete the Transaction may have a material adverse effect on the business and affairs of Torchlight or the trading price of the Torchlight Shares.

There are a number of material risks to which Torchlight and Innovation are subject relating to the Transaction not being completed, including the following:

- (i) certain costs related to the Transaction, such as legal, financial advisor and accounting fees must be paid by the parties even if the Transaction is not completed;
- (ii) certain costs related to the Concurrent Financings, such as legal and accounting fees, and broker fees (including their legal counsel) in connection with the Concurrent Financings;
- (iii) if the Transaction is not completed, the market price of Torchlight Shares may be adversely affected; and
- (iv) if any given agreement is terminated and the Innovation board decides to seek another merger or Transaction, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid pursuant to the Transaction and, under certain circumstances, one of the parties may be required to pay a termination fee to the other party.

Dilution of Torchlight and Resulting Issuer Shareholders

Torchlight currently has 5,500,000 Torchlight Shares issued and outstanding prior to the Torchlight Consolidation (approximately 2,860,114 Torchlight Shares post-Torchlight Consolidation). It is anticipated that, upon completion of the Transaction, the Resulting Issuer will issue to Innovation Shareholders an aggregate of 58,851,943 Resulting Issuer Shares. This increase in the number of Resulting Issuer Shares issued and outstanding, and the sales of such Resulting Issuer Shares, may have a depressive effect on the price of the Resulting Issuer Shares. In addition, as a result of the issuance of such additional Resulting Issuer Shares, the voting power of the existing Torchlight Shareholders will be substantially diluted.

The Resulting Issuer may, in its sole discretion in accordance with its constating documents and subject to applicable laws, including the policies of the Exchange, issue additional Resulting Issuer Shares or other securities (equity, debt or otherwise) from time to time, and the interests of the Resulting Issuer Shareholders may be diluted thereby. The Resulting Issuer's articles permit the issuance of an unlimited number of Resulting Issuer Shares, and shareholders will have no pre-emptive rights in connection with such further issuances. In addition, when outstanding options are exercised or when Resulting Issuer Shares are issued on the vesting or settlement of outstanding share units, an investor will incur additional dilution. Accordingly, Resulting Issuer Shareholders may suffer dilution.

While the Transaction is pending, Torchlight and Innovation are Restricted from Taking Certain Actions

The Amalgamation Agreement restricts Torchlight and Innovation from taking specified actions until the Transaction is completed without the consent of the other party which may adversely affect the ability of each to execute certain business strategies. These restrictions may prevent Torchlight and Innovation from pursuing attractive business opportunities that may arise prior to the completion of the Transaction.

The Requirements of Being a Public Company May Strain the Resulting Issuer's Resources

In the event the Transaction is completed, the Resulting Issuer will continue Innovation's current business activities. As a reporting issuer, the Resulting Issuer, and its business activities, will be subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer, the listing requirements of the Exchange and other applicable securities rules and regulations. Compliance with those rules and regulations will increase the Resulting Issuer's legal and financial costs as compared to Innovation's current activities making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

Use of Proceeds

Although Torchlight and Innovation have generally provided for the use of proceeds from its financing activities, it cannot specify with certainty the amount of the net proceeds from its financing activities which will be allocated for each purpose. Accordingly, the Resulting Issuer's management will have broad discretion in the application of such proceeds if it is believed it would be in the best interests of the Resulting Issuer to do so. The failure by management to apply these funds effectively could have a material adverse effect on the Resulting Issuer's business, operating results and financial condition.

Investment Risk

There is no assurance that investors will achieve their investment objectives. An investment may not earn any positive return and may result in the loss of some or all of the capital invested.

Resale of Shares

There can be no assurance that the publicly-traded market price of the Resulting Issuer Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that the Resulting Issuer Shares will be sufficiently liquid so as to permit investors to sell their position in the Resulting Issuer without adversely affecting the stock price. In such event, the probability of resale of the Resulting Issuer Shares would be diminished.

No Immediate Plans to Pay Dividends on Resulting Issuer Shares

The Resulting Issuer does not currently have plans to pay regular dividends on its Resulting Issuer Shares, so shareholders of the Resulting Issuer may not receive funds without selling their Resulting Issuer Shares. Any declaration and payment of future dividends to Resulting Issuer Shareholders will be at the sole discretion of the Resulting Issuer board and will depend on many factors, including the financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations of the Resulting Issuer that the Resulting Issuer board deems relevant.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations and the Resulting Issuer cannot predict the prices at which the Resulting Issuer Shares will trade. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Factors such as announcements of quarterly variations in operating results, macroeconomic changes, fluctuations in commodity prices and general market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. In recent years, the securities market in Canada has experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Resulting Issuer Shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. The value of the Resulting Issuer Shares will be affected by such volatility.

Risks Relating to the Business to be Carried on by the Resulting Issuer

Risk Related to the Early Stage of Innovation

Innovation is in the early stages of implementing its technology, establishing necessary infrastructure, and conducting testing for performance and environmental compliance. Innovation's business and operations should be considered to be in a very early stage and subject to all of the risks inherent in the establishment of a new business venture, including limitations with respect to personnel, financial, and other resources and lack of revenues. Innovation has not proven that its business model will allow it to generate a profit. Accordingly, its intended business and operations may not prove to be successful in the near future, if at all. Operational risks include equipment failures, supply chain disruptions, and workforce safety incidents, all of which can lead to project delays and financial losses. Any future success that we might enjoy will depend upon many factors, several of which may be beyond its control, or which cannot be predicted at this time, and which could have a material adverse effect upon its financial condition, business prospects and operations and the value of an investment in Innovation.

Negative Operating Cash Flow

Innovation did not generate operating revenue and historically has had negative cash flow from operating activities. Innovation anticipates that it will continue to have negative cash flows at least until it achieves full commercial production, and may continue to have negative cash flow from operations for a period of time after it achieves full commercial production. Continued losses may have the following consequences:

- increasing Innovation's vulnerability to general adverse economic and industry conditions;
- limiting Innovation's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limited Innovation's flexibility in planning for, or reacting to, changes in its business and the industry.

Technology Risks

Innovation's technology is still at the testing and development stage and there is no guarantee that further testing and development will be successful. The long-term success of RZOLV will be in part directly related to the success of the testing of RZOLV by its partners, clients and customers. Even if testing is successful, partners, clients and customers may be unwilling to change their processes to incorporate RZOLV into those processes due to uncertainty, budget limitations or other factors beyond the control of Innovation.

Innovation expects to rely on a combination of patent, copyright and trade-secret laws, confidentiality procedures, and contractual provisions to establish, maintain, and protect its technology. The steps Innovation takes may not prevent misappropriation of its intellectual property, and the agreements Innovation enters into may not be enforceable. Despite Innovation's efforts to protect its technology, unauthorized parties may copy or otherwise obtain and use Innovation's proprietary technology or obtain information then Company regards as proprietary. Policing unauthorized use of its technology, if required, may be difficult, time consuming, and costly. Innovation's means of protecting its technology may be inadequate.

Third parties may apply for and obtain patent protection for technology which is similar to Innovation's technology. Despite Innovation's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of Innovation's technology or to obtain and to use information that Innovation regards as proprietary. Third parties may also independently develop similar or superior technology without violating Innovation's proprietary rights. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of Canada.

Although Innovation believes that its technology does not infringe proprietary rights of others, litigation may be necessary to protect Innovation's proprietary technology and third parties may assert infringement claims against Innovation with respect to their proprietary rights.

Any claims or litigation can be time consuming and expensive regardless of their merit. Infringement claims against Innovation could cause Innovation to redesign its technology or to enter into royalty or license agreements that may not be available on terms acceptable to Innovation, or at all.

Environmental Risks

Mining activities inherently pose environmental challenges, including habitat disruption, pollution, and resource depletion. Failure to manage these impacts can lead to legal penalties and reputational damage.

Although testing to date has shown that Innovation's technology is benign in the environment, it has not yet been approved for use by regulatory agencies (in jurisdictions where such approval may be required) and it has not been tested in all conditions for which there might be unanticipated reactions. If there are regulatory issues or unknown environmental impacts, the business plan of Innovation could be negatively affected.

Innovation's Operations are Subject to Human Error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Innovation's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Innovation. These could include loss or forfeiture of other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort Innovation might undertake and legal claims for errors or mistakes by Innovation's personnel.

Resource Development and Processing

Resource development and processing is a speculative business and involves a high degree of risk and is highly dependent upon the sale price of the minerals sought to be produced. The decision of potential partners, clients and customers to proceed with the development and processing of those minerals using Innovation's technology will be affected by such sales prices and numerous other factors beyond the control of Innovation. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Innovation not receiving an adequate return on invested capital.

Partnerships and Joint Venture Strategies

As part of its business strategy, Innovation may seek out partnerships and/or joint ventures, potentially: collaborating with chemical manufacturers, mining equipment manufacturers and distributors to integrate RZOLV into existing product lines; partnering with global chemical manufacturers to produce and distribute the RZOLV chemical formula; and partnering with mining firms on specific projects to demonstrate the efficacy of our technology. Innovation may fail to select appropriate partnership or joint venture candidates or negotiate acceptable arrangements. Innovation cannot assure that it can complete any business arrangement that it pursues, or is pursuing, on favourable terms, or that business arrangements completed will ultimately benefit Innovation.

Dependence on Management

The business and operations of Innovation are dependent on recruiting and retaining the services of a small number of key members of management and qualified personnel. The success of the operations and activities of Innovation are dependent to a significant extent on the efforts and abilities of its management. Investors must be willing to rely to a significant extent on the discretion and judgment of the management of Innovation. Furthermore, while Innovation believes that it will be successful in attracting qualified personnel and retaining its current management team, there can be no assurance of such success. Innovation does not maintain key employee insurance on any of its directors, officers, employees or other service providers.

Competition

Innovation will compete with companies and firms that have substantially greater financial and technical resources than Innovation in respect of Innovation's technology business as well as for the recruitment and retention of qualified employees and other service providers.

Risks Relating to Government Regulation

Innovation's operations are subject to laws and regulations governing occupational health and safety, labour standards, employment, waste disposal, handling of toxic substances, land and water use, environmental protection and other matters. It is possible that Innovation may not be able to comply with existing and future laws and regulations. In addition, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes to the terms of agreements or arrangements that Innovation has with partners, clients and customers, which could have a material adverse impact on Innovation's current operations and future projects. Innovation may experience increased costs and delays as a result of the need to comply with applicable laws and regulations.

Any failure to comply with applicable laws and regulations, even if inadvertent, could result in enforcement actions thereunder including orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. Innovation may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of such laws or regulations.

Exchange Rate Fluctuations

Exchange rate fluctuations may adversely affect Innovation's financial position and results. Currency exchange fluctuations may materially adversely affect Innovation's future cash flows, results of operations and financial condition. Innovation does not currently engage in hedging or have a policy in place for managing or controlling foreign currency risks.

Insurance

Innovation's business activities involve numerous risks, including unexpected or unusual operating conditions and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and Innovation may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect Innovation's profitability and financial position and the value of Innovation Shares. Innovation does not maintain insurance against environmental risks.

Conflicts of Interest

Some of the directors and officers of Innovation are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations and situations may arise where these directors and officers will be in direct competition with Innovation. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the BCBCA. Some of the directors and officers of Innovation are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to Innovation and their duties to the other companies on whose boards they serve, the directors and officers of Innovation have agreed to the following:

- participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
- no commissions or other extraordinary consideration will be paid to such directors and officers; and
- business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to Innovation except on the same or better terms than the basis on which they are offered to third party participants.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and Innovation is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on Innovation's business, operating results and financial condition.

Force Majeure

The occurrence of a significant event which disrupts the ability of the Resulting Issuer to produce or sell its products may have a material adverse effect on the business, financial position or results of operations of the Resulting Issuer or the value of the Resulting Issuer's securities.

Unforeseen Expenses

While the Resulting Issuer is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Resulting Issuer may be adversely affected.

GENERAL MATTERS

SHAREHOLDER APPROVALS

The Transaction is subject to the Innovation Shareholders approving the Amalgamation Resolution by special resolution. No approval of the Transaction is required from the Torchlight Shareholders. The Innovation Meeting took place on August 7, 2025. In connection therewith, the Amalgamation Resolution was unanimously approved by the Innovation Shareholders who voted by proxy or in person, respectively.

Under the terms of the Amalgamation Agreement, approval of each of the Amalgamation Resolution by the Innovation Shareholders, is a condition to closing the Transaction.

Torchlight and all the directors and officers of Innovation entered into the Innovation Support Agreements pursuant to which they agreed to, among other things: (i) vote their Innovation Shares in favour of the Amalgamation Resolution; and (ii) not sell, assign, transfer or otherwise convey any of their Innovation Shares.

SPONSORSHIP

Torchlight has received a waiver from the Exchange in respect of the requirement in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements* to engage a sponsor for the Transaction.

EXPERTS

The financial statements of Torchlight included in this Filing Statement have been audited by Davidson and Company LLP, located at 609 Granville Street, #1200, Vancouver, British Columbia V7Y 1G6 as set forth in their audit reports. Davidson and Company LLP is the independent auditor of Torchlight and is independent within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of British Columbia.

The financial statements of Innovation included in this Filing Statement have been audited by BDO Canada LLP, at its offices at 1055 West Georgia Street, #1100, Vancouver British Columbia V6E 3P3, as set forth in their independent auditor's reports. BDO Canada LLP is the independent auditor of Innovation and is independent within the Rules of Professional Conduct of Chartered Professional Accountants of British Columbia.

No person or company who is named as having prepared or certified a part of the Filing Statement or prepared or certified a report or valuation described or included in the Filing Statement has, or will have, immediately following completion of the Transaction, any direct or indirect interest in the Innovation Business or in Torchlight or in the Resulting Issuer.

OTHER MATERIAL FACTS

There are no additional material facts about Torchlight, Innovation, the Resulting Issuer or the Transaction that are not otherwise disclosed and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Torchlight, Innovation and the Resulting Issuer.

BOARD APPROVAL

The Torchlight board has approved the contents of this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Torchlight, Torchlight has relied upon information furnished by such Person.

SCHEDULE "A" FINANCIAL STATEMENTS OF TORCHLIGHT INNOVATIONS INC.

See attached.

TORCHLIGHT INNOVATIONS INC.

Financial Statements
For The Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Torchlight Innovations Inc.

Opinion

We have audited the accompanying financial statements of Torchlight Innovations Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Vancouver, Canada

Chartered Professional Accountants

April 21, 2025

TORCHLIGHT INNOVATIONS INC.

Statements of Financial Position

(Expressed in Canadian dollars)

	December 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash	\$ 70,008	\$ 136,860
Prepays	20,125	9,207
Total Assets	\$ 90,133	\$ 146,067
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,499	\$ 10,411
Shareholders' Equity		
Share capital (Note 6)	246,777	246,777
Contributed surplus (Note 6)	51,200	51,200
Deficit	(217,343)	(162,321)
	80,634	135,656
Total Liabilities and Shareholders' Equity	\$ 90,1333	\$ 146,067

Nature of business and continuing operations (Note 1)

Subsequent event (Note 12)

Approved on Behalf of the Board on April 21, 2025

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

"Frederic Leigh"
Frederic Leigh - Director

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

TORCHLIGHT INNOVATIONS INC.

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	2024	2023
Expenses		
Office and administration	\$ 2,408	\$ 3,145
Filing fee	13,326	11,037
Professional fees (Note 8)	39,288	34,103
Loss and comprehensive loss for the year	\$ 55,022	\$ 48,285
Weighted average number of common shares outstanding – basic and diluted (Note 7)	3,000,000	3,000,000
Basic and diluted loss per share (Note 7)	\$ (0.02)	\$ (0.02)

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

TORCHLIGHT INNOVATIONS INC.

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	Share Capital		Contributed surplus	Deficit	Total Shareholders' Equity
	Number (Note 6)	Amount			
Balance, December 31, 2022	5,500,000	\$ 246,777	\$ 51,200	\$ (114,036)	\$ 183,941
Loss for the year	-	-	-	(48,285)	(48,285)
Balance, December 31, 2023	5,500,000	\$ 246,777	\$ 51,200	\$ (162,321)	\$ 135,656
Loss for the year	-	-	-	(55,022)	(55,022)
Balance, December 31, 2024	5,500,000	\$ 246,777	\$ 51,200	\$ (217,343)	\$ 80,634

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

TORCHLIGHT INNOVATIONS INC.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

	2024	2023
Cash provided by (used in):		
Operating Activities:		
Loss for the year	\$ (55,022)	\$ (48,285)
Items not involving cash:		
Changes in working capital items:		
Prepays	(10,918)	(7,279)
Accounts payable and accrued liabilities	(912)	(17,083)
Net cash used in operating activities	(66,852)	(72,647)
Change in cash during the year	(66,852)	(72,647)
Cash, beginning of the year	136,860	209,507
Cash, end of the year	\$ 70,008	\$ 136,860
Supplemental information:		
Interest paid	-	-
Income taxes	-	-

The Company did not have non cash investing and financing activities during the years ended December 31, 2024 and 2023.

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Torchlight Innovations Inc. (the “Company”) was incorporated on October 8, 2021, under the laws of British Columbia. The Company completed an Initial Public Offering (“IPO”) and is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V” or the “Exchange”) Policy 2.4.

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

On August 8, 2022, the Company completed its IPO raising gross proceeds of \$300,000 pursuant to the Company’s prospectus dated May 12, 2022, by issuing an aggregate of 3,000,000 common shares in the capital of the Company at a price of \$0.10 per share (Note 6(c)).

Pursuant to the agency agreement dated May 12, 2022, Research Capital Corporation (the “Agent”) acted as the agent for the offering. In connection with the offering, the Agent received a cash commission, a work fee and other costs totaling \$67,282, and an option to purchase up to 300,000 shares at a price of \$0.10 per share until August 8, 2024 (Note 6(e)).

The Company intends to use the net proceeds of the offering to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the policies of the Exchange. On August 4, 2022, the Exchange issued a bulletin announcing the listing of the common shares as of market open on August 8, 2022, and immediately halted trading pending completion of the Offering. The Shares resumed trading under the trading symbol "TLX.P" on August 10, 2022.

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS (continued)

The Company has an accumulated deficit of \$217,343 as at December 31, 2024 (December 31, 2023 - \$162,321). The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs and finance any identified business acquisition. The Company will require additional financing to accomplish its long-term strategic objectives. All the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

The head office, principal address and the records and registered office is located at 2300 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The financial statements of the Company for the years ended December 31, 2024 were approved and authorized for issue by the Board of Directors on April 21, 2025.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PRESENTATION

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

4. MATERIAL ACCOUNTING POLICIES

(a) Income taxes

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

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

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

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

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

(b) Share capital

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

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

4. MATERIAL ACCOUNTING POLICIES (continued)

(c) Basic and diluted loss per share

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

Contingently issuable shares are not considered outstanding common shares and consequently are not included in basic and diluted loss per share calculations.

(d) Share-based payments

The Company has a share purchase option plan and accounts for share-based payments using a fair value-based method with respect to all share-based payments to directors, officers, employees, and service providers. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued. The fair value is recognized as an expense with a corresponding increase in contributed surplus. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss over the remaining vesting period.

Upon the exercise of the share purchase option, the consideration received, and the related amount transferred from contributed surplus are recorded as share capital.

(e) Financial instrument measurement and valuation

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

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial instrument measurement and valuation (continued)

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

Financial assets

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

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

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of profit or loss in the period.

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

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

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

4. MATERIAL ACCOUNTING POLICIES (continued)

(e) Financial instrument measurement and valuation (continued)

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

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

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

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

(f) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

4. MATERIAL ACCOUNTING POLICIES (continued)

(f) Significant accounting judgements and estimates (continued)

Judgements

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has made appropriate disclosures regarding the going concern assumption (Note 1).

Estimates

- i) The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.
- ii) The calculation of share-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of share options. These estimates impact share-based compensation expense and share based compensation reserve. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(g) Foreign currency translation

Transactions in foreign currencies are translated into the entity's functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in profit or loss in the year in which they occur.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

4. MATERIAL ACCOUNTING POLICIES (continued)

(h) Changes in accounting policies

During the year ended December 31, 2024, the Company adopted the following amendments:

IAS 1 Presentation of Financial Statements

As at January 1, 2024, the Company adopted amendments made to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements in which guidance and examples are provided to help entities apply materiality judgements to accounting policy disclosures.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

The adoption of this amendment did not have a material impact on the financial statements.

Future accounting changes:

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1, Presentation of Financial Statements which aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is not yet able to determine the impact to the financial statements from the adoption of this standard.

Certain pronouncements were issued by the IASB but are not yet effective as at December 31, 2024. The Company intends to adopt these standards when they become effective but does not expect these amendments to have a material effect on the financial statements of the Company.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

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

As of December 31, 2024, \$Nil (December 31, 2023 - \$Nil) was due to related parties.

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

During the year ended December 31, 2024, \$Nil (December 31, 2023 - \$Nil) was recorded as compensation costs for key management personnel and companies related to them.

6. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

The Company did not issue common shares during years ended December 31, 2024 and 2023.

(c) Escrowed shares

In connection with the Company's IPO transaction (Note 1), 2,500,000 seed common shares issued at \$0.05 per share are held in escrow pursuant to the requirements of the Exchange. Twenty five percent of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional twenty five percent will be released on each of the dates which are six, twelve and eighteen months following the Initial Release.

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

(c) Escrowed shares (continued)

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

(d) Stock options

During the year ended December 31, 2022, the Company's Board of Directors adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

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

No stock options were granted during the years ended December 31, 2024 and 2023.

As at December 31, 2024, the Company had 550,000 (December 31, 2023 – 550,000) exercisable stock options with the life of 7.61 years outstanding. The stock options are exercisable at \$0.10 each.

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

(e) Share purchase warrants

No warrants were issued during the years ended December 31, 2024 and 2023.

As at December 31, 2024, the Company does not have warrants outstanding (December 31, 2023 – 300,000). During the year ended December 31, 2024, 300,000 warrants expired. The warrants had an exercise price of \$0.10 each.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2024, was based on the loss attributable to common shareholders of \$55,022 (December 31, 2023 - \$48,285) and the weighted average number of common shares outstanding of 3,000,000 (December 31, 2023 – 3,000,000).

The 2,500,000 seed common shares held in escrow are considered contingently issuable on the completion of the Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations for the year ended December 31, 2024.

8. PROFESSIONAL FEES

The Company incurred \$39,288 in professional fees during the year ended December 31, 2024, which consists of \$16,697 in accounting and audit fees, and \$22,591 in legal fees. The Company incurred \$34,103 in professional fees during the year ended December 31, 2023, which consisted of \$10,053 in accounting and audit fees, and \$24,050 in legal fees.

9. INCOME TAXES

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

	December 31, 2024	December 31, 2023
Loss before income taxes	\$ 55,022	\$ 48,285
Expected income tax recovery at statutory rates	(15,000)	(13,000)
Permanent difference	-	-
Share issue costs	-	-
Change in unrecognized deferred tax assets	15,000	13,000
Income tax expense (recovery)	\$ -	\$ -

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

9. INCOME TAXES (continued)

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

	December 31, 2024	Expiry Date Range	December 31, 2023	Expiry Date Range
Temporary differences				
Share issue costs	\$ 67,000	2025 to 2026	\$ 101,000	2024 to 2026
Non-capital losses available for future periods	\$ 251,000	2041 to 2044	\$ 189,000	2041 to 2043

10. MANAGEMENT OF CAPITAL

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

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company's approach to capital management has not changed from the prior year.

11. FINANCIAL INSTRUMENTS

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

Market Risk

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at December 31, 2024 the Company is not exposed to currency risk.

(ii) Interest rate risk

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

(iii) Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to significant price risk.

Credit Risk

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2024 the Company has no sources of revenue and cash balance of \$70,008 to settle current liabilities of \$9,499. The Company's exposure to liquidity risk is currently negligible.

Liquidity Risk

The Company remains dependent upon the financial support of its shareholders and debtholders. All the Company's financial liabilities have contractual maturities of 30 days and subject to normal trade terms. Additionally, the Company has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue financing itself through these means, it is possible that the Company will be unable to continue as a going concern (Note 1).

TORCHLIGHT INNOVATIONS INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

Fair Value Measurements

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

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

As at December 31, 2024 the Company's financial instruments consist of cash, accounts payable and accrued liabilities. Cash and accounts payable and accrued liabilities are classified as amortized cost. The fair value of cash and accounts payable and accrued liabilities approximates its carrying value because of the short-term nature of the instruments.

12. SUBSEQUENT EVENT

Subsequent to December 31, 2024, the Company and Innovation Mining Corp. ("Innovation"), a corporation incorporated under the laws of the Province of British Columbia, entered into a agreement dated April 11, 2025 (the "Agreement"), whereby Torchlight is anticipated to acquire the business of Innovation. The Agreement outlines the terms and conditions pursuant to which Torchlight and Innovation are anticipated to complete a three-cornered amalgamation, whereby a wholly-owned subsidiary of Torchlight will amalgamate with Innovation under the Business Corporations Act (British Columbia), subject to the satisfaction of certain conditions including due diligence, financing, shareholder approval.

TORCHLIGHT INNOVATIONS INC.

Consolidated Condensed Interim Financial Statements
For The Three and Six Months Ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

TORCHLIGHT INNOVATIONS INC.

Consolidated Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	June 30, 2025	December 31, 2024
Assets		
Current Assets		
Cash	\$ 44,610	\$ 70,008
Prepays	9,616	20,125
Total Assets	\$ 54,226	\$ 90,133
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 15,550	\$ 9,499
Shareholders' Equity		
Share capital (Note 3)	246,777	246,777
Contributed surplus (Note 3)	51,200	51,200
Deficit	(259,301)	(217,343)
Total Liabilities and Shareholders' Equity	\$ 54,226	\$ 90,133

Nature of business and continuing operations (Note 1)

Approved on Behalf of the Board on August 18, 2025.

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

"Frederic Leigh"
Frederic Leigh - Director

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

TORCHLIGHT INNOVATIONS INC.

Consolidated Condensed Interim Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Expenses				
Office and administration	\$ 85	\$ 1,373	\$ 256	\$ 1,446
Promotion	2,478	-	2,478	-
Filing fee	3,484	616	5,905	2,096
Professional fees (Note 6)	30,760	9,899	33,319	30,176
Loss and comprehensive loss for the period	\$ 36,807	\$ 11,888	\$ 41,958	\$ 33,718
Weighted average number of common shares outstanding – basic and diluted (Note 4)	3,000,000	3,000,000	3,000,000	3,000,000
Basic and diluted loss per share (Note 4)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

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

TORCHLIGHT INNOVATIONS INC.

Consolidated Condensed Interim Statements of Changes in Shareholders' Equity

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

	Share Capital		Contributed surplus	Deficit	Total Shareholders' Equity
	Number (Note 3)	Amount			
Balance, December 31, 2023	5,500,000	\$ 246,777	\$ 51,200	\$ (162,321)	\$ 135,656
Loss for the period	-	-	-	(33,718)	(33,718)
Balance, June 30, 2024	5,500,000	\$ 246,777	\$ 51,200	\$ (196,039)	\$ 101,938
Balance, December 31, 2024	5,500,000	\$ 246,777	\$ 51,200	\$ (217,343)	\$ 80,634
Loss for the period	-	-	-	(41,958)	(41,958)
Balance, June 30, 2025	5,500,000	\$ 246,777	\$ 51,200	\$ (259,301)	\$ 38,676

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

TORCHLIGHT INNOVATIONS INC.

Consolidated Condensed Interim Statements of Cash Flows

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash provided by (used in):		
Operating Activities:		
Loss for the period	\$ (41,958)	\$ (33,718)
Items not involving cash:		
Changes in working capital items:		
Prepays	10,509	(3,790)
Accounts payable and accrued liabilities	6,051	(1,481)
Net cash used in operating activities	(25,398)	(38,989)
Change in cash during the period	(25,398)	(38,989)
Cash, beginning of the period	70,008	136,860
Cash, end of the period	\$ 44,610	\$ 97,871
Supplemental information:		
Interest paid	-	-
Income taxes	-	-

The Company did not have non cash investing and financing activities during the six months ended June 30, 2025 and 2024.

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Torchlight Innovations Inc. (the “Company”) was incorporated on October 8, 2021, under the laws of British Columbia. The Company completed an Initial Public Offering (“IPO”) and is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V” or the “Exchange”) Policy 2.4.

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

On August 8, 2022, the Company completed its IPO raising gross proceeds of \$300,000 pursuant to the Company’s prospectus dated May 12, 2022, by issuing an aggregate of 3,000,000 common shares in the capital of the Company at a price of \$0.10 per share (Note 3(e)).

Pursuant to the agency agreement dated May 12, 2022, Research Capital Corporation (the “Agent”) acted as the agent for the offering. In connection with the offering, the Agent received a cash commission, a work fee and other costs totaling \$67,282, and an option to purchase up to 300,000 shares at a price of \$0.10 per share until August 8, 2024 (Note 3(e)).

The Company intends to use the net proceeds of the offering to identify and evaluate assets or businesses for acquisition with a view to completing a “Qualifying Transaction” under the policies of the Exchange. On August 4, 2022, the Exchange issued a bulletin announcing the listing of the common shares as of market open on August 8, 2022, and immediately halted trading pending completion of the Offering. The Shares resumed trading under the trading symbol “TLX.P” on August 10, 2022.

On April 11, 2025, the Company and Innovation Mining Corp. (“Innovation”), a corporation incorporated under the laws of the Province of British Columbia, entered into an agreement (the “Agreement”), whereby Torchlight is anticipated to acquire the business of Innovation. The Agreement outlines the terms and conditions pursuant to which Torchlight and Innovation are anticipated to complete a three-cornered amalgamation, whereby a wholly-owned subsidiary of Torchlight will amalgamate with Innovation under the Business Corporations Act (British Columbia), subject to the satisfaction of certain conditions including due diligence, financing, shareholder approval.

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS (continued)

The Company has an accumulated deficit of \$259,301 as at June 30, 2025 (December 31, 2024 - \$217,343). The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs and finance any identified business acquisition. The Company will require additional financing to accomplish its long-term strategic objectives. All the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

The head office, principal address and the records and registered office is located at 2300 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The consolidated condensed interim financial statements of the Company for the six months ended June 30, 2025 were approved and authorized for issue by the Board of Directors on August 18, 2025.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) and follow the same accounting policies and methods of application as the Company's most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2024.

Basis of Measurement and presentation

The consolidated condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information.

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PREPARATION (continued)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 8.

Principles of consolidation

These consolidated condensed interim financial statements include accounts of the Company and its subsidiary:

Name of Subsidiary	Country of Incorporation	Percentage Ownership	Functional Currency
1535261 B.C. Ltd.	Canada	100%	Canadian dollars

The consolidated condensed interim financial statements include the financial statements of the Company and the entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Significant accounting judgements and estimates

The preparation of these consolidated condensed interim financial statements requires management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of these consolidated condensed interim financial statements and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated condensed interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated condensed interim financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. Significant assumptions about the future and other sources of estimation uncertainty and judgments that management has made at the statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PREPARATION (continued)

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company has disclosed a material uncertainty regarding going concern in Note 1 which requires the use of management's judgement on the ability of the Company to continue its operations and to develop or acquire a self-sustaining business or assets.

3. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

The Company did not issue common shares during the six months ended June 30, 2025 and year ended December 31, 2024.

(c) Escrowed shares

In connection with the Company's IPO transaction (Note 1), 2,500,000 seed common shares issued at \$0.05 per share are held in escrow pursuant to the requirements of the Exchange. Twenty five percent of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional twenty five percent will be released on each of the dates which are six, twelve and eighteen months following the Initial Release.

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

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

3. SHARE CAPITAL (continued)

(d) Stock options

During the year ended December 31, 2022, the Company's Board of Directors adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

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

No stock options were granted during the six months ended June 30, 2025 and 2024.

As at June 30, 2025, the Company had 550,000 (December 31, 2024 – 550,000) exercisable stock options with the life of 7.11 years outstanding. The stock options are exercisable at \$0.10 each.

(e) Share purchase warrants

No warrants were issued during the six months ended June 30, 2025 and 2024.

As at June 30, 2025, the Company does not have warrants outstanding. During the year ended December 31, 2024, 300,000 warrants expired.

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

4. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended June 30, 2025, was based on the loss attributable to common shareholders of \$41,958 (June 30, 2024 - \$33,719) and the weighted average number of common shares outstanding of 3,000,000 (December 31, 2024 – 3,000,000).

The 2,500,000 seed common shares held in escrow are considered contingently issuable on the completion of the Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations for the six months ended June 30, 2025.

5. RELATED PARTY TRANSACTIONS

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

As of June 30, 2025, \$2,515 (December 31, 2024 - \$Nil) was due to related parties.

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

During the six months ended June 30, 2025, \$Nil (June 30, 2024 - \$Nil) was recorded as compensation costs for key management personnel and companies related to them.

6. PROFESSIONAL FEES

The Company incurred \$33,319 in professional fees during the six months ended June 30, 2025, which consists of \$8,858 in accounting and audit fees, and \$24,461 in legal fees. The Company incurred \$30,176 in professional fees during the six months ended June 30, 2024, which consisted of \$10,047 in accounting and audit fees, and \$20,129 in legal fees.

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

7. MANAGEMENT OF CAPITAL

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

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company's approach to capital management has not changed from the prior year.

8. FINANCIAL INSTRUMENTS

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

Market Risk

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

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at June 30, 2025 the Company is not exposed to currency risk.

(ii) Interest rate risk

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

8. FINANCIAL INSTRUMENTS (continued)

(iii) Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to significant price risk.

Credit Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At June 30, 2025 the Company has no sources of revenue and cash balance of \$44,610 to settle current liabilities of \$15,550. The Company's exposure to liquidity risk is currently negligible.

The Company remains dependent upon the financial support of its shareholders and debtholders. All the Company's financial liabilities have contractual maturities of 30 days and subject to normal trade terms. Additionally, the Company has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue financing itself through these means, it is possible that the Company will be unable to continue as a going concern (Note 1).

Fair Value Measurements

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

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

TORCHLIGHT INNOVATIONS INC.

Notes to the Consolidated Condensed Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

8. FINANCIAL INSTRUMENTS (continued)

As at June 30, 2025 the Company's financial instruments consist of cash, accounts payable and accrued liabilities. Cash and accounts payable and accrued liabilities are classified as amortized cost. The fair value of cash and accounts payable and accrued liabilities approximates its carrying value because of the short-term nature of the instruments.

**SCHEDULE "B" MANAGEMENT DISCUSSION AND ANALYSIS OF TORCHLIGHT INNOVATIONS
INC.**

See attached.

TORCHLIGHT INNOVATIONS INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

This Management Discussion and Analysis (“MD&A”) provides an analysis of the business of Torchlight Innovations Inc. (“Torchlight” or the “Company”) as at April 21, 2025. The MD&A compares the Company’s financial results for the years ended December 31, 2024, and 2023. The “MD&A” should be read in conjunction with the financial statements of the Company and the related notes for the years ended December 31, 2024 and 2023 (the “Financial Statements”). The financial statements and the financial information contained in the related MD&A were prepared in accordance with IFRS Accounting Standards (“IFRS”).

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth under “*Risk Factors*” sections.

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings. These financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes “forward-looking statements”, within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect the Company’s current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings;
- The Company's ability to continue as a going concern;
- The Company's strategies and objectives;
- The Company's cost controls and other financial operating objectives;
- The availability of qualified employees for business operations;
- General business and economic conditions;
- The Company's ability to meet its financial obligations as they become due;
- The positive cash flows and financial viability of its business;
- The Company's ability to manage growth with respect to its business and new business opportunities;
- And The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Overall Performance

Torchlight Innovations Inc. (the "Company") was incorporated on October 8, 2021 under the laws of British Columbia and is a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Policy 2.4. Torchlight's business plan is to find a qualifying transaction (QT) to take a private operating company public via Reverse-Take-Over (RTO). The target RTO company may be from any industry, ultimately creating shareholder returns for the investors of Torchlight.

On August 8, 2022, the Company completed its initial public offering ("Offering"), raising gross proceeds of \$300,000 pursuant to the Company's final prospectus dated May 12, 2022 (the "Prospectus") by issuing an aggregate of 3,000,000 common shares in the capital of the Company (the "Shares") at a price of \$0.10 per Share.

Pursuant to the agency agreement dated May 12, 2022, Research Capital Corporation (the "Agent") acted as the agent for the Offering. In connection with the Offering, the Agent received a cash commission of \$30,000, a work fee of \$15,000 (plus GST) and an option to purchase up to 300,000 Shares at a price of \$0.10 per share until August 8, 2024.

The Company is a "capital pool company" ("CPC") under the policies of the TSX Venture Exchange (the "Exchange") and intends to use the net proceeds of the Offering to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the policies of the Exchange. On August 4, 2022, the Exchange issued a bulletin announcing the listing of the Shares as of market open on August 8, 2022 and immediately halted trading pending completion of the Offering. The Shares resumed trading under the trading symbol "TLX.P" on August 10, 2022.

Upon closing of the Offering, the Company granted 550,000 stock options to its directors and officers which are exercisable until August 8, 2032 at an exercise price of \$0.10 per Share. Following the closing of the Offering, the Company has 5,500,000 Shares issued and outstanding, 2,500,000 of which are subject to escrow restrictions.

On April 10, 2025 the Company incorporated a wholly owned subsidiary named 1535261 B.C. ("Subco").

Subsequent to the year ended December 31, 2024 the Company entered into an amalgamation agreement dated April 11, 2025 with Innovation Mining Inc. ("Innovation") and Subco pursuant to which Torchlight will, by way of a "three-cornered amalgamation", acquire all of the issued and outstanding securities of Innovation (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the "Transaction").

In connection with the Transaction, the Company intends to consolidate its common shares on a 1.93:1 basis (the "Consolidation") and change its name to "Innovation Mining Inc." or such other name as may be determined by Innovation (the "Name Change").

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction (the "Closing Date"), Innovation will amalgamate with Subco pursuant to the provisions of the *Business Corporations Act (British Columbia)* (the "Amalgamation"). The amalgamated entity ("Amalco") will be a wholly-owned subsidiary of Torchlight.

The Amalgamation must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of shareholders of Innovation (the "Innovation Meeting"), which will be held to consider, among other things, the Amalgamation. The Amalgamation is not anticipated to be subject to Torchlight shareholder approval.

Innovation intends to complete a share split on an approximately 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the "Share Split"). Pursuant to the Transaction, the Company will then issue one (1) post-Consolidation common share to Innovation shareholders for every one (1) common share of Innovation held. Outstanding options, warrants and broker warrants of Innovation will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, Innovation intends to undertake a non-brokered private placement of subscription receipts (each a "Subscription Receipt") at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of up to \$2,000,000 (the "SR Financing"). Each Subscription Receipt is expected to be exchanged for one common share and one common share purchase warrant of Innovation (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Innovation common shares and warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one for one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

Prior to completion of the SR Financing and before the Share Split, Innovation intends to complete a non-brokered private placement of units (the “Units”) at a price per Unit of \$0.35 (\$0.28 post-Share Split) for additional gross proceeds of up to \$752,500 (the “PP Financing”). Each Unit will be comprised of one common share and one common share purchase warrant (each whole warrant exercisable for one common share at a price of \$0.50 per share (\$0.40 post-Share Split)). Any funds raised in the PP Financing will be available for Innovation’s use towards its business prior to the completion of the Transaction and will not form part of the SR Financing.

No finder’s fee is payable in connection with the Transaction. Finder’s fees may be paid in connection with the SR Financing and PP Financing. There are no common control persons of both the Company and the Innovation. The Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the TSXV and applicable securities laws.

Selected Financial Information and Additional Disclosure

The following financial data for the years ended December 31, 2024, 2023, and 2022 is derived from the audited financial statements for the respective periods and should be read in conjunction with these financial statements.

	Year ended December 31, 2024 (Audited)	Year ended December 31, 2023 (Audited)	Year ended December 31, 2022 (Audited)
Total revenue	Nil	Nil	Nil
Loss from operations	\$55,022	\$48,285	\$79,535
Loss per share – basic	\$0.02	\$0.02	\$0.07
Loss per share – diluted	\$0.02	\$0.02	\$0.07
Total assets	\$90,133	\$146,067	\$211,435
Total current liabilities	\$9,499	\$10,411	\$27,494
Total non-current financial liabilities	Nil	Nil	Nil
Cash dividends declared (cents per share)	Nil	Nil	Nil

As an IPO venture issuer with no revenue from operations, the Company makes the following additional disclosure in accordance with Section 8.6 of Form 41-101F1 – *Information Required in a Prospectus*.

	Year ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Office and administration	\$ 2,408	\$ 3,145	\$ 2,637
Filing fees	\$ 13,326	\$ 11,037	\$ 1,070
Professional fees	\$ 39,288	\$ 34,103	\$ 35,128
Other material costs	Nil	Nil	\$ 40,700

Results of Operations

Torchlight recorded a loss of \$217,343 during the period commencing from incorporation on October 8, 2021 to December 31, 2024 which was comprised of general and administrative costs as set forth below:

	Three months ended December 31, 2024	Three months ended September 30, 2024	Three months ended June 30, 2024	Three months ended March 31, 2024
Filing fee	\$ 6,946	\$ 4,284	\$ 616	\$ 1,480
Professional services	3,372	5,740	9,899	20,277
Office and administration	276	686	1,373	73
Loss for the period	\$ 10,594	\$ 10,710	\$ 11,888	\$ 21,830

	Three months ended December 31, 2023	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended March 31, 2023
Office and administration	\$ 2,648	\$ 44	\$ 1,342	\$ 1,631
Filing fee	2,119	2,648	2,731	3,100
Professional services	38	700	5,442	25,842
Loss for the period	\$ 4,805	\$ 3,392	\$ 9,515	\$ 30,573

Summary of Quarterly Results

Years ended December 31, 2024 and 2023

During the year ended December 31, 2024 the Company incurred \$22,591 in the legal fees compared to \$24,050 incurred during the previous year. Accounting fees incurred during the year ended December 31, 2024 were \$16,697 and \$10,053 during the year ended December 31, 2023.

Years ended December 31, 2023 and 2022

During the year ended December 31, 2023 the Company incurred \$24,050 in the legal fees compared to \$19,293 incurred during the 2022 year. The year ended December 31, 2023 was the first full year for the Company being listed on TSX Venture exchange. Accounting fees incurred during the year ended December 31, 2023 were \$10,053 and \$15,835 during the year ended December 31, 2022. The higher accounting fees incurred during the year ended December 31, 2022 related to the work done on the Prospectus when the company became listed on the TSX Venture exchange.

Three months ended December 31, 2024 and 2023

During the three months ended December 31, 2024 the Company incurred \$297 in the legal fees compared to \$719 incurred during the comparative period of 2023. This change relates to the uneven distribution of legal expenses throughout the periods. Accounting fees incurred during the three months ended December 31, 2024 were \$3,075 and \$1,400 during the three months ended December

31, 2023. The increase in accounting fees relates to audit fees accrued during the three months period ended December 31, 2024.

Liquidity and Capital Resources

In November 2021, the Company completed a non-brokered private placement pursuant to which the Company issued an aggregate of 2,500,000 Common Shares at a price of \$0.05 per Common Share for gross proceeds of \$125,000. No finders' fees were paid.

On August 8, 2022 the Company completed a private placement and issued of 3,000,000 shares at a price of \$0.10 per share for gross proceeds of \$300,000. The Company paid a cash commission to the agent in the amount of \$15,000 and issued 300,000 compensation warrants exercisable into common shares at a price of \$0.10 per common share for a period of 24 months from the date of issuance. During the year ended December 31, 2024, 300,000 warrants expired.

The Company has no revenue-producing operations. As at December 31, 2024, the Company had an accumulated deficit of \$217,343. As at December 31, 2024, the Company had a working capital balance of \$80,634, including cash of \$70,008. Management feels the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

The Company does not have any commitments for capital expenditures.

The Company is dependent on external financing, including equity issuances and debt financing, to fund its activities. Management of the Company will determine whether to accept any offer to finance weighing such things as the financing terms, share price at the time and current market conditions, among others. Circumstances that could impair the Company's ability to raise additional funds include general economic conditions, the price of relevant commodities and the other factors set forth below under "*Risk Factors*".

On an ongoing basis, and particularly in light of current market conditions, management evaluates and adjusts its planned level of activities, including planned and administrative costs, to maintain adequate levels of working capital.

Off-Balance Sheet Arrangements

Torchlight has not participated in any off-balance sheet or income statement arrangements.

Related Party Transactions

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

As of December 31, 2024, \$Nil (December 31, 2023 - \$Nil) was due to related parties. Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors

and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the year ended December 31, 2024, \$Nil (December 31, 2023 - \$Nil) was recorded as compensation costs for key management personnel and companies related to them.

Changes in Accounting Policies

Torchlight has adopted accounting policies stated in the audited financial statements for the year ended December 31, 2024.

Financial Instruments

As at December 31, 2024, Torchlight's financial instruments consisted of cash and accounts payable. The fair values of Torchlight's financial instruments approximate their carrying value, due to their short-term maturities or liquidity.

Risks Factors

As at December 31, 2024, Torchlight's risk exposure and the impact on Torchlight's financial instruments are summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at December 31, 2024, Torchlight holds cash balances at a chartered bank. Torchlight has assessed the credit risk to be low.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Torchlight manages liquidity risk by maintaining sufficient cash balances and to ensure that there is sufficient capital to meet short-term obligations. As at December 31, 2024, Torchlight had a working capital balance of \$80,634, including cash of \$70,008.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. As at December 31, 2024 Torchlight is not exposed to significant market risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Torchlight does not have any interest-bearing debt; however, it does hold cash balances in an interest-bearing bank account.

Foreign Currency Risk

The functional currency of Torchlight is the Canadian dollar. As of December 31, 2024, Torchlight had no financial assets and liabilities that were subject to currency translation risk.

Price Risk

Torchlight is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on Torchlight's earnings due to movements in individual equity prices or general movements in the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatility. Future declines in commodity prices may impact the valuation of long-lived assets.

Outstanding share data

As at April 21, 2025 the Company has 5,500,000 common shares outstanding, 550,000 stock options exercisable at \$0.10 per share until August 8, 2032.

TORCHLIGHT INNOVATIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

This Management Discussion and Analysis ("MD&A") provides an analysis of the business of Torchlight Innovations Inc. ("Torchlight" or the "Company") as at August 18, 2025. The MD&A compares the Company's financial results for the six months ended June 30, 2025 and 2024. The "MD&A" should be read in conjunction with the consolidated condensed interim financial statements of the Company and the related notes for the three and six months ended June 30, 2025 and 2024 (the "Financial Statements"). The Financial Statements and the financial information contained in the related MD&A were prepared in accordance with IFRS Accounting Standards ("IFRS").

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth under "*Risk Factors*" sections.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings. These financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings;
- The Company's ability to continue as a going concern;
- The Company's strategies and objectives;
- The Company's cost controls and other financial operating objectives;
- The availability of qualified employees for business operations;
- General business and economic conditions;
- The Company's ability to meet its financial obligations as they become due;
- The positive cash flows and financial viability of its business;
- The Company's ability to manage growth with respect to its business and new business opportunities;
- And The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Overall Performance

Torchlight Innovations Inc. (the "Company") was incorporated on October 8, 2021 under the laws of British Columbia and is a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Policy 2.4. Torchlight's business plan is to find a qualifying transaction (QT) to take a private operating company public via Reverse-Take-Over (RTO). The target RTO company may be from any industry, ultimately creating shareholder returns for the investors of Torchlight.

On August 8, 2022, the Company completed its initial public offering ("Offering"), raising gross proceeds of \$300,000 pursuant to the Company's final prospectus dated May 12, 2022 (the "Prospectus") by issuing an aggregate of 3,000,000 common shares in the capital of the Company (the "Shares") at a price of \$0.10 per Share.

Pursuant to the agency agreement dated May 12, 2022, Research Capital Corporation (the "Agent") acted as the agent for the Offering. In connection with the Offering, the Agent received a cash commission of \$30,000, a work fee of \$15,000 (plus GST) and an option to purchase up to 300,000 Shares at a price of \$0.10 per share until August 8, 2024.

The Company is a "capital pool company" ("CPC") under the policies of the TSX Venture Exchange (the "Exchange") and intends to use the net proceeds of the Offering to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the policies of the Exchange. On August 4, 2022, the Exchange issued a bulletin announcing the listing of the Shares as of market open on August 8, 2022 and immediately halted trading pending completion of the Offering. The Shares resumed trading under the trading symbol "TLX.P" on August 10, 2022.

Upon closing of the Offering, the Company granted 550,000 stock options to its directors and officers which are exercisable until August 8, 2032 at an exercise price of \$0.10 per Share. Following the closing of the Offering, the Company has 5,500,000 Shares issued and outstanding, 2,500,000 of which are subject to escrow restrictions.

On April 10, 2025 the Company incorporated a wholly owned subsidiary named 1535261 B.C. ("Subco").

During the period ended June 30, 2025 the Company entered into an amalgamation agreement dated April 11, 2025 with Innovation Mining Inc. ("Innovation") and Subco pursuant to which Torchlight will, by way of a "three-cornered amalgamation", acquire all of the issued and outstanding securities of Innovation (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the "Transaction").

In connection with the Transaction, the Company intends to consolidate its common shares on a 1.93:1 basis (the "Consolidation") and change its name to "Innovation Mining Inc." or such other name as may be determined by Innovation (the "Name Change").

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction (the "Closing Date"), Innovation will amalgamate with Subco pursuant to the provisions of the *Business Corporations Act (British Columbia)* (the "Amalgamation"). The amalgamated entity ("Amalco") will be a wholly-owned subsidiary of Torchlight.

The Amalgamation must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of shareholders of Innovation (the "Innovation Meeting"), which will be held to consider, among other things, the Amalgamation. The Amalgamation is not anticipated to be subject to Torchlight shareholder approval.

Innovation intends to complete a share split on an approximately 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the "Share Split"). Pursuant to the Transaction, the Company will then issue one (1) post-Consolidation common share to Innovation shareholders for every one (1) common share of Innovation held. Outstanding options, warrants and broker warrants of Innovation will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, Innovation intends to undertake a non-brokered private placement of subscription receipts (each a "Subscription Receipt") at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of up to \$2,000,000 (the "SR Financing"). Each Subscription Receipt is expected to be exchanged for one common share and one common share purchase warrant of Innovation (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Innovation common shares and warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one for one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

Prior to completion of the SR Financing and before the Share Split, Innovation intends to complete a non-brokered private placement of units (the “Units”) at a price per Unit of \$0.35 (\$0.28 post-Share Split) for additional gross proceeds of up to \$752,500 (the “PP Financing”). Each Unit will be comprised of one common share and one common share purchase warrant (each whole warrant exercisable for one common share at a price of \$0.50 per share (\$0.40 post-Share Split)). Any funds raised in the PP Financing will be available for Innovation’s use towards its business prior to the completion of the Transaction and will not form part of the SR Financing.

No finder’s fee is payable in connection with the Transaction. Finder’s fees may be paid in connection with the SR Financing and PP Financing. There are no common control persons of both the Company and the Innovation. The Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the TSXV and applicable securities laws.

Selected Financial Information and Additional Disclosure

The following financial data for the year ended December 31, 2024, 2023 and 2022 is derived from the audited financial statements for the year ended December 31, 2024 and should be read in conjunction with these financial statements.

	Year ended December 31, 2024 (Audited)	Year ended December 31, 2023 (Audited)	Year ended December 31, 2022 (Audited)
Total revenue	Nil	Nil	Nil
Loss from operations	\$55,022	\$48,285	\$79,535
Loss per share – basic	\$0.02	\$0.02	\$0.07
Loss per share – diluted	\$0.02	\$0.02	\$0.07
Total assets	\$90,133	\$146,067	\$211,435
Total current liabilities	\$9,499	\$10,411	\$27,494
Total non-current financial liabilities	Nil	Nil	Nil
Cash dividends declared (cents per share)	Nil	Nil	Nil

As an IPO venture issuer with no revenue from operations, the Company makes the following additional disclosure in accordance with Section 8.6 of Form 41-101F1 – *Information Required in a Prospectus*.

	Year ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Office and administration	\$ 2,408	\$ 3,145	\$ 2,637
Filing fees	\$ 13,326	\$ 11,037	\$ 1,070
Professional fees	\$ 39,288	\$ 34,103	\$ 35,128
Other material costs	Nil	Nil	\$ 40,700

Results of Operations

Torchlight recorded a loss of \$259,301 during the period commencing from incorporation on October 8, 2021 to June 30, 2025 which was comprised of general and administrative costs as set forth below:

	Three months ended June 30, 2025	Three months ended March 31, 2025	Three months ended December 31, 2024	Three months ended September 30, 2024
Filing fee	\$ 3,484	\$ 2,421	\$ 6,946	\$ 4,284
Promotion	2,478	-	-	-
Professional services	30,760	2,559	3,372	5,740
Office and administration	85	171	276	686
Loss for the period	\$ 36,807	\$ 5,151	\$ 10,594	\$ 10,710

	Three months ended June 30, 2024	Three months ended March 31, 2024	Three months ended December 31, 2023	Three months ended September 30, 2023
Office and administration	\$ 1,373	\$ 73	\$ 38	\$ 44
Filing fee	616	1,480	2,648	2,648
Professional services	9,899	20,277	2,119	700
Loss for the period	\$ 11,888	\$ 21,830	\$ 4,805	\$ 3,392

Summary of Quarterly Results

Six months ended June 30, 2025 and 2024

During the six months ended June 30, 2025 the Company incurred \$24,461 in the legal fees compared to \$20,129 incurred during the comparative period of 2024. This change relates to the uneven distribution of legal work related to the annual general meeting of shareholders throughout the periods and the preparation of the definitive agreement signed with Innovation Mining. Accounting fees incurred during the six months ended June 30, 2025 were \$8,858 and \$10,047 during the six months ended June 30, 2024. During the six months ended June 30, 2025 the Company incurred \$2,478 in promotion expense related to the announcement of the Innovation Mining agreement. There was no promotional expense recorded during the six months ended June 30, 2024.

Three months ended June 30, 2025 and 2024

During the three months ended June 30, 2025 the Company incurred \$24,277 in the legal fees compared to \$6,824 incurred during the comparative period of 2024. This increase relates to the preparation of the definitive agreement signed with Innovation Mining. Accounting fees incurred during the three months ended June 30, 2025 were \$6,483 and \$3,075 during the three months ended June 30, 2024. The increase in accounting fees relates to the reversal of the audit fees accrued during the period ended December 31, 2024.

Liquidity and Capital Resources

In November 2021, the Company completed a non-brokered private placement pursuant to which the Company issued an aggregate of 2,500,000 Common Shares at a price of \$0.05 per Common Share for gross proceeds of \$125,000. No finders' fees were paid.

On August 8, 2022 the Company completed a private placement and issued of 3,000,000 shares at a price of \$0.10 per share for gross proceeds of \$300,000. The Company paid a cash commission to the agent in the amount of \$15,000 and issued 300,000 compensation warrants exercisable into common shares at a price of \$0.10 per common share for a period of 24 months from the date of issuance. During the year ended December 31, 2024, 300,000 warrants expired.

The Company has no revenue-producing operations. As at June 30, 2025, the Company had an accumulated deficit of \$259,301. As at June 30, 2025, the Company had a working capital balance of \$38,676, including cash of \$44,610. Management believes the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

The Company does not have any commitments for capital expenditures.

The Company is dependent on external financing, including equity issuances and debt financing, to fund its activities. Management of the Company will determine whether to accept any offer to finance weighing such things as the financing terms, share price at the time and current market conditions, among others. Circumstances that could impair the Company's ability to raise additional funds include general economic conditions, the price of relevant commodities and the other factors set forth below under "*Risk Factors*".

On an ongoing basis, and particularly in light of current market conditions, management evaluates and adjusts its planned level of activities, including planned and administrative costs, to maintain adequate levels of working capital.

Off-Balance Sheet Arrangements

Torchlight has not participated in any off-balance sheet or income statement arrangements.

Related Party Transactions

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

As of June 30, 2025, \$2,515 (December 31, 2024 - \$Nil) was due to related parties. Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the six months ended June 30, 2025, \$Nil (June 30, 2024 - \$Nil) was recorded as compensation costs for key management personnel and companies related to them.

Changes in Accounting Policies

Torchlight has adopted accounting policies stated in the audited financial statements for the year ended December 31, 2024.

Financial Instruments

As at June 30, 2025, Torchlight's financial instruments consisted of cash and accounts payable. The fair values of Torchlight's financial instruments approximate their carrying value, due to their short-term maturities or liquidity.

Risks Factors

As at June 30, 2025, Torchlight's risk exposure and the impact on Torchlight's financial instruments are summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at June 30, 2025, Torchlight holds cash balances at a chartered bank. Torchlight has assessed the credit risk to be low.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Torchlight manages liquidity risk by maintaining sufficient cash balances and to ensure that there is sufficient capital to meet short-term obligations. As at June 30, 2025, Torchlight had a working capital balance of \$38,676, including cash of \$44,610.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. As at June 30, 2025 Torchlight is not exposed to significant market risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Torchlight does not have any interest-bearing debt; however, it does hold cash balances in an interest-bearing bank account.

Foreign Currency Risk

The functional currency of Torchlight is the Canadian dollar. As of June 30, 2025, Torchlight had no financial assets and liabilities that were subject to currency translation risk.

Price Risk

Torchlight is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on Torchlight's earnings due to movements in individual equity

prices or general movements in the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatility. Future declines in commodity prices may impact the valuation of long-lived assets.

Outstanding share data

As at August 18, 2025 the Company has 5,500,000 common shares outstanding, 550,000 stock options exercisable at \$0.10 per share until August 8, 2032.

SCHEDULE "C" FINANCIAL STATEMENTS OF INNOVATION MINING INC.

See attached.



INNOVATION MINING INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian dollars)

To the shareholders of Innovation Mining Inc.

The accompanying financial statements of Innovation Mining Inc. have been prepared by management which is responsible for the integrity and fairness of the information presented, including responsibility for significant accounting estimates and judgments. These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS Accounting Standards”).

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of these financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting. The Board of Directors review the financial statements prior to approval for issuance.

The financial statements have been audited by BDO Canada LLP on behalf of the shareholders and their report follows.

“Duane Nelson”

Duane Nelson
Chief Executive Officer

“Grant Bond”

Grant Bond
Chief Financial Officer

October 8, 2025



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V6E 3P3

Independent Auditor's Report

To the Directors of Innovation Mining Inc.

Opinion

We have audited the financial statements of Innovation Mining Inc. ("the Entity"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for each of the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial statements, which indicates that the Entity incurred a net loss of \$2,333,981 during the year ended December 31, 2024 and, as of that date, the Entity had an accumulated deficit of \$3,510,667. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b) indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

October 8, 2025

INNOVATION MINING INC.
STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

	Note	As at December 31, 2024	As at December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 360,177	\$ 977,671
Current portion of receivables and other	6,14	190,451	135,667
		550,628	1,113,338
Non-current assets			
Receivables and other	6	-	20,815
Property and equipment	8	148,844	214,017
Total assets		\$ 699,472	\$ 1,348,170
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10,14	\$ 246,319	\$ 149,333
Current portion of lease obligations	11	13,169	36,153
		259,488	185,486
Non-current liabilities			
Lease obligations	11	-	13,169
		259,488	198,655
SHAREHOLDERS' EQUITY			
Share capital	13	3,549,153	2,316,211
Other reserves	13	401,498	9,990
Deficit		(3,510,667)	(1,176,686)
		439,984	1,149,515
Total liabilities and shareholders' equity		\$ 699,472	\$ 1,348,170
Nature of operations and going concern	1		
Subsequent events	18		

Approved on behalf of the Board of Directors:

"Duane Nelson"

Duane Nelson
Chief Executive Officer ("CEO") and Director

"Chester Millar"

Chester Millar
Chairman and Director

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

INNOVATION MINING INC.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian dollars, except for share data

		For the year ended	
	Note	December 31, 2024	December 31, 2023
Administrative expenses			
Salaries and benefits	14	\$ 639,647	\$ 313,372
Investor relations and marketing	14	445,785	165,605
Professional fees		305,475	126,738
Travel expenses		153,258	87,701
Management and consulting fees	14	151,997	131,756
General and administrative		94,432	56,199
Depreciation	8	78,406	42,574
Shareholder information	14	15,894	24,693
Listing and filing fees		4,975	2,671
Insurance		3,391	2,570
Total administrative expenses		1,893,260	953,879
Research and development	14	104,265	115,863
Mineral project investigation costs		21,742	35,996
Operating loss		(2,019,267)	(1,105,738)
Write-off of Royal Vindicator ("RV") Mine acquisition deposits	7	(314,562)	-
Foreign exchange gain (loss)		(10,632)	(2,560)
Interest expense	12	(3,694)	(4,499)
Write-off of property and equipment	8	-	(3,315)
Write-off of intangible asset - license technology	9	-	(1)
Interest income		14,174	19,047
Net loss and comprehensive loss for the year		\$ (2,333,981)	\$ (1,097,066)
Loss per share - basic and diluted		\$ (0.05)	\$ (0.04)
Weighted average number of shares outstanding	13	45,386,890	29,640,464

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

INNOVATION MINING INC.
STATEMENTS OF CASH FLOWS
Expressed in Canadian dollars

	Note	December 31, 2024	For the year ended December 31, 2023
Cash flows used in operating activities			
Net loss for the year		\$ (2,333,981)	\$ (1,097,066)
Items not affecting cash:			
Depreciation	8	78,406	42,574
Interest income, net		(10,515)	(14,553)
Unrealized foreign exchange loss (gain)		15,482	(2,789)
Write-off of intangible asset - license technology	9	-	1
Write-off of property and equipment	8	-	3,315
Write-off of RV Mine acquisition deposits	7	314,562	-
Changes in non-cash working capital items:			
Receivables and other assets		54,349	(151,686)
Accounts payable and accrued liabilities		39,716	55,792
Net cash used in operating activities		(1,841,981)	(1,164,412)
Cash flows used in investing activities			
Deposit for RV Mine	7	(299,640)	-
Interest received		14,174	19,047
Purchase of intangible assets - license technology		-	(1)
Purchase of property and equipment	8	(23,663)	(182,051)
Net cash used in investing activities		(309,129)	(163,005)
Cash flows generated by financing activities			
Payment of lease obligations	11	(39,812)	(22,596)
Proceeds from private placements	13	1,721,500	2,416,001
Proceeds from private placement - founders	13	-	69,000
Share issuance costs	13	(142,800)	(160,300)
Net cash generated by financing activities		1,538,888	2,302,105
(Decrease) increase in cash and cash equivalents for the year		(612,222)	974,688
Cash and cash equivalents, beginning of year		977,671	-
Effect of foreign exchange rate changes on cash and cash equivalents		(5,272)	2,983
Cash and cash equivalents, end of year		\$ 360,177	\$ 977,671
Supplemental cash flow information	15		

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

INNOVATION MINING INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	Deficit	Total
Balance - December 31, 2022		1	\$ -	\$ -	\$ (79,620)	\$ (79,620)
Private placement - founders	13	18,657,559	69,000	-	-	69,000
Private placements	13	24,394,138	2,416,001	-	-	2,416,001
Share issuance costs	13	-	(158,800)	-	-	(158,800)
Share issuance costs - brokers warrants	13	-	(9,990)	9,990	-	-
Loss for the year		-	-	-	(1,097,066)	(1,097,066)
Balance - December 31, 2023		43,051,698	\$ 2,316,211	\$ 9,990	\$ (1,176,686)	\$ 1,149,515
Private placements	13	5,285,064	1,364,852	406,648	-	1,771,500
Share issuance costs	13	-	(117,666)	(29,384)	-	(147,050)
Share issuance costs - brokers warrants	13	-	(14,244)	14,244	-	-
Loss for the year		-	-	-	(2,333,981)	(2,333,981)
Balance - December 31, 2024		48,336,762	\$ 3,549,153	\$ 401,498	\$ (3,510,667)	\$ 439,984

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



1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Innovation Mining Inc. (the “Company”) was incorporated under the *Business Corporations Act (British Columbia)* (“BCBCA”) on October 6, 2022 under the name “Dynavat Gold Mining Technologies Inc.” and changed its name to “Innovation Mining Inc.” on August 31, 2023. The Company’s corporate head office is 119 – 998 Harbourside Drive, North Vancouver, British Columbia (“BC”), Canada V7P 3T2.

The Company is a clean-tech company that has developed RZOLV, a proprietary, non-toxic hydrometallurgical formula for gold extraction. The Company is focused on the continued research and development of its formula, including validation through industrial tests, after which full commercialization efforts will begin.

(b) Going concern assumption

These financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from December 31, 2024. For the year ended December 31, 2024, the Company incurred a net loss of \$2,333,981 and used cash in operating activities of \$1,841,981. As at December 31, 2024, the Company had cash and cash equivalents of \$360,177, a positive working capital (current assets less current liabilities) of \$291,140 and an accumulated deficit of \$3,510,667.

Subsequent to December 31, 2024, the Company completed seven tranches of a private placement of 4,828,619 units at a price of \$0.28 per unit for gross proceeds of \$1,358,712 (refer to note 18a).

The Company has incurred losses, has limited financial resources and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to adjust its business plans.

The above factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the statement of financial position classifications. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance and basis of presentation

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

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION

On September 25, 2025, pursuant to the Amalgamation Agreement (defined below, refer to note 18b), the Company completed a share split on a 1:1.24 basis. All references to the numbers of shares, share options, warrants and per share amounts have been retroactively restated to reflect the share split.

These financial statements were authorized for issue by the Board of Directors on October 7, 2025.

(a) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The functional currency of the Company is the Canadian dollar (“CAD”). The presentation currency of the financial statements is CAD. References to “US\$” or “USD” are to United States dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity’s functional currency. These gains (losses) are recognized in the statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

(b) Financial instruments

Financial instruments – Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, FVTPL or fair value through other comprehensive income (“FVOCI”). The classification depends on the Company’s business model for managing the financial assets and the contractual terms which give rise to the cash flows.

For assets measured at fair value, gains (losses) will either be recorded in earnings (loss) or other comprehensive income (“OCI”). For investments in debt instruments, this will depend on the business model for which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when, and only when, its business model for managing those assets changes.

Financial instruments – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of loss and comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost** – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in earnings (loss) when the asset is derecognized or impaired. Interest income from these financial assets is included in interest and finance income using the effective interest rate method.
- **FVOCI** – Assets that are held for collection of contractual cash flows and for selling the financial assets, where those cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in earnings (loss). When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to earnings (loss) and recognized in other gains (losses). Interest income from these financial assets is included in interest and finance expense using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange gain (loss) and impairment expenses in other expenses.
- **FVTPL** – Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in earnings (loss) and presented net in the statement of loss and comprehensive loss within other gains (losses) in the period in which it arises.

Changes in the fair value of financial assets at FVTPL are recognized in gain (loss) on change in fair value of financial instruments in the statement of loss and comprehensive loss as applicable.

Financial instruments - Impairment

An expected credit loss ("ECL") impairment model applies which requires a loss allowance to be recognized based on ECLs. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in earnings (loss) for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through earnings (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments - Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash holdings in business and savings accounts held at major financial institutions with an original maturity date of three months or less. Cash and cash equivalents are classified at amortized cost. Interest and finance income is recognized by applying the effective interest rate method.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are held at amortized cost using the effective interest method.

(c) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated future cost of dismantling and removing the asset at the end of its useful life. The purchase price or construction cost is the fair value of consideration to acquire the asset.

Depreciation of property and equipment commences when the asset has been fully commissioned and is available for its intended use.

Depreciation is calculated using the straight-line method to allocate cost over the estimated useful lives, as follows:

Asset class	Estimated useful life
Office and information technology ("IT") related assets	3 – 5 years
Exploration and lab equipment	5 years
Leasehold improvements	Term of lease

Depreciation methods and estimated useful lives and residual values are reviewed annually and when facts and circumstances indicate that a review should be performed. Changes in estimates are accounted for prospectively.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain (loss) arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of loss and comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Intangible assets – license technology

Intangible assets related to license technology are the costs of acquiring rights to proprietary environmentally friendly technologies for the concentration and extraction of valuable metals for use in the mining industry. The expected future economic benefits support the carrying value, which will be amortized over its estimated useful life.

(e) Impairment of non-financial assets

The carrying amounts of assets included in property and equipment and intangible assets related to license technology are assessed for impairment at the end of each reporting period or whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset’s or CGU’s carrying amount exceeds the recoverable amount and is recorded as an expense immediately.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Future cash flows are estimated using the following significant assumptions: mineral reserves and mineral resources, production profile, operating costs, capital costs, commodity prices, foreign exchange rates and discount rates. All inputs used are those that an independent market participant would consider appropriate.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into earnings (loss) immediately.

(f) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The right of use (“ROU”) asset is initially measured based on the initial amount of the lease obligation plus any initial direct costs incurred less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method to reflect the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company’s incremental borrowing rate. The lease obligation is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments. Future lease payments can arise from a change in an index or rate, if there is a change in the Company’s estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the statement of loss, if the carrying amount of the ROU asset has been reduced to zero.

For short-term leases that have a lease term of twelve months or less and leases of low-value assets, the lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Each period, the Company reviews cost estimates and other assumptions used in the valuation of the provision to reflect events, changes in circumstances and new information available. The liability is adjusted each reporting period for the unwinding of the discount, changes to the current market-based discount rate and for the amount or timing of the underlying cash flows needed to settle the provision.

(g) Income taxes

Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable earnings. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates at the end of the reporting year applicable to the year of expected realization.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

(h) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, share options and warrants are recognized as a deduction from equity, net of any tax effects.

If common shares are issued as consideration for the acquisition of a mineral project or a technology, the common shares are measured at their fair value based on the quoted share price of the Company on the date the transaction is executed.

The Company uses the residual method in determining the fair value of warrants issued in unit equity offerings. This method provides for the allocation of the consideration received to the fair value of the common shares issued and allocating any residual amount to the warrants issued. When warrants expire, the applicable amounts of other reserves, if any, are transferred to share capital.

(i) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed to the statement of loss and comprehensive loss when incurred.

Expenditures on development activities involve a plan or design to produce new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company has the intention and sufficient resources to complete development and to use or sell the asset. The expenditures capitalized in respect of development activities include the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditures are expensed to the statement of loss and comprehensive loss when incurred.

Capitalized development expenditures are measured at cost less accumulated depreciation and accumulated impairment losses.

(j) Share-based payment transactions

Share options granted under the Company's equity settled share-based option plan are measured at fair value at the date of grant and recognized as an expense with a corresponding increase to other reserves in equity. An individual is classified as an employee when the individual is an employee for legal and tax purposes (direct employee) or provides services similar to those performed by a direct employee. Equity settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instrument granted at the date the non-employee provides the goods or the services.

Fair value is determined using the Black-Scholes option pricing model, which relies on estimates of the risk-free interest rate, expected share price volatility, future dividend payments and the expected average life of the options. The fair value determined at the grant date is recognized as an expense over the vesting period in accordance with the vesting terms and conditions (graded vesting method), with a corresponding increase to other reserves in equity.

When share options are exercised, the applicable amounts of other reserves are transferred to share capital.

(k) Loss per share

The Company presents loss per share data, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, including share options and warrants.

(l) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction where there is a transfer of resources or obligations between related parties.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

Key instances of accounting policy judgment

- The assessment of the Company's ability to continue as a going concern requires judgment related to future funding available to continue research and development of its technology and meet working capital requirements, the outcome of which is uncertain (refer to note 1b).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimation uncertainty

- The determination of the fair value of a common share and common share purchase warrant associated with the unit offering issued by the Company (refer to note 13a and 13c).
- The determination of the fair value of share options and broker warrants issued by the Company (refer to note 13b and 13c).

5. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following standards, amendments and interpretations have been issued but are not yet effective:

- In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in *IFRS 9 Financial Instruments* and related disclosure requirements in *IFRS 7 Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.
- In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* which will replace International Accounting Standard (“IAS”) 1, *Presentation of Financial Statements*. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

6. RECEIVABLES AND OTHER

	December 31, 2024	December 31, 2023
Prepaid expenses and deposits	\$ 123,904	\$ 132,188
Subscription receivable	50,000	-
Goods and services tax receivables	16,547	24,294
	\$ 190,451	\$ 156,482
Current portion of receivables and other	(190,451)	(135,667)
Non-current portion of receivables and other	\$ -	\$ 20,815

The subscription receivable was received on January 27, 2025 (refer to note 13).

7. ROYAL VINDICATOR (“RV”) MINE

(a) Definitive agreement – RV Mine

On July 10, 2024, the Company entered into a definitive agreement with Chester Millar, Chester Holdings Canada Inc. (“CHC”), Chester Millar 2018 Alter Ego Trust (“CM Trust”), Christopher Babcock, Antony Wong and Teena Shinkawa (together, the “Parties”) to acquire 100% of the RV Mine located in Haralson County, Georgia, United States of America. Chester Millar is a related party to the Company in his role as Chairman of the Board and Director. Christopher Babcock is a related party to the Company in his role as Vice President (“VP”) Operations.

Under the terms of the definitive agreement, the transaction value for the RV Mine was US\$6,500,000 with the Company to settle the transaction value as follows:

- US\$650,000 payable to the shareholders of Chester Holdings USA Inc. (“CHUSA”) as follows:
 - US\$100,000 payable to Chester Millar or CM Trust upon execution of the definitive agreement (paid);
 - US\$479,150 payable to Chester Millar or CM Trust upon successful IPO of the Company;
 - US\$64,350 payable to Christopher Babcock upon successful IPO of the Company;
 - US\$3,250 payable to Antony Wong and US\$3,250 payable to Teena Shinkawa upon successful IPO of the Company.
- US\$2,627,171 payable by way of issuance of common shares of the Company, upon the successful IPO of the Company, as follows:
 - US\$2,340,809 worth of common shares of the Company to CM Trust;
 - US\$260,090 worth of common shares of the Company to Christopher Babcock;
 - US\$13,136 worth of common shares of the Company to Antony Wong; and
 - US\$13,136 worth of common shares of the Company to Teena Shinkawa.

7. ROYAL VINDICATOR (“RV”) MINE (Continued)

The amount and issue price of the common shares of the Company was to be based on the foreign exchange rate and listing price at the time of the Company’s IPO. All issued shares were to be escrowed or otherwise restricted until they were eligible for release based on the following:

- 50% of the Company’s shares issued to each party were to be released from escrow upon IPO, and/or as per regulatory approvals; and
 - 50% of the Company’s shares issued to each party were to be released from escrow on a revenue-based formula.
- The Company was to assume US\$3,222,829 plus any such amount of calculated interest by way of secured debt as follows:
 - US\$2,182,829 payable plus 8% interest per annum to H. Morgan & Company; and
 - US\$1,040,000 payable plus 5% interest per annum to CM Trust.

The minimum annual payable amounts to both H. Morgan & Company and CM Trust for the debt was to be calculated on a pro-rata basis, based on the greater amount of the following: (a) US\$100,000 or (b) 10% of gross revenue of CHUSA.

The secured debt including accrued interest was payable in full upon or before the sixth anniversary (72 months) following the signing of the definitive agreement.

Under the definitive agreement, the Company was to also pay CHUSA for expenditures on the RV Mine which were to be allocated towards the working capital for maintaining commercial production of the RV Mine, as follows:

- US\$150,000 payable upon execution of the definitive agreement (US\$131,974 incurred, US\$18,026 remains outstanding); and
- US\$350,000 payable upon the successful IPO of the Company.

Under the definitive agreement, the closing of the transaction was subject to the successful IPO of the Company. The definitive agreement could have been terminated if the successful IPO of the Company did not occur by February 1, 2025, unless the Company and Chester Millar mutually agreed to a specified extension date for the IPO. Subsequent to December 31, 2024, on January 27, 2025, the Company and Chester Millar agreed to extend the date for the IPO in the definitive agreement to July 31, 2025.

In the event that the definitive agreement was terminated, any amounts paid to Chester Millar or advanced to CHUSA for expenditures on the RV Mine would be non-refundable.

Subsequent to December 31, 2024, on March 18, 2025, the Company and the Parties agreed to terminate the definitive agreement for the RV Mine. As a result, the Company wrote off the acquisition deposits paid and derecognized the acquisition liabilities recorded for the deposit amounts that were unpaid as at December 31, 2024.

7. ROYAL VINDICATOR (“RV”) MINE (Continued)

The deposit and acquisition liabilities related to the acquisition of the RV Mine, as of December 31, 2024, were as follows:

	USD	CAD
Balance - December 31, 2023	-	-
Deposit related to acquisition of the RV Mine:		
Acquisition costs	\$ 100,000	\$ 136,200
Acquisition costs - working capital provision	150,000	204,300
Acquisition liability - RV Mine upon signing of definitive agreement	(250,000)	(340,500)
Incurred acquisition costs	100,000	141,925
Incurred acquisition costs - working capital provision	131,974	183,824
Foreign exchange movements	-	(11,187)
Write-off of RV Mine acquisition deposits	(231,974)	(314,562)
Balance - December 31, 2024	\$ -	\$ -

8. PROPERTY AND EQUIPMENT

	Property and equipment		ROU asset		Total
Cost					
Balance - December 31, 2022	\$	-	\$	-	-
Additions		192,482		67,424	259,906
Disposals		(3,315)		-	(3,315)
Balance - December 31, 2023	\$	189,167	\$	67,424	\$ 256,591
Additions		13,233		-	13,233
Balance - December 31, 2024	\$	202,400	\$	67,424	\$ 269,824
Accumulated depreciation					
Balance - December 31, 2022	\$	-	\$	-	-
Depreciation		20,099		22,475	42,574
Balance - December 31, 2023		20,099		22,475	42,574
Depreciation		44,694		33,712	78,406
Balance - December 31, 2024	\$	64,793	\$	56,187	\$ 120,980
Net book value - December 31, 2023		169,068		44,949	214,017
Net book value - December 31, 2024	\$	137,607	\$	11,237	\$ 148,844

Property and equipment includes lab and office equipment, IT hardware and leasehold improvements.

The ROU asset relates to the Company’s corporate head office and lab which is depreciated over the term of the lease agreement (24 months).

9. INTANGIBLE ASSETS – LICENSE TECHNOLOGY

On December 6, 2022, the Company entered into an agreement with Sibling Rivalries Investments Inc. (“Sibling”) to assign and transfer 100% of the rights and obligations of a Letter of Intent between Sibling and Environmental Technologies Inc. (“ETI”) for an option to acquire a licensed technology, for consideration of \$1. Sibling is considered a related party as the sole owner is the Company’s CEO.

In 2023, the Company concluded that it would no longer pursue the Letter of Intent with ETI and as a result, recognized a write-off of intangible asset – license technology in the amount of \$1.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Trade payables	\$ 147,573	\$ 66,506
Accrued liabilities	97,352	71,835
Payroll liabilities	1,394	10,992
	\$ 246,319	\$ 149,333

11. LEASE OBLIGATIONS

As at December 31, 2024, the Company’s lease obligations consisted of the following:

	December 31, 2024	December 31, 2023
Gross lease obligations - minimum lease payments		
1 year	\$ 13,450	\$ 39,812
2-3 years	-	13,450
	\$ 13,450	\$ 53,262
Future interest expense on lease obligations	(281)	(3,940)
Total lease obligations	\$ 13,169	\$ 49,322
Current portion of lease obligations	(13,169)	(36,153)
Non-current portion of lease obligations	\$ -	\$ 13,169

For the year ended December 31, 2024, interest expense on the lease obligations was \$3,659 (2023 – \$4,494). Total cash payments on lease obligation were \$39,812 (2023 – \$22,596). To determine the ROU asset and lease obligation, the Company estimated its incremental borrowing rate to be 11.0% at inception of the lease agreement.

Subsequent to December 31, 2024, on January 17, 2025, the Company extended the lease for its corporate office and lab for a period of one year, now expiring on April 30, 2026.

12. INTEREST EXPENSE

	For the year ended	
	December 31, 2024	December 31, 2023
Interest expense on leases	\$ 3,659	\$ 4,494
Interest expense - other	35	5
	\$ 3,694	\$ 4,499

13. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

At December 31, 2024, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

Private placement – Unit offering

From July 29, 2024 to December 30, 2024, the Company completed six tranches of a private placement of 3,528,767 units at a price of \$0.40 per unit for gross proceeds of \$1,418,500. As at December 31, 2024, a subscription agreement in the amount of \$50,000 was recorded in receivables and other (received on January 27, 2025). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.60 per common share for a period of two years from the date of issue.

To determine the fair value of the components of the unit offering, the Company used the Black Scholes option pricing model with the following assumptions:

	For the year ended	
	December 31, 2024	December 31, 2023
Share price	\$0.29	N/A
Exercise price	\$0.60	N/A
Expected life	2.0 years	N/A
Expected volatility	108.21%	N/A
Risk-free interest rate	3.09%	N/A
Expected dividend yield	Nil	N/A
Forfeiture rate	Nil	N/A
Fair value of warrant	\$0.12	N/A

Expected volatility was estimated based on the volatilities of peer-group publicly-traded companies.

Using the residual method, the warrants were valued at \$406,648. Total share issuance costs, including finders fees, associated with the private placement were \$114,484 consisting of \$103,100 in cash and \$11,384 related to 80,898 broker warrants issued.

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

Private placements

On February 7, 2024, the Company completed the second tranche of a private placement in which 1,756,297 common shares were issued at \$0.20 per share for gross proceeds of \$353,000. Total share issuance costs, including finders fees, associated with the private placement were \$50,047 consisting of \$43,950 in cash and \$6,097 related to 60,325 broker warrants issued.

On December 22, 2023 and December 28, 2023, the Company completed the first tranche of a private placement in which 3,771,310 common shares were issued at \$0.20 per share for gross proceeds of \$758,000. Total share issuance costs associated with the private placement were \$80,790 including finder's fees of \$35,590 consisting of \$25,600 in cash and \$9,990 related to 98,760 broker warrants issued.

On March 30, 2023, May 5, 2023 and June 30, 2023, the Company completed three tranches of a private placement in which 20,622,828 common shares were issued at \$0.08 per share for gross proceeds of \$1,658,001. Total share issuance costs associated with the private placement were \$88,000 including finder's fees of \$22,600.

On March 22, 2023, the Company completed a private placement for its founders which consisted of:

- 11,194,533 common shares issued to the CEO and Chairman of the Company at \$0.0008 per share for gross proceeds of \$9,000; and
- 7,463,026 common shares issued to other founders of the Company at \$0.008 per share for gross proceeds of \$60,000.

(b) Share options

The Company has adopted an incentive share option plan which provides that the Board of Directors of the Company may from time to time, at their discretion, grant to its directors, officers, employees and consultants, non-transferable options to purchase common shares, provided that the number of common shares reserved for issue does not exceed 10% of the number of then outstanding common shares. The term of each share option is set by the Board of Directors at the time of grant but cannot exceed a maximum term of ten years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the grant date market price of the Company's common shares.

The following table summarizes the changes in share options for the years ended December 31:

	2024		2023	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding, January 1,	3,762,610	\$ 0.18	-	\$ -
Granted	715,206	0.20	3,762,610	0.18
Forfeited	(62,192)	0.20	-	-
Outstanding, December 31,	4,415,624	\$ 0.18	3,762,610	\$ 0.18

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

The following table summarizes information about share options outstanding and exercisable at December 31, 2024:

Exercise prices	Number of share options outstanding	Share options outstanding		Share options exercisable	
		Weighted average exercise price	Weighted average years to expiry	Number of share options exercisable	Weighted average exercise price
\$0.01 - \$0.15	621,919	\$ 0.08	-	-	\$ -
\$0.16 - \$0.30	3,793,705	0.20	-	-	-
	4,415,624	\$ 0.18	-	-	\$ -

The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO. The vesting schedule of the share options is as follows:

- 25% on the IPO date (or when regulatory escrow allows);
- 25% six months from the IPO date (or when regulatory escrow allows);
- 25% 12 months from the IPO date (or when regulatory escrow allows); and
- 25% 18 months from the IPO date (or when regulatory escrow allows).

The term of the share options is 5 years from the IPO date.

Due to uncertainty around the timing of the Company's IPO, for the years ended and as at December 31, 2024 and 2023, no share-based compensation expense has been recorded in the statement of loss and comprehensive loss.

(c) Warrants

The following table summarizes the changes in warrants for the years ended December 31:

	2024		2023	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	98,760	\$ 9,990	-	\$ -
Transactions during the period:				
Warrants issued -				
private placements	3,528,767	406,648	-	-
Broker's warrants issued -				
private placement	141,223	17,481	98,760	9,990
Allocation of share issuance costs to warrants	-	(32,621)	-	-
Outstanding, December 31,	3,768,750	\$ 401,498	98,760	\$ 9,990

At December 31, 2024, the weighted average exercise price for the outstanding warrants is \$0.58 (2023 – \$0.20).

13. SHARE CAPITAL AND OTHER RESERVES (Continued)

Brokers warrants issued in connection with private placements were valued at \$17,481 (2023 – \$9,990) using the Black Scholes option pricing model. The following are the weighted average assumptions used to estimate the fair value of brokers warrants issued for the years ended December 31, 2024 and 2023 using the Black-Scholes option pricing model:

	December 31, 2024	For the year ended December 31, 2023
Share price	\$0.25	\$0.20
Exercise price	\$0.31	\$0.20
Expected life	2.0 years	2.0 years
Expected volatility	100.38%	91.56%
Risk-free interest rate	3.57%	3.99%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Fair value of broker warrant	\$0.12	\$0.10

The Black-Scholes option pricing model for brokers warrants requires the input of subjective assumptions including the expected price volatility. Changes in these assumptions would have a significant impact on the fair value.

14. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes the Company’s directors, advisory board members and officers including its CEO, Chief Technology Officer, Chief Financial Officer (“CFO”), Chief Innovation Officer (“CIO”) (*formerly Vice President Mining and Minerals*) and Corporate Secretary.

Directors and key management compensation:

	December 31, 2024	For the year ended December 31, 2023
Salaries and benefits	\$ 639,647	\$ 313,372
Management and consulting fees	151,997	131,756
	\$ 791,644	\$ 445,128

As at December 31, 2024, accounts payable and accrued liabilities includes \$9,061 (2023 – \$24,568) owed to related parties of the Company for transactions incurred in the normal course of business.

As at December 31, 2024, receivables and other includes \$27,143 (2023 – \$nil) advanced to the CEO of the Company for future salaries and benefits.

For the year ended December 31, 2024, the Company incurred \$91,997 (2023 – \$75,756) with P2 Gold Inc. under a CFO shared-services agreement. These expenditures are included in management and consulting fees in the statement of loss and comprehensive loss.

14. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

For the year ended December 31, 2024, the Company incurred \$6,495 (2023 – \$2,000) with a family member of the CEO for social media marketing and website design. These expenditures are included in investor relations and marketing and shareholder information respectively, in the statement of loss and comprehensive loss.

For the year ended December 31, 2024, the Company incurred \$5,720 (2023 – \$nil) with a family member of the CIO for corporate materials and contractual labour. These expenditures are included in investor relations and marketing and research and development costs respectively, in the statement of loss and comprehensive loss.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash working capital items included in property and equipment were as follows:

	For the year ended	
	December 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	\$ 10,430	\$ (10,430)
Lease obligations	-	(67,424)
	\$ 10,430	\$ (77,854)

For the year ended December 31, 2024, the net change in non-cash working capital items included in share issuance costs is (\$4,250) (2023 – \$1,500).

16. FINANCIAL RISK MANAGEMENT

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

This note presents information about the Company’s exposure to each of these risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Risk management is the responsibility of management and is carried out under the oversight of and policies approved by the Board of Directors. Material risks are monitored and discussed with the Board of Directors.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company’s cash flows or value of its financial instruments.

(i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of loss and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

16. FINANCIAL RISK MANAGEMENT (Continued)

The Company is exposed to currency risk through cash and cash equivalents, receivables and other and accounts payable and accrued liabilities which are denominated in USD.

The following table shows the impact on pre-tax loss of a 10% change in the USD:CAD exchange rate on financial assets and liabilities denominated in USD, as of December 31, 2024, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	\$ 158	\$ (158)
Receivables and other	540	(540)
Accounts payable and accrued liabilities	(2,688)	2,687

(ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investment in cash and cash equivalents. The Company's current policy is to invest cash at variable and fixed rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents mature impact interest and finance income earned.

The impact on pre-tax loss of a 1% change in variable interest rates on financial assets and liabilities, as of December 31, 2024, with all other variables held constant, would be nominal.

(b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents.

The Company mitigates its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Contractual undiscounted cash flow requirements for contractual obligations as at December 31, 2024 are as follows:

	1 year	2 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 246,319	\$ -	\$ -	\$ 246,319
Lease obligations	13,450	-	-	13,450
	\$ 259,769	\$ -	\$ -	\$ 259,769

16. FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital management

The Company's objectives in managing capital are to safeguard the ability to continue as a going concern and provide financial capacity to meet its strategic objectives. Management monitors the amount of cash and cash equivalents and equity in the capital structure and adjusts the capital structure, as necessary, to continue as a going concern and to support the acquisition, exploration, development and operations of its mineral projects.

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, other reserves and deficit.

To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of mineral projects to facilitate the management of its capital requirements.

(e) Fair value estimation

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

17. TAXATION

(a) Deferred income taxes

The tax effects of temporary differences between the amounts recorded in the Company's accounts and the corresponding amounts as computed for income tax purposes give rise to deferred income taxes as follows:

	December 31, 2024	For the year ended December 31, 2023
Tax loss carry forwards	\$ 856,482	\$ 316,109
Share issuance costs	57,443	34,301
Property and equipment	100,661	(5,815)
Lease obligations	3,556	13,317
Deferred income taxes not recognized	(1,018,142)	(357,912)
	\$ -	\$ -

17. TAXATION (Continued)

The Company has non-capital losses in Canada of approximately \$3,167,256 (2023 – \$1,170,776) expiring in various amounts from 2042 to 2044.

A deferred tax asset has not been recognized in respect of the net deductible temporary differences, as it is not probable that sufficient future taxable earnings will be available in the periods when deductions from such potential assets will be realized.

(b) Income tax expense (recovery)

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2023 – 27%) as follows:

	December 31, 2024	For the year ended December 31, 2023
Expected income tax recovery	\$ (630,175)	\$ (296,208)
Share issuance costs	(39,704)	(42,876)
Impact of difference in tax rates and other	9,650	2,594
Deferred income taxes not recognized	660,229	336,490
	\$ -	\$ -

18. SUBSEQUENT EVENTS

(a) Private placement – Unit offering

Subsequent to December 31, 2024, the Company completed seven tranches of a private placement of 4,828,619 units at a price of \$0.28 per unit for gross proceeds of \$1,358,712. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

(b) Amalgamation Agreement – Torchlight Innovations Inc.

On April 11, 2025, the Company entered into an amalgamation agreement (the “Amalgamation Agreement”) with Torchlight Innovations Inc. (“Torchlight”) and 1535261 BC Ltd. (“Subco”), a wholly owned subsidiary of Torchlight pursuant to which Torchlight will, by way of a “three-cornered amalgamation” acquire all of the issued and outstanding securities of the Company (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the “Transaction”).

The Transaction is subject to TSX Venture Exchange (“TSXV”) approval and is intended to constitute Torchlight’s “Qualifying Transaction” in accordance with TSXV Policy 2.4 – *Capital Pool Companies* (“Policy 2.4”) Torchlight, after giving effect to the Transaction and upon receiving final approval from the TSXV, will hereinafter be referred to as the “Resulting Issuer”.

In connection with the Transaction, Torchlight intends to consolidate its common shares on a 1.93:1 basis (the “Consolidation”).

18. SUBSEQUENT EVENTS (Continued)

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction, the Company will amalgamate with Subco pursuant to the provisions of the BCBCA (the "Amalgamation"). The amalgamated entity will be a wholly-owned subsidiary of Torchlight.

The Amalgamation was approved by the shareholders of the Company at a meeting of shareholders on August 7, 2025.

The Company completed a share split on a 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the "Share Split"). Pursuant to the Transaction, Torchlight will then issue one (1) post-Consolidation common share to the Company shareholders for every one (1) common share of the Company held. Outstanding options, warrants and broker warrants of the Company will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, the Company completed a non-brokered private placement of subscription receipts (each a "Subscription Receipt") at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281 (the "SR Financing"). Each Subscription Receipt will be exchanged for one common share (a "Share") in the capital of the Company and one common share purchase warrant of the Company (a "Warrant") (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Company Shares and Warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one-for-one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

No finder's fee is payable in connection with the Transaction. Finder's fees will be paid in connection with the SR Financing. There are no common control persons of both Torchlight and the Company. The Transaction will not constitute a "Non-Arm's Length Qualifying Transaction" (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the TSXV and applicable securities laws.

The completion of the Transaction is subject to the satisfaction of certain customary conditions.



INNOVATION MINING INC.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(Expressed in Canadian dollars)

INNOVATION MINING INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited - Expressed in Canadian Dollars

	Note	As at June 30, 2025	As at December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 552,787	\$ 360,177
Receivables and other	4, 9	117,405	190,451
		670,192	550,628
Non-current assets			
Property and equipment	5	146,667	148,844
Total assets		\$ 816,859	\$ 699,472
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 9	\$ 315,346	\$ 246,319
Current portion of lease obligations	7	31,960	13,169
		347,306	259,488
SHAREHOLDERS' EQUITY			
Share capital	8	4,351,726	3,549,153
Other reserves	8	790,374	401,498
Deficit		(4,672,547)	(3,510,667)
		469,553	439,984
Total liabilities and shareholders' equity		\$ 816,859	\$ 699,472
Nature of operations and going concern	1		
Subsequent events	12		

Approved on behalf of the Board of Directors:

*"Duane Nelson"*Duane Nelson
Chief Executive Officer ("CEO") and Director*"Chester Millar"*Chester Millar
Chairman and Director*The accompanying notes are an integral part of these condensed interim financial statements.*

INNOVATION MINING INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Unaudited - Expressed in Canadian dollars, except for share data

	Note	For the three months ended		For the six months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Administrative expenses					
Salaries and benefits	9	\$ 177,677	\$ 158,660	\$ 362,332	\$ 300,356
Professional fees		116,452	129,626	208,305	157,366
Investor relations and marketing		79,463	127,348	193,889	318,453
Management and consulting fees	9	43,279	37,999	96,558	75,998
Travel expenses		24,622	36,609	54,027	87,916
General and administrative		21,416	21,557	40,470	42,390
Depreciation	5	19,255	19,542	39,624	38,777
Shareholder information		4,295	3,197	6,430	4,453
Listing and filing fees		2,512	797	2,752	2,227
Insurance		925	849	1,773	1,673
Total administrative expenses		489,896	536,184	1,006,160	1,029,609
Research and development		107,596	16,212	134,193	36,444
Mineral project investigation costs		-	6,796	18,636	21,742
Operating loss		(597,492)	(559,192)	(1,158,989)	(1,087,795)
Interest expense		(1,578)	(1,041)	(4,440)	(2,314)
Foreign exchange (loss) gain		(586)	1,019	(875)	4,065
Interest income		661	4,214	1,124	10,000
Gain on sale of property and equipment	5	-	-	1,300	-
Net loss and comprehensive loss for the period		\$ (598,995)	\$ (555,000)	\$ (1,161,880)	\$ (1,076,044)
Loss per share - basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding	8	50,165,947	44,807,994	49,256,408	44,450,945

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

INNOVATION MINING INC.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

Unaudited - Expressed in Canadian dollars

		For the six months ended	
	Note	June 30, 2025	June 30, 2024
Cash flows used in operating activities			
Net loss for the period		\$ (1,161,880)	\$ (1,076,044)
Items not affecting cash:			
Depreciation	5	39,624	38,777
Gain on sale of property and equipment	5	(1,300)	-
Interest expense (income), net		848	(7,686)
Unrealized foreign exchange loss		979	4,041
Changes in non-cash working capital items:			
Receivables and other assets		(10,462)	65,955
Accounts payable and accrued liabilities		152,893	(21,113)
Net cash used in operating activities		(979,298)	(996,070)
Cash flows generated by (used in) investing activities			
Interest received		1,124	10,000
Proceeds from sale of property and equipment	5	2,000	-
Purchase of property and equipment		(1,153)	(23,663)
Net cash generated by (used in) investing activities		1,971	(13,663)
Cash flows generated by financing activities			
Payment of lease obligations	7	(20,175)	(19,637)
Proceeds from private placements	4, 8	1,237,927	453,000
Proceeds from private placement - shares to be issued	8	50,050	-
Share issuance costs	8	(98,278)	(41,450)
Net cash generated by financing activities		1,169,524	391,913
Decrease in cash and cash equivalents for the period		192,197	(617,820)
Cash and cash equivalents, beginning of period		360,177	977,671
Effect of foreign exchange rate changes on cash and cash equivalents		413	(4,408)
Cash and cash equivalents, end of period		\$ 552,787	\$ 355,443
Supplemental cash flow information	10		

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

INNOVATION MINING INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited - Expressed in Canadian dollars, except for share data

	Note	Number of common shares	Share capital	Other reserves	Deficit	Total
Balance - December 31, 2023		43,051,698	\$ 2,316,211	\$ 9,990	\$ (1,176,686)	\$ 1,149,515
Private placements	8	1,756,297	353,000	-	-	353,000
Private placements - shares to be issued	8	-	100,000	-	-	100,000
Share issuance costs	8	-	(43,950)	-	-	(43,950)
Share issuance costs - brokers warrants	8	-	(6,097)	6,097	-	-
Loss for the period		-	-	-	(1,076,044)	(1,076,044)
Balance - June 30, 2024		44,807,995	\$ 2,719,164	\$ 16,087	\$ (2,252,730)	\$ 482,521
Balance - December 31, 2024		48,336,762	\$ 3,549,153	\$ 401,498	\$ (3,510,667)	\$ 439,984
Private placements	8	4,221,679	794,582	393,345	-	1,187,927
Private placements - shares to be issued	8	-	50,050	-	-	50,050
Share issuance costs	8	-	(64,553)	(31,975)	-	(96,528)
Share issuance costs - brokers warrants	8	-	(10,966)	10,966	-	-
Units issued for settlement of accounts payable	8	177,691	33,460	16,540	-	50,000
Loss for the period		-	-	-	(1,161,880)	(1,161,880)
Balance - June 30, 2025		52,736,132	\$ 4,351,726	\$ 790,374	\$ (4,672,547)	\$ 469,553

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

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Innovation Mining Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on October 6, 2022 under the name “Dynavat Gold Mining Technologies Inc.” and changed its name to “Innovation Mining Inc.” on August 31, 2023. The Company’s corporate head office is 119 – 998 Harbourside Drive, North Vancouver, British Columbia (“BC”), Canada V7P 3T2.

The Company is a clean-tech company that has developed RZOLV, a proprietary, non-toxic hydrometallurgical formula for gold extraction. The Company is focused on the continued research and development of its formula, including validation through industrial tests, after which full commercialization efforts will begin.

(b) Going concern assumption

These condensed interim financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from June 30, 2025. For the six months ended June 30, 2025, the Company incurred a net loss of \$1,161,880 and used cash in operating activities of \$979,298. As at June 30, 2025, the Company had cash and cash equivalents of \$552,787, a working capital (current assets less current liabilities) surplus of \$322,886 and an accumulated deficit of \$4,672,547.

Subsequent to June 30, 2025, on July 2, 2025, the Company completed the final tranche of a private placement of 429,249 units at a price of \$0.28 per unit for gross proceeds of \$120,785 (refer to note 12a).

The Company has incurred losses, has limited financial resources and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to adjust its business plans.

The above factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these condensed interim financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the statement of financial position classifications. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance and basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards and IAS as issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS Accounting Standards”).

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The Company's material accounting policies applied in these condensed interim financial statements are the same as those disclosed in Note 3 of the Company's audited annual financial statements for the year ended December 31, 2024 and 2023. These condensed interim financial statements should be read in conjunction with the Company's most recent audited annual financial statements.

The functional currency of the Company is the Canadian dollar ("CAD"). The presentation currency of the condensed interim financial statements is CAD. References to "US\$" or "USD" are to United States dollars.

On September 25, 2025, pursuant to the Amalgamation Agreement (refer to note 3), the Company completed a share split on a 1:1.24 basis. All references to the numbers of shares, share options, warrants and per share amounts have been retroactively restated to reflect the share split.

These condensed interim financial statements were authorized for issuance by the Board of Directors on October 7, 2025.

(b) Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the condensed interim financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

Key instances of accounting policy judgment

- The assessment of the Company's ability to continue as a going concern requires judgment related to future funding available to continue research and development of its technology and meet working capital requirements, the outcome of which is uncertain (refer to note 1b).

Estimation uncertainty

- The determination of the fair value of a common share and common share purchase warrant associated with the unit offering issued by the Company (refer to note 8a).
- The determination of the fair value of share options and broker warrants issued by the Company (refer to note 8b and 8c).

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) New accounting standards and recent pronouncements

The following standards, amendments and interpretations have been issued but are not yet effective:

- In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.
- In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

3. AMALGAMATION AGREEMENT – TORCHLIGHT INNOVATIONS INC.

On April 11, 2025, the Company entered into an amalgamation agreement (the “Amalgamation Agreement”) with Torchlight Innovations Inc. (“Torchlight”) and 1535261 BC Ltd. (“Subco”), a wholly owned subsidiary of Torchlight pursuant to which Torchlight will, by way of a “three-cornered amalgamation” acquire all of the issued and outstanding securities of the Company (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the “Transaction”).

The Transaction is subject to TSX Venture Exchange (“TSXV”) approval and is intended to constitute Torchlight’s “Qualifying Transaction” in accordance with TSXV Policy 2.4 – Capital Pool Companies (“Policy 2.4”) Torchlight, after giving effect to the Transaction and upon receiving final approval from the TSXV, will hereinafter be referred to as the “Resulting Issuer”.



INNOVATION MINING INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

3. AMALGAMATION AGREEMENT – TORCHLIGHT INNOVATIONS INC. (Continued)

In connection with the Transaction, Torchlight intends to consolidate its common shares on a 1.93:1 basis (the “Consolidation”).

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction, the Company will amalgamate with Subco pursuant to the provisions of the BCBCA (the “Amalgamation”). The amalgamated entity will be a wholly-owned subsidiary of Torchlight.

The Amalgamation was approved by the shareholders of the Company at a meeting of shareholders on August 7, 2025.

The Company completed a share split on a 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the “Share Split”). Pursuant to the Transaction, Torchlight will then issue one (1) post-Consolidation common share to the Company shareholders for every one (1) common share of the Company held. Outstanding options, warrants and broker warrants of the Company will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, the Company completed a non-brokered private placement of subscription receipts (each a “Subscription Receipt”) at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281 (the “SR Financing”). Each Subscription Receipt will be exchanged for one common share (a “Share”) in the capital of the Company and one common share purchase warrant of the Company (a “Warrant”) (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Company Shares and Warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one-for-one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

No finder’s fee is payable in connection with the Transaction. Finder’s fees will be paid in connection with the SR Financing. There are no common control persons of both Torchlight and the Company. The Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the TSXV and applicable securities laws.

The completion of the Transaction is subject to the satisfaction of certain customary conditions.

4. RECEIVABLES AND OTHER

	June 30, 2025	December 31, 2024
Prepaid expenses and deposits	\$ 103,570	\$ 123,904
Goods and services tax receivables	13,835	16,547
Subscription receivable	-	50,000
	\$ 117,405	\$ 190,451

The subscription receivable was received on January 27, 2025.

5. PROPERTY AND EQUIPMENT

	Property and equipment	Right-of-use ("ROU") asset	Total
Cost			
Balance - December 31, 2023	\$ 189,167	\$ 67,424	\$ 256,591
Additions	13,233	-	13,233
Balance - December 31, 2024	\$ 202,400	\$ 67,424	\$ 269,824
Additions	1,153	36,994	38,147
Disposals	(2,000)	-	(2,000)
Balance - June 30, 2025	\$ 201,553	\$ 104,418	\$ 305,971
Accumulated depreciation			
Balance - December 31, 2023	\$ 20,099	\$ 22,475	\$ 42,574
Depreciation	44,694	33,712	78,406
Balance - December 31, 2024	64,793	56,187	120,980
Depreciation	21,674	17,950	39,624
Disposals	(1,300)	-	(1,300)
Balance - June 30, 2025	\$ 85,167	\$ 74,137	\$ 159,304
Net book value - December 31, 2024	137,607	11,237	148,844
Net book value - June 30, 2025	\$ 116,386	\$ 30,281	\$ 146,667

Property and equipment includes lab and office equipment and information technology hardware.

The ROU asset relates to the Company's corporate head office and lab which is depreciated over the term of the lease agreement (refer to note 7).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2025	December 31, 2024
Trade payables	\$ 238,716	\$ 147,573
Accrued liabilities	58,251	97,352
Payroll liabilities	18,379	1,394
	\$ 315,346	\$ 246,319

7. LEASE OBLIGATIONS

As at June 30, 2025, the Company's lease obligations consisted of the following:

	June 30, 2025	December 31, 2024
Gross lease obligations - minimum lease payments		
1 year	\$ 33,625	\$ 13,450
	\$ 33,625	\$ 13,450
Future interest expense on lease obligations	(1,665)	(281)
Total lease obligations	\$ 31,960	\$ 13,169

**INNOVATION MINING INC.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2025 and 2024

Unaudited – Expressed in Canadian dollars, except for share data

7. LEASE OBLIGATIONS (Continued)

For the six months ended June 30, 2025, interest expense on the lease obligations was \$1,972 (2024 – \$2,314). Total cash payments on lease obligation were \$20,175 (2024 – \$19,637).

On January 17, 2025, the Company extended the lease for its corporate office and lab for a period of one year, now expiring on April 30, 2026. To determine the adjustment to the ROU asset and lease obligation, the Company estimated its incremental borrowing rate to be 11.0% at extension of the lease agreement.

8. SHARE CAPITAL AND OTHER RESERVES**(a) Share capital**

At June 30, 2025, the authorized share capital of the Company consisted of an unlimited number of common shares without par value.

Private placement – Unit offering

On June 27, 2025, the Company received gross proceeds of \$50,050 related to the final tranche of a private placement. As of June 30, 2025, the proceeds were recorded as shares to be issued within share capital. On July 2, 2025, the Company issued 177,689 units related to these received proceeds.

From April 3, 2025 to June 19, 2025, the Company completed six tranches of a private placement of 4,221,679 units at a price of \$0.28 per unit for gross proceeds of \$1,187,927. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

On May 13, 2025, the Company issued 177,691 units at a price of \$0.28 per unit for the settlement of accounts payable and accrued liabilities in the amount of \$50,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

To determine the fair value of the components of the unit offering, the Company used the Black Scholes option pricing model with the following assumptions:

	For the six months ended	
	June 30, 2025	June 30, 2024
Share price	\$0.19	N/A
Exercise price	\$0.40	N/A
Expected life	2.0 years	N/A
Expected volatility	127.14%	N/A
Risk-free interest rate	2.64%	N/A
Expected dividend yield	Nil	N/A
Forfeiture rate	Nil	N/A
Fair value of warrant	\$0.09	N/A

8. SHARE CAPITAL AND OTHER RESERVES (Continued)

Expected volatility was estimated based on the volatilities of peer-group publicly-traded companies.

Using the residual method, the warrants were valued at \$409,885. Total share issuance costs, including finders fees, associated with the private placement were \$107,494 consisting of \$96,528 in cash and \$10,966 related to 154,030 broker warrants issued.

Private placement

On June 18, 2024, the Company received gross proceeds of \$100,000 related to a tranche of a private placement. As of June 30, 2024, the proceeds were recorded as shares to be issued within share capital. On July 31, 2024, the Company issued 248,767 units related to these received proceeds.

On February 7, 2024, the Company completed the second tranche of a private placement in which 1,756,297 common shares were issued at \$0.20 per share for gross proceeds of \$353,000. Total share issuance costs, including finders fees, associated with the private placement were \$50,047 consisting of \$43,950 in cash and \$6,097 related to 60,325 broker warrants issued.

(b) Share options

The following table summarizes the changes in share options for the six months ended June 30:

	2025		2024	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding, January 1,	4,415,624	\$ 0.18	3,762,610	\$ 0.18
Granted	-	-	715,206	0.20
Outstanding, June 30,	4,415,624	\$ 0.18	4,477,816	\$ 0.18

The following table summarizes information about share options outstanding and exercisable at June 30, 2025:

Exercise prices	Number of share options outstanding	Share options outstanding		Share options exercisable	
		Weighted average exercise price	Weighted average years to expiry	Number of share options exercisable	Weighted average exercise price
\$0.01 - \$0.15	621,919	\$ 0.08	-	-	\$ -
\$0.16 - \$0.30	3,793,705	0.20	-	-	-
	4,415,624	\$ 0.18	-	-	\$ -

The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO.

8. SHARE CAPITAL AND OTHER RESERVES (Continued)

The vesting schedule of the share options is as follows:

- 25% on the IPO date (or when regulatory escrow allows);
- 25% six months from the IPO date (or when regulatory escrow allows);
- 25% 12 months from the IPO date (or when regulatory escrow allows); and
- 25% 18 months from the IPO date (or when regulatory escrow allows).

The term of the share options is 5 years from the IPO date.

Due to uncertainty around the timing of the Company's IPO, for the six months ended June 30, 2025 and 2024, no share-based compensation expense has been recorded in the condensed interim statement of loss and comprehensive loss.

(c) Warrants

The following table summarizes the changes in warrants for the six months ended June 30:

	2025		2024	
	Number of warrants	Warrant reserve	Number of warrants	Warrant reserve
Outstanding, January 1,	3,768,750	\$ 401,498	98,760	\$ 9,990
Transactions during the period:				
Warrants issued -				
private placements	4,221,679	393,345	-	-
Warrants issued -				
settlement of accounts payable	177,691	16,540	-	-
Broker's warrants issued -				
private placement	154,030	10,966	60,325	6,097
Allocation of share issuance costs to warrants	-	(31,975)	-	-
Outstanding, June 30,	8,322,150	\$ 790,374	159,085	\$ 16,087

At June 30, 2025, the weighted average exercise price for the outstanding warrants is \$0.48 (2024 – \$0.20).

Brokers warrants issued in connection with private placements were valued, net of share issuance costs, at \$10,966 (2024 – \$6,097) using the Black Scholes option pricing model. The following are the weighted average assumptions used to estimate the fair value of brokers warrants issued for the six months ended June 30, 2025 and 2024 using the Black-Scholes option pricing model:

8. SHARE CAPITAL AND OTHER RESERVES (Continued)

	For the six months ended	
	June 30, 2025	June 30, 2024
Share price	\$0.18	\$0.20
Exercise price	\$0.28	\$0.20
Expected life	2.0 years	2.0 years
Expected volatility	127.32%	91.32%
Risk-free interest rate	2.64%	4.12%
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Fair value of broker warrant	\$0.11	\$0.10

The Black-Scholes option pricing model for brokers warrants requires the input of subjective assumptions including the expected price volatility. Changes in these assumptions would have a significant impact on the fair value.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes the Company's directors, advisory board members and officers including its CEO, Chief Technology Officer, CFO, Chief Innovation Officer and Corporate Secretary.

Directors and key management compensation:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Salaries and benefits	\$ 177,677	\$ 158,660	\$ 362,332	\$ 300,356
Management and consulting fees	38,279	37,999	76,558	75,998
	\$ 215,956	\$ 196,659	\$ 438,890	\$ 376,354

As at June 30, 2025, accounts payable and accrued liabilities includes \$31,139 (December 31, 2024 – \$9,061) owed to directors and key management of the Company for transactions incurred in the normal course of business.

As at June 30, 2025, receivables and other includes \$27,143 (December 31, 2024 – \$27,143) advanced to the CEO of the Company for future salaries and benefits.

For the six months ended June 30, 2025, the Company incurred \$46,558 (2024 – \$45,998) with P2 Gold Inc., a company with a common director and CFO, under a financial shared-services agreement. These expenditures are included in management and consulting fees in the condensed interim statement of loss and comprehensive loss.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash working capital items included in property and equipment were as follows:

	For the six months ended	
	June 30, 2025	June 30, 2024
Accounts payable and accrued liabilities	\$ -	\$ 10,430
Lease obligations	(36,994)	-
	\$ (36,994)	\$ 10,430

For the six months ended June 30, 2025, the net change in non-cash working capital items included in share issuance costs is \$1,750 (2024 – (\$2,500)).

11. FINANCIAL RISK MANAGEMENT

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

(i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the condensed interim statement of loss and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

The Company is exposed to currency risk through cash and cash equivalents, receivables and other and accounts payable and accrued liabilities which are denominated in USD.

The following table shows the impact on pre-tax loss of a 10% change in the USD:CAD exchange rate on financial assets and liabilities denominated in USD, as of June 30, 2025, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase	10% decrease
Cash and cash equivalents	\$ 1,153	\$ (1,153)
Receivables and other	512	(512)
Accounts payable and accrued liabilities	(2,548)	2,548

11. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investment in cash and cash equivalents. The Company's current policy is to invest cash at variable and fixed rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents mature impact interest and finance income earned.

The impact on pre-tax loss of a 1% change in variable interest rates on financial assets and liabilities, as of June 30, 2025, with all other variables held constant, would be nominal.

(b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents.

The Company mitigates its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Contractual undiscounted cash flow requirements for contractual obligations as at June 30, 2025 are as follows:

	1 year	2 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 315,346	\$ -	\$ -	\$ 315,346
Lease obligations	33,625	-	-	33,625
	\$ 348,971	\$ -	\$ -	\$ 348,971

(d) Fair value estimation

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

11. FINANCIAL RISK MANAGEMENT (Continued)

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

12. SUBSEQUENT EVENTS

(a) Private placement – Unit offering

Subsequent to June 30, 2025, on July 2, 2025, the Company completed the final tranche of a private placement of 429,249 units at a price of \$0.28 per unit for gross proceeds of \$120,785. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

SCHEDULE "D" MANAGEMENT DISCUSSION AND ANALYSIS OF INNOVATION MINING INC.

See attached.



INNOVATION MINING INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") of Innovation Mining Inc. ("**Innovation**", "**we**", "**our**", "**us**" or the "**Company**") provides information about our performance, financial condition and future prospects.

This MD&A should be read in conjunction with the audited financial statements for the years ended December 31, 2024 and 2023.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and Interpretations (collectively "**IFRS Accounting Standards**").

On September 25, 2025, pursuant to the Amalgamation Agreement (defined below), the Company completed a share split on a 1:1.24 basis. All references to the numbers of shares, share options, warrants and per share amounts have been retroactively restated to reflect the share split.

The functional currency of the Company is the Canadian dollar ("**\$**" or "**CAD**"). Any reference to the United States dollar is denoted by "USD" or "US\$". The presentation currency of the audited financial statements is CAD. All dollar amounts in this MD&A are expressed in CAD, unless otherwise noted or the context otherwise provides.

This MD&A is prepared as of October 8, 2025 and includes certain statements that may be deemed "forward-looking information", "forward-looking statements", and "financial outlook". We direct readers to the "*Statement Regarding Forward-Looking Information*" section included within this MD&A.

Additional information relating to the Company and the proposed Qualifying Transaction ("**QT**") with Torchlight Innovations Inc. ("**Torchlight**") (described below), including the Filing Statement, dated October 8, 2025, is available on the System for Electronic Data Analysis and Retrieval + ("**SEDAR+**") website at www.sedarplus.ca and on our website at www.innovationmining.com.

OUR BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) (the "**BCBCA**") on October 6, 2022 under the name "Dynavat Gold Mining Technologies Inc." and changed its name to "Innovation Mining Inc." on August 31, 2023. The registered office of the Company is located at 1111 West Hastings Street, 15th Floor, Vancouver, British Columbia ("**BC**"), Canada V6E 2J3 and its head office is located at 119 - 998 Harbourside Drive, North Vancouver, BC, Canada V7P 3T2.

The Company is a clean-tech company with an innovative technology that aims to transform the gold mining industry. The Company has developed RZOLV, a proprietary, non-toxic hydrometallurgical formula for gold extraction. The formula offers a sustainable, safe, and water-based alternative to cyanide.



While cyanide has been the industry standard for over a century, its toxic nature has led to bans in several countries and costly permitting challenges for mining companies. RZOLV offers similar cost and performance metrics as cyanide, but with a non-toxic, reusable and sustainable profile. The Company is currently focused on validating its technology through a 100-tonne industrial test, after which full commercialization efforts will begin.

The Company's strategy includes leveraging RZOLV across a wide range of applications, including heap and vat leaching for whole ores, and the tank leaching of high-grade concentrates where it simplifies operational requirements and reduces environmental risks.

The unique water-based chemical formula offers the following benefits:

- Powerful, high-performance gold recoveries (similar to cyanide)
- Proven, nontoxic, cost-effective process (similar to cyanide)
- Reusable formula and process/rinse water
- No air emissions or water effluent
- Compatible with existing cyanide-based infrastructure
- Effective on oxide and sulfide ores
- Low environmental impact
- Operates at ambient pressure and temperature
- Produces benign dry-stacked tailings
- Little interference from base metals

In addition to its current applications, the Company is researching the potential of RZOLV for in-situ leaching. This method involves injecting the solution directly into the ore body, dissolving the gold in place and recovering it without the need for extensive excavation or waste generation. By integrating such innovative approaches, the Company aims to redefine the economics and environmental footprint of mining operations.

Beyond its focus on gold extraction, the Company is committed to sustainable practices across all its projects. This includes reprocessing tailings, where RZOLV's effectiveness allows for the recovery of valuable resources from mining waste while addressing long-term environmental liabilities. Innovation Mining also targets complex ore types, such as copper-gold systems, where traditional methods struggle to achieve optimal recovery rates. These efforts underscore the Company's commitment to providing versatile and future-proof solutions for the mining industry.

The Company is in the early stages of implementing its technology, establishing necessary infrastructure, and conducting testing for performance and environmental compliance. Our business and operations should be considered to be in a very early stage and subject to all of the risks inherent in the establishment of a new business venture, including limitations with respect to personnel, financial, and other resources and lack of revenues. We have not proven that our business model will allow us to generate a profit. Accordingly, our intended business and operations may not prove to be successful in the near future, if at all. Operational risks include equipment failures, supply chain disruptions, and workforce safety incidents, all of which can lead to project delays and financial losses. Any future success that we might enjoy will depend upon many factors, several of which may be beyond our control, or which cannot be predicted at this time, and which could have a material adverse effect upon our financial condition, business prospects and operations and the value of an investment in the Company.



AMALGAMATION AGREEMENT – TORCHLIGHT INNOVATIONS INC.

On April 11, 2025, the Company entered into an amalgamation agreement (the “**Amalgamation Agreement**”) with Torchlight Innovations Inc. (“**Torchlight**”) and 1535261 BC Ltd. (“**Subco**”), a wholly owned subsidiary of Torchlight pursuant to which Torchlight will, by way of a “three-cornered amalgamation” acquire all of the issued and outstanding securities of the Company (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the “**Transaction**”).

The Transaction is subject to TSX Venture Exchange (“**TSXV**”) approval and is intended to constitute Torchlight’s “Qualifying Transaction” in accordance with TSXV Policy 2.4 – *Capital Pool Companies 9* (“**Policy 2.4**”) Torchlight, after giving effect to the Transaction and upon receiving final approval from the TSXV, will hereinafter be referred to as the “**Resulting Issuer**”.

In connection with the Transaction, Torchlight intends to consolidate its common shares on a 1.93:1 basis (the “**Consolidation**”).

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction, the Company will amalgamate with Subco pursuant to the provisions of the BCBCA (the “**Amalgamation**”). The amalgamated entity will be a wholly-owned subsidiary of Torchlight.

The Amalgamation was approved by the shareholders of the Company at a meeting of shareholders on August 7, 2025.

The Company completed a share split on an approximately 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the “**Share Split**”). Pursuant to the Transaction, Torchlight will then issue one (1) post-Consolidation common share to the Company shareholders for every one (1) common share of the Company held. Outstanding options, warrants and broker warrants of the Company will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, the Company completed a non-brokered private placement of subscription receipts (each a “**Subscription Receipt**”) at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,821 (the “**SR Financing**”). Each Subscription Receipt will be exchanged for one common share (a “**Share**”) in the capital of the Company and one common share purchase warrant of the Company (a “**Warrant**”) (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Company Shares and Warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one-for-one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

No finder’s fee is payable in connection with the Transaction. Finder’s fees will be paid in connection with the SR Financing. There are no common control persons of both Torchlight and the Company. The Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the TSXV and applicable securities laws.

The completion of the Transaction is subject to the satisfaction of certain customary conditions.

RZOLV TECHNOLOGY

Features, benefits and applications

RZOLV represents a transformative step in hydrometallurgical extraction technology, designed to tackle the challenges faced by modern mining operations. Developed as an alternative to traditional cyanide-based methods, RZOLV offers a safer, more efficient, and environmentally compatible solution for gold recovery. The technology is built on a foundation of sustainability and innovation.

Features and benefits

RZOLV's standout feature is its non-toxic composition, addressing the environmental and safety risks long associated with cyanide-based leaching. This innovation eliminates the need for extensive safety measures and detoxification systems, significantly reducing costs and environmental liabilities. Its efficiency is demonstrated by recovery rates of up to 98%, even in challenging ore types such as copper-gold systems.

Unlike other proposed alternatives that require complex equipment, enclosed (airtight) operations, high temperatures and pressures, RZOLV operates effectively under ambient conditions, lowering energy consumption and simplifying operational requirements. Additionally, the technology is designed to integrate seamlessly into existing infrastructure, making it adaptable for heap leaching, vat leaching, stirred tank leaching, and more specialized applications like gold concentrate processing and tailings reprocessing.

Applications

(a) Heap and vat leaching

RZOLV's compatibility with heap and vat leaching processes is a major advantage for large-scale operations. Its non-toxic nature allows for easier management of leachate and minimizes environmental risks. This adaptability makes it particularly useful for processing low-grade ores and whole ore bodies in both developed and remote locations.

(b) Gold concentrate processing

RZOLV is particularly effective in refining gold concentrates, offering a sustainable and less energy-intensive alternative to traditional methods like smelting and high intensity cyanidation. This application improves recovery rates and reduces penalties, shipping costs, and smelting fees. It also reduces the overall carbon footprint of gold production.

(c) Tailings reprocessing

Tailings, often considered waste, contain residual gold and other valuable metals. RZOLV enables efficient recovery from these materials, turning environmental liabilities into profitable opportunities. This process is expected to not only generate revenue but also help mining companies meet environmental reclamation obligations.

(d) In-situ leaching (future potential application)

RZOLV holds potential for in-situ leaching, a method that eliminates the need for extensive excavation by injecting the solution directly into the ore body. This reduces surface disturbance and waste generation while providing an economically viable solution for extracting gold from deep or geologically complex deposits.

Competitive advantages over traditional cyanidation

Traditional gold recovery methods, especially those relying on cyanide, are increasingly constrained by regulatory and environmental challenges. RZOLV addresses these limitations with several distinct advantages:

Reduced environmental cleanup costs

Cyanide is highly toxic and poses significant risks to local ecosystems. If spills or leaks occur, the costs of environmental cleanup can be extremely high, requiring extensive remediation efforts. By using a safer, non-toxic alternative, mining companies can reduce potential cleanup expenses and mitigate the risk of fines and penalties for environmental damage.

Enhanced public and regulatory acceptance

Mining companies that adopt environmentally friendly alternatives to cyanide may gain better public perception and community support. This can lead to fewer regulatory hurdles, lower permitting costs, and faster approval processes, which can significantly reduce operational delays and associated costs.

Lower insurance premiums

Insurance premiums for mining operations can be substantially reduced when a company demonstrates that it is using safer, less toxic chemicals. Insurance companies may offer lower premiums to companies that use environmentally friendly alternatives, as the risk of catastrophic environmental damage is minimized.

Access to green investment and funding

Investors and financial institutions are increasingly prioritizing sustainability in their portfolios. By switching to a more environmentally friendly approach, mining companies can attract "green" investment and funding from environmentally conscious investors, often at favorable terms.

Long-term operational sustainability

Safer, environmentally friendly alternatives to cyanide may have lower environmental impact, allowing for longer-term, sustainable mining operations. This can help ensure that operations are less likely to face sudden shutdowns due to environmental concerns, allowing companies to maintain a steady income flow over time.

Potential for cost savings

RZOLV has the potential to be more cost-effective than cyanide. The reusability of RZOLV significantly reduces comparative reagent costs. Additional cost savings include site remediation, insurance, monitoring, testing, transportation costs. These factors combine to lower the overall cost per ounce of gold recovered, even in challenging ore bodies like sulfides, and complex copper-gold deposits.

Reduction in health-related costs

Cyanide poses serious health risks to workers. By replacing it with a less hazardous substance, mining companies can reduce health-related costs, such as medical treatment for employees, compensation claims, and worker absenteeism due to poisoning or accidents. Healthier workers also tend to be more productive, contributing to higher overall operational efficiency.

Selective chemistry

In sulfides, and copper-gold systems, traditional cyanide methods often suffer from high reagent consumption due mineral interference, RZOLV's selective chemistry ensures higher gold recovery rates while simultaneously recovering copper into solution.

In summary, replacing cyanide with environmentally friendly alternatives not only helps mitigate environmental and health risks but also offers several economic benefits such as cost savings, improved regulatory compliance, and access to sustainable investment opportunities.

Process overview

The Company lixiviant consists of a base formula of non-toxic dry ingredients which are mixed with water. The oxidant is uniquely generated and regenerated for re-use electrochemically. While the primary formula was found to leach gold, a number of enhancing agents have been identified that improve the leach kinetics as well as the stability of the solution and the resulting gold complex which is formed during the leach reaction.

These leach modifying additives are a unique and key component in the effectiveness of this process. Hundreds of individual tests have been completed on the Company's formula. The tests will involve the preparation and comparative leaching of ores in lab-scale and pilot-scale scenarios.

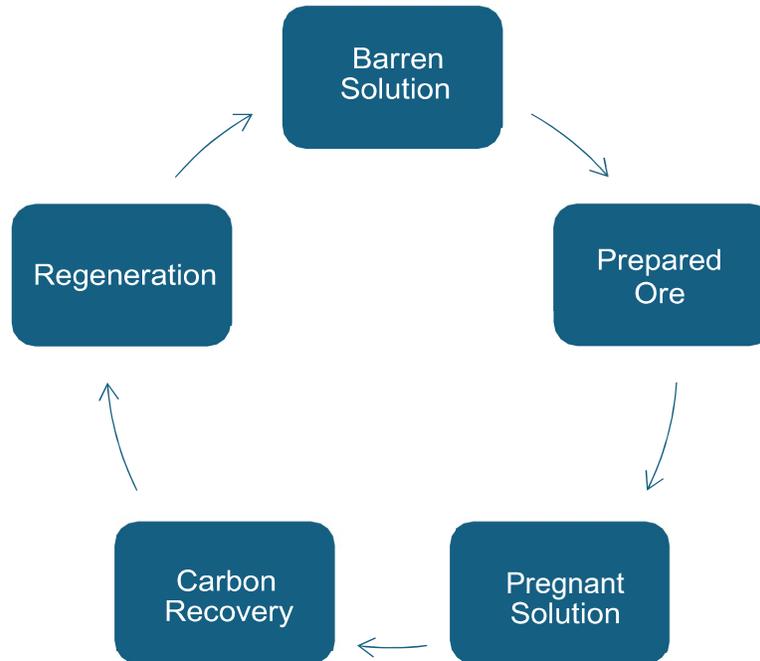
Following the leach cycle, analysis of the solution will be completed using Atomic Absorption Spectroscopy, or other analytical instruments and the analysis of the leach tailings/residue by acid digestion and/or fire assay.

A detailed economic analysis will also be performed to determine chemical consumption and overall costs comparisons to conventional cyanide applications.

Results to date indicate the Company's solution performs with similar recoveries and leach kinetics as that of 1,000 part per million sodium cyanide solution. The formula produces a gold complex which is stable in solution and there are no preliminary indications to a maximum solubility level. Recoveries from solution are also similar to that of cyanide with the gold complex reporting over 99.5% of gold to activated carbon.

Using the proprietary formula and process, the solution selectively extracts precious metals from the host material into solution in a safe, environmentally friendly, and sustainable fashion.

Figure 1: The Company's process flow



Regeneration and reuse of formula

The Company's proprietary technology integrates state-of-the-art regeneration and reuse systems utilizing Element 6's diamond-based electrochemical cells. Element 6, a division of De Beers Group, is globally recognized for expertise in industrial diamonds and electrochemical technologies. These specialized bipolar cells play a critical role in restoring the chemical formula to its oxidative state after the primary leach cycle, ensuring sustained reusability of the barren solution.

This low-cost, closed-circuit process eliminates the need for additional chemicals on-site while enhancing the efficiency and sustainability of gold extraction. The Company has secured exclusive North American rights to this revolutionary technology, positioning itself as a leader in eco-friendly mining innovations.

Gold is recovered from pregnant (gold bearing) solution by the process of passing the solution through activated carbon or electrowinning cells. The use of carbon is common throughout the gold mining sector.

Following leaching, the activated carbon is mixed with the pregnant leaching solution, or the solution is passed through the carbon. The gold is adsorbed onto the surface of the activated carbon, now considered loaded.



The gold can then be desorbed from the loaded carbon in a process known as elution (this step is often referred to as stripping), which produces a high gold concentrate solution from which gold can be electrowon.

For recovery using electrowinning, an electric current is passed through the solution causing solid gold to plate out on steel wool or stainless-steel cathodes.

ROYAL VINDICATOR (“RV”) MINE (Georgia, USA)

The RV Mine is located midway between Interstate 20 and Tallapoosa in Haralson County in Georgia, USA and 6.4 kilometers (“**km**”) (4 miles (“**mi**”)) from the Alabama, USA border. The surrounding properties consist primarily of rural residential and farmland.

The RV Mine is contained within 235.81 hectares (582.7 acres) of private property with controlling mineral rights and is owned by James T. McDonald Jr. and is leased to Chester Holdings USA Inc. (“**CHUSA**”). Mineral tenure is applied to the landowner in the state of Georgia.

The deposit is an epithermal-hot springs deposit formed in an oceanic-back arc basin. The deposit lies in the Hillabee Greenstone which is composed of interfingering metasediments and metavolcanics. Stratigraphically, the Wedowee Group overlies the Hillabee Greenstone which in turn overlies the Talladega Group. The Talladega group is composed of quartz-feldspar schists and phyllites and the Wedowee Group includes graphitic phyllites and chlorite schists. The main ore body is in the Siliceous Zone which is stratigraphically lower within the Hillabee; in historical reporting the Siliceous Zone has been referred to as a vein but is a mixture of quartz veining and extreme silicification of a felsic tuff. The deposit is generally dipping south-southeast, conforming with the regional and local northeast-southwest trend remnant from the Taconic orogeny.

Definitive agreement – RV Mine

On July 10, 2024, the Company entered into a definitive agreement with Chester Millar, Chester Holdings Canada Inc. (“**CHC**”), Chester Millar 2018 Alter Ego Trust (“**CM Trust**”), Christopher Babcock, Antony Wong and Teena Shinkawa (together, the “**Parties**”) to acquire 100% of the RV Mine located in Haralson County, Georgia, United States of America. Chester Millar is a related party to the Company in his role as Chairman of the Board and Director. Christopher Babcock is a related party to the Company in his role as Vice President (“**VP**”) Operations.

Under the terms of the definitive agreement, the transaction value for the RV Mine was US\$6,500,000 with the Company to settle the transaction value as follows:

- US\$650,000 payable to the shareholders of CHUSA as follows:
 - US\$100,000 payable to Chester Millar or CM Trust upon execution of the definitive agreement (paid);
 - US\$479,150 payable to Chester Millar or CM Trust upon successful initial public offering (“**IPO**”) of the Company;
 - US\$64,350 payable to Christopher Babcock upon successful IPO of the Company;
 - US\$3,250 payable to Antony Wong and US\$3,250 payable to Teena Shinkawa upon successful IPO of the Company.
- US\$2,627,171 payable by way of issuance of common shares of the Company, upon the successful IPO of the Company, as follows:

- US\$2,340,809 worth of common shares of the Company to CM Trust;
- US\$260,090 worth of common shares of the Company to Christopher Babcock;
- US\$13,136 worth of common shares of the Company to Antony Wong; and
- US\$13,136 worth of common shares of the Company to Teena Shinkawa.

The amount and issue price of the common shares of the Company was to be based on the foreign exchange rate and listing price at the time of the Company's IPO. All issued shares were to be escrowed or otherwise restricted until they were eligible for release based on the following:

- 50% of the Company's shares issued to each party were to be released from escrow upon IPO, and/or as per regulatory approvals; and
 - 50% of the Company's shares issued to each party were to be released from escrow on a revenue-based formula.
- The Company was to assume US\$3,222,829 plus any such amount of calculated interest by way of secured debt as follows:
 - US\$2,182,829 payable plus 8% interest per annum to H. Morgan & Company; and
 - US\$1,040,000 payable plus 5% interest per annum to CM Trust.

The minimum annual payable amounts to both H. Morgan & Company and CM Trust for the debt was to be calculated on a pro-rata basis, based on the greater amount of the following: (a) US\$100,000 or (b) 10% of gross revenue of CHUSA.

The secured debt including accrued interest was payable in full upon or before the sixth anniversary (72 months) following the signing of the definitive agreement.

Under the definitive agreement, the Company was to also pay CHUSA for expenditures on the RV Mine which were to be allocated towards the working capital for maintaining commercial production of the RV Mine, as follows:

- US\$150,000 payable upon execution of the definitive agreement (US\$131,974 incurred, US\$18,026 remains outstanding); and
- US\$350,000 payable upon the successful IPO of the Company.

Under the definitive agreement, the closing of the transaction was subject to the successful IPO of the Company. The definitive agreement could have been terminated if the successful IPO of the Company did not occur by February 1, 2025, unless the Company and Chester Millar mutually agreed to a specified extension date for the IPO. Subsequent to December 31, 2024, on January 27, 2025, the Company and Chester Millar agreed to extend the date for the IPO in the definitive agreement to July 31, 2025.

In the event that the definitive agreement was terminated, any amounts paid to Chester Millar or advanced to CHUSA for expenditures on the RV Mine would be non-refundable.

Subsequent to December 31, 2024, on March 18, 2025, the Company and the Parties agreed to terminate the definitive agreement for the RV Mine. As a result, the Company wrote off the acquisition deposits paid and derecognized the acquisition liabilities recorded for the deposit amounts that were unpaid as at December 31, 2024.



BUSINESS CYCLE AND SEASONALITY

The Company's business is not cyclical or seasonal.

The Company is impacted by the global supply and demand outlook for precious metals, which in turn is influenced by diverse factors, US currency valuations, derivatives market activity, interest rate and inflation forecasts and other factors.

FINANCIAL POSITION

Total assets

As at December 31, 2024, total assets were \$699,472, a decrease of \$648,698 compared to December 31, 2023. The decrease was predominantly due to lower cash and cash equivalents from continued spending on corporate administrative expenses, expenditures related to the RV Mine and research and development ("R&D") expenditures for RZOLV.

Currently, under our accounting policy for R&D expenditures and the stage of R&D of RZOLV, all costs incurred related to RZOLV are expensed to the statement of loss and comprehensive loss and not capitalized to the statement of financial position.

Total liabilities

As at December 31, 2024, total liabilities were \$259,488, an increase of \$60,833 compared to December 31, 2023. The increase was primarily due to higher accounts payable and accrued liabilities resulting from higher incurred corporate administrative expenditures and timing of payment due to availability of cash and cash equivalents. This was partially offset by a decrease in lease obligations in the amount of \$36,153.

Total shareholders' equity

Total shareholders' equity was \$439,984, a decrease of \$709,531 compared to December 31, 2023. Lower shareholders' equity was due to the net loss for the year ended December 31, 2024 in the amount of \$2,333,981, primarily driven by corporate administrative expenses and the write-off of the RV Mine acquisition deposits. This was partially offset by completed private placements during the year ended December 31, 2024.

FINANCIAL RESULTS OF OPERATIONS

Administrative expenses

For the three months and year ended December 31, 2024, total administrative expenses were \$439,214 and \$1,893,260 respectively, an increase of \$93,614 and \$939,381 respectively, compared to the comparable periods in 2023. Overall, the increase in administrative expenses was the result of the Company's continued growth from incorporation in October 2022.

Salaries and benefits

For the three months and year ended December 31, 2024, salaries and benefits were \$167,673 and \$639,647 respectively, an increase of \$71,218 and \$326,275 respectively, compared to the



comparable periods in 2023. The increase was primarily due to higher salaries for its senior executives, increased head count with the addition of its Chief Technology Officer (“CTO”) and the inception of medical and dental benefits for its senior executives. Refer to the “*Related Party Transactions and Balances*” section of this MD&A.

Investor relations and marketing

For the year ended December 31, 2024, expenses related to investor relations and marketing were \$445,785, an increase of \$280,180 compared to the comparable period in 2023. The increase was primarily due to higher costs incurred for promotion and marketing of the Company which included advisory services to assist with a financing strategy and attendance at trade shows and conferences.

Professional fees

For the three months and year ended December 31, 2024, professional fees were \$109,314 and \$305,475 respectively, an increase of \$17,988 and \$178,737 respectively, compared to the comparable periods in 2023. The increase was primarily due to higher external auditor costs for the annual audit and quarterly interim reviews and higher legal fees for general corporate matters, the RZOLV patent application and title certification for the RV Mine. The Company also incurred costs for tax due diligence procedures on CHC and CHUSA.

Travel expenses

For the year ended December 31, 2024, travel expenses were \$153,258, an increase of \$65,557 compared to the comparable period in 2023. The increase was primarily due to travel costs incurred to attend trade shows and conferences and site visits to the RV Mine.

General and administrative expenses

For the year ended December 31, 2024, general and administrative expenses were \$94,432, an increase of \$38,233 compared to the comparable period in 2023. The increase was primarily due to increased costs to operate the Company’s office including an increase in lease costs in accordance with the terms of the lease agreement.

Depreciation

For the year ended December 31, 2024, depreciation expense was \$78,406, an increase of \$35,832 compared to the comparable period in 2023. The increase was primarily due to a full year of depreciation for office and lab equipment purchased throughout 2023.

Management and consulting fees

For the year ended December 31, 2024, management and consulting fees were \$151,997, an increase of \$20,241 compared to the comparable period in 2023. The increase was primarily due to a full year of services provided by the CFO under the financial shared services agreement with P2 Gold Inc. which commenced in March 2023. Refer to the “*Related Party Transactions and Balances*” section of this MD&A.



R&D expenses

For the year ended December 31, 2024, R&D expenses were \$104,265, a decrease of \$11,598 compared to the comparable period in 2023. The decrease was primarily due to lower consumable costs, such as chemicals and general parts, as the Company continued the development of its RZOLV technology.

Write-off of RV Mine acquisition deposits

For the year ended December 31, 2024, the Company recognized a write-off of RV Mine acquisition deposits in the amount of \$314,562. The write-off resulted from the termination of the definitive agreement for the RV Mine. Refer to the "*RV Mine (Georgia, USA)*" section of this MD&A.

Net loss and comprehensive loss

For the three months and year ended December 31, 2024, net loss was \$812,313 and \$2,333,981 respectively, an increase of \$412,108 and \$1,236,915 respectively, compared to the comparable periods in 2023. The increase in net loss and comprehensive loss was primarily driven by higher corporate administrative expenses and the write-off of the RV Mine acquisition deposits.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Cash flow

For the three months and year ended December 31, 2024, cash flows used in operating activities were \$447,634 and \$1,841,981 respectively, an increase of \$62,661 and \$677,569 respectively, compared to the comparable periods in 2023. Operating cash outflows increased due to higher corporate administrative expenses and R&D expenditures on its RZOLV technology.

For the three months and year ended December 31, 2024, cash flows used in investing activities were \$206,156 and \$309,129 respectively, an increase of \$199,428 and \$146,124 respectively, compared to the comparable periods in 2023. Investing cash outflows increased due to deposit payments made for the RV Mine in the amount of \$299,640, offset by a decrease in purchases of property and equipment in the amount of \$158,388.

For the three months ended December 31, 2024, cash flows generated from financing activities were \$936,612, an increase of \$260,596 compared to the comparable period in 2023. The increase was due to higher net proceeds generated from private placements in the amount of \$261,000 partially offset by payment of lease obligations in the amount of \$404.

For the year ended December 31, 2024, cash flows generated by financing activities were \$1,538,888, a decrease of \$763,217 compared to the comparable period in 2023. The decrease was due to lower net proceeds generated from private placements in the amount of \$746,001 partially offset by payment of lease obligations in the amount of \$17,216.



Liquidity, capital resources and going concern

As at December 31, 2024, the Company had cash and cash equivalents of \$360,177 (2023 – \$977,671) and a positive working capital (current assets less current liabilities) of \$291,140 (2023 – \$927,852). Significant funds will be required to meet all commitments (refer to the “Commitments” section of this MD&A).

The Company has incurred losses, has limited financial resources and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to adjust its business plans.

The above factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the statement of financial position classifications. Such adjustments could be material.

If the Company’s R&D efforts are successful, additional funds will be required to continue R&D of its formula, including validation through industrial tests, after which full commercialization efforts will begin. The ability of the Company to arrange financing in the future will depend in part upon the prevailing market conditions as well as the business performance of the Company. If additional financing is raised through the issuance of shares, shareholders may experience dilution.

During the years ended December 31, 2024 and 2023, the Company completed the following private placements:

Private placement – Unit offering

- From July 29, 2024 to December 30, 2024, the Company completed six tranches of a private placement of 3,528,767 units at a price of \$0.40 per unit for gross proceeds of \$1,418,500. As at December 31, 2024, a subscription agreement in the amount of \$50,000 was recorded in receivables and other (received on January 27, 2025). Each unit consisted of one common share of the Company and one common share purchase warrant.

Private placements

- On February 7, 2024, the Company completed the second tranche of a private placement in which 1,756,297 common shares were issued at \$0.20 per share for gross proceeds of \$353,000. Total share issuance costs, including finders fees, associated with the private placement were \$50,047 consisting of \$43,950 in cash and \$6,097 related to 60,325 broker warrants issued.

- On December 22, 2023 and December 28, 2023, the Company completed the first tranche of a private placement in which 3,771,310 common shares were issued at \$0.20 per share for gross proceeds of \$758,000. Total share issuance costs associated with the private placement were \$80,790 including finder’s fees of \$35,590 consisting of \$25,600 in cash and \$9,990 related to 98,760 broker warrants issued.
- On March 30, 2023, May 5, 2023 and June 30, 2023, the Company completed three tranches of a private placement in which 20,622,828 common shares were issued at \$0.08 per share for gross proceeds of \$1,658,001. Total share issuance costs associated with the private placement were \$88,000 including finder’s fees of \$22,600.
- On March 22, 2023, the Company completed a private placement for its founders which consisted of:
 - 11,194,533 common shares issued to the CEO and Chairman of the Company at \$0.0008 per share for gross proceeds of \$9,000; and
 - 7,463,026 common shares issued to other founders of the Company at \$0.008 per share for gross proceeds of \$60,000.

Subsequent to December 31, 2024, the Company completed the following private placements:

Private placement – Unit offering

- Subsequent to December 31, 2024, the Company completed seven tranches of a private placement of 4,828,619 units at a price of \$0.28 per unit for gross proceeds of \$1,358,712. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

COMMITMENTS

The following table provides our contractual obligations as of December 31, 2024:

	1 year	2 -3 years	More than 3 years	Total
Lease obligations	\$ 13,450	\$ -	\$ -	\$ 13,450
	\$ 13,450	\$ -	\$ -	\$ 13,450

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SUMMARY OF ANNUAL RESULTS

The following table contains selected annual financial information derived from our audited financial statements, which are reported under IFRS Accounting Standards.

	Period from incorporation on		
	For the year ended October 6, 2022 to		
	December 31, 2024	December 31, 2023	December 31, 2022
Revenue	\$ -	\$ -	\$ -
Net loss	(2,333,981)	(1,097,066)	(79,620)
Net comprehensive loss	(2,333,981)	(1,097,066)	(79,620)
Loss per share - basic and diluted	(0.05)	(0.04)	(79,620.00)
Cash and cash equivalents	360,177	977,671	-
Total assets	699,472	1,348,170	2,517
Total liabilities	259,488	198,655	82,137
Cash dividends	\$ -	\$ -	\$ -

In 2024, net loss and comprehensive loss increased due to higher corporate administrative expenses, primarily related to salaries and benefits and investor relations and marketing, and the write-off of the RV Mine acquisition deposits.

SUMMARY OF QUARTERLY RESULTS

The following table contains selected quarterly financial information derived from our unaudited quarterly condensed interim financial statements, which are reported under IFRS Accounting Standards applicable to interim financial reporting.

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(812,313)	(445,624)	(555,000)	(521,044)	(400,205)	(255,090)	(273,439)	(168,332)
Net comprehensive loss	(812,313)	(445,624)	(555,000)	(521,044)	(400,205)	(255,090)	(273,439)	(168,332)
Loss per share - basic and diluted	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.07)
Cash and cash equivalents	360,177	78,491	355,443	754,920	977,671	689,336	1,029,244	522,801
Total assets	699,472	663,785	632,163	1,115,458	1,348,170	955,028	1,273,402	1,146,179
Total liabilities	259,488	411,138	149,642	177,937	198,655	92,508	155,792	149,131
Cash dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In the fourth quarter of 2024, net loss and comprehensive loss increased due to the write-off of the RV Mine acquisition deposits in the amount of \$314,562 upon termination of the definitive agreement.

The net loss and comprehensive loss gradually increased throughout 2023 and into 2024 due to the continued growth of the Company, primarily due to increased salaries and benefits, investor relations and marketing and professional fees.



OUTSTANDING SHARE DATA

As at October 8, 2025, the Company had the following number of securities outstanding:

	Number of securities	Exercise price (\$)	Weighted average remaining life (years)
Common shares	53,165,381		
Share options	4,415,624	\$0.08 - \$0.20	N/A ⁽¹⁾
Warrants	8,757,369	\$0.20 - \$0.60	1.36
	66,338,374		

⁽¹⁾ The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO. The vesting schedule of the share options is as follows: 25% on the IPO date (or when regulatory escrow allows); 25% six months from the IPO date (or when regulatory escrow allows); 25% 12 months from the IPO date (or when regulatory escrow allows); and 25% 18 months from the IPO date (or when regulatory escrow allows). The term of the share options is 5 years from the IPO date.

OUTSTANDING SHARE OPTIONS AND WARRANTS

As of December 31, 2024, the Company has the following share options outstanding:

Grant date	Number of share options	Exercise price	Expiry date ⁽¹⁾	Remining life ⁽¹⁾
01-Aug-23	621,919	\$ 0.08	N/A	N/A
14-Nov-23	3,078,499	\$ 0.20	N/A	N/A
23-Jan-24	497,535	\$ 0.20	N/A	N/A
01-Apr-24	217,671	\$ 0.20	N/A	N/A
	4,415,624	\$ 0.18		

⁽¹⁾ The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO. The vesting schedule of the share options is as follows: 25% on the IPO date (or when regulatory escrow allows); 25% six months from the IPO date (or when regulatory escrow allows); 25% 12 months from the IPO date (or when regulatory escrow allows); and 25% 18 months from the IPO date (or when regulatory escrow allows). The term of the share options is 5 years from the IPO date.



As of December 31, 2024, the Company has the following warrants outstanding:

Issue date	Number of warrants	Exercise price	Expiry date	Remaining life
22-Dec-23	98,760	\$ 0.20	22-Dec-25	0.98
07-Feb-24	60,325	\$ 0.20	07-Feb-26	1.10
31-Jul-24	665,453	\$ 0.60	31-Jul-26	1.58
31-Jul-24	25,001	\$ 0.40	31-Jul-26	1.58
02-Oct-24	329,618	\$ 0.60	02-Oct-26	1.75
16-Oct-24	1,246,325	\$ 0.60	16-Oct-26	1.79
16-Oct-24	41,096	\$ 0.40	16-Oct-26	1.79
07-Nov-24	777,400	\$ 0.60	07-Nov-26	1.85
07-Nov-24	8,707	\$ 0.40	07-Nov-26	1.85
22-Nov-24	87,068	\$ 0.60	22-Nov-26	1.89
22-Nov-24	6,094	\$ 0.40	22-Nov-26	1.89
30-Dec-24	422,903	\$ 0.60	30-Dec-26	2.00
	3,768,750	\$ 0.58		1.76

EVENTS AFTER THE REPORTING DATE

Other than disclosed elsewhere in this MD&A, the Company does not have any material events after the reporting date to disclose.

RELATED PARTY TRANSACTIONS

Key management includes the Company's directors, advisory board members and officers including its CEO, CTO, CFO, Chief Innovation Officer ("**CIO**") (*formerly Vice President Mining and Minerals*) and Corporate Secretary.

Directors and key management compensation:

	For the three months ended		For the year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Salaries and benefits	\$ 167,673	\$ 109,099	\$ 639,647	\$ 313,372
Management and consulting fees	37,999	38,727	151,997	131,756
	\$ 205,672	\$ 147,826	\$ 791,644	\$ 445,128

As at December 31, 2024, accounts payable and accrued liabilities includes \$9,061 (2023 – \$24,568) owed to related parties of the Company for transactions incurred in the normal course of business.

As at December 31, 2024, receivables and other includes \$27,143 (2023 – \$nil) advanced to the CEO of the Company for future salaries and benefits.

For the year ended December 31, 2024, the Company incurred \$91,997 (2023 – \$75,756) with P2 Gold Inc. under a CFO shared-services agreement. These expenditures are included in management and consulting fees in the statement of loss and comprehensive loss.

For the year ended December 31, 2024, the Company incurred \$6,495 (2023 – \$2,000) with a family member of the CEO for social media marketing and website design. These expenditures are included in investor relations and marketing and shareholder information respectively, in the statement of loss and comprehensive loss.

For the year ended December 31, 2024, the Company incurred \$5,720 (2023 – \$nil) with a family member of the CIO for corporate materials and contractual labour. These expenditures are included in investor relations and marketing and research and development costs respectively, in the statement of loss and comprehensive loss.

NEW MATERIAL ACCOUNTING POLICIES

Our material accounting policies are presented in note 3 to the audited financial statements for the years ended December 31, 2024 and 2023. There were no new material accounting policies adopted during the year ended December 31, 2024.

NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following standards, amendments and interpretations have been issued but are not yet effective:

- In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in *IFRS 9 Financial Instruments* and related disclosure requirements in *IFRS 7 Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“**ESG**”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.
- In April 2024, the IASB issued *IFRS 18 – Presentation and Disclosure in Financial Statements* which will replace International Accounting Standard (“**IAS**”) 1, *Presentation of Financial Statements*. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is in the process of assessing the impact of this standard.



There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the condensed consolidated interim financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

Key instances of accounting policy judgment

- The assessment of the Company's ability to continue as a going concern requires judgment related to future funding available to continue research and development of its technology and meet working capital requirements, the outcome of which is uncertain (refer to the "*Liquidity, Capital Resources and Going Concern*" section of this MD&A).

Estimation uncertainty

- The determination of the fair value of a common share and common share purchase warrant associated with the unit offering issued by the Company.
- The determination of the fair value of share options and broker warrants issued by the Company.

FINANCIAL INSTRUMENTS

Classification of financial assets

The Company has the following financial assets: cash and cash equivalents and receivables and other.

Cash and cash equivalents comprise cash holdings in business and savings accounts held at one Canadian Tier 1 chartered financial institutions with an original maturity date of three months or less. Cash and cash equivalents are classified at amortized cost. Interest income is recognized by applying the effective interest rate method.

Classification of financial liabilities

The Company has the following financial liabilities: accounts payable and accrued liabilities.



Accounts payable and accrued liabilities are recognized initially at fair value and subsequent to initial recognition, held at amortized cost using the effective interest method.

Financial risk management

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

(i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of loss and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

The Company is exposed to currency risk through cash and cash equivalents, receivables and other and accounts payable and accrued liabilities which are denominated in USD.

(ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investment in cash and cash equivalents. The Company's current policy is to invest cash at variable and fixed rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents mature impact interest and finance income earned.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents.

The Company mitigates its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

The Company's financial obligations consist of accounts payable and accrued liabilities and lease obligations. Contractual undiscounted cash flow requirements for contractual obligations as at December 31, 2024 are as follows:

	1 year	2 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 246,319	\$ -	\$ -	\$ 246,319
Lease obligations	13,450	-	-	13,450
	\$ 259,769	\$ -	\$ -	\$ 259,769

Refer to note 1b of the audited financial statements and the “*Liquidity, Capital Resources and Going Concern*” section of this MD&A for further discussion regarding the Company’s ability to continue as a going concern.

Fair value estimation

The Company’s financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Currently, the certification required by the Company’s certifying officers under National Instrument 52-109 – *Certificate of Disclosure in Issuers’ Annual and Interim Filings* (“**NI 52-109**”), the Venture Issuer Basic Certificate, does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“**DC&P**”) and internal control over financial reporting (“**ICFR**”), as defined in NI 52-109. In particular, the certifying officers are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s Generally Accepted Accounting Principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

Research and development companies in the clean-technology space involve a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those identified in our Filing Statement dated October 8, 2025 as filed in Canada on SEDAR+ at www.sedarplus.ca. You should carefully consider such risks and uncertainties prior to deciding to invest in our securities.

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain statements in this MD&A may constitute forward-looking information, future oriented financial information or financial outlooks (collectively, "forward-looking information") within the meaning of Canadian securities laws. Forward-looking statements involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "we believe," "we intend," "may," "should," "will," "could" and similar expressions denoting uncertainty or an action that may, will or is expected to occur in the future. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances or achievements expressed or implied by the forward-looking statements.

Examples of forward-looking statements include:

- the Company's expectations regarding the completion of the Qualifying Transaction and obtaining final regulatory approvals from the relevant securities commissions, the TSXV and similar authorities;
- the Company's expectations, strategies and plans for the Company's proprietary technologies including the Company's planned research, development, expenditures, and related administrative costs;
- projections of revenue, earnings, capital structure and other financial items;
- statements regarding the capabilities of our business operations;
- the Company's plan to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances;
- statements of expected future economic performance;
- the potential for shareholders of the Company to experience dilution due to subsequent financings;
- statements regarding competition in our market, and
- assumptions underlying statements regarding us or our business.

Such forward-looking information is necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The assumptions underlying the forward-looking information in this MD&A, which may prove to be incorrect, include, but are not limited to, assumptions relating to:

- the Company obtaining the necessary approvals, regulatory or otherwise, to complete the Qualifying Transaction;
- the Company's business strategies and development plans;
- the costs of implementation of the Company's business plans and development plans;
- the availability of sufficient capital to enable the Company to carry out our business strategy and development plans; and
- there will not be any material adverse events or changes outside the normal course of the Company's business.

Should one or more of the underlying assumptions prove incorrect, or should the risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Refer to the "*Risk Factors*" section of this MD&A.

Investors are cautioned against placing undue reliance on forward-looking statements.



INNOVATION MINING INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") of Innovation Mining Inc. ("**Innovation**", "**we**", "**our**", "**us**" or the "**Company**") provides information about our performance, financial condition and future prospects.

This MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2025 and 2024.

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards and IAS as issued by the International Accounting Standards Board ("**IASB**") and Interpretations (collectively "**IFRS Accounting Standards**"). Our material accounting policies applied in the unaudited condensed interim financial statements are the same as those disclosed in note 3 of our annual financial statements as at and for the years ended December 31, 2024 and 2023.

On September 25, 2025, pursuant to the Amalgamation Agreement (defined below), the Company completed a share split on a 1:1.24 basis. All references to the numbers of shares, share options, warrants and per share amounts have been retroactively restated to reflect the share split.

The functional currency of the Company is the Canadian dollar ("**\$**" or "**CAD**"). Any reference to the United States dollar is denoted by "USD" or "US\$". The presentation currency of the unaudited condensed interim financial statements is CAD. All dollar amounts in this MD&A are expressed in CAD, unless otherwise noted or the context otherwise provides.

This MD&A is prepared as of October 8, 2025 and includes certain statements that may be deemed "forward-looking information", "forward-looking statements", and "financial outlook". We direct readers to the "*Statement Regarding Forward-Looking Information*" section included within this MD&A.

Additional information relating to the Company and the proposed Qualifying Transaction ("**QT**") with Torchlight Innovations Inc. ("**Torchlight**") (described below), including the Filing Statement, dated October 8, 2025, is available on the System for Electronic Data Analysis and Retrieval + ("**SEDAR+**") website at www.sedarplus.ca and on our website at www.innovationmining.com.

OUR BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) (the "**BCBCA**") on October 6, 2022 under the name "Dynavat Gold Mining Technologies Inc." and changed its name to "Innovation Mining Inc." on August 31, 2023. The registered office of the Company is located at 1111 West Hastings Street, 15th Floor, Vancouver, British Columbia ("**BC**"), Canada V6E 2J3 and its head office is located at 119 - 998 Harbourside Drive, North Vancouver, BC, Canada V7P 3T2.

The Company is a clean-tech company with an innovative technology that aims to transform the gold mining industry. The Company has developed RZOLV, a proprietary, non-toxic hydrometallurgical formula for gold extraction. The formula offers a sustainable, safe, and water-based alternative to cyanide.



While cyanide has been the industry standard for over a century, its toxic nature has led to bans in several countries and costly permitting challenges for mining companies. RZOLV offers similar cost and performance metrics as cyanide, but with a non-toxic, reusable and sustainable profile. The Company is currently focused on validating its technology through a 100-tonne industrial test, after which full commercialization efforts will begin.

The Company's strategy includes leveraging RZOLV across a wide range of applications, including heap and vat leaching for whole ores, and the tank leaching of high-grade concentrates where it simplifies operational requirements and reduces environmental risks.

The unique water-based chemical formula offers the following benefits:

- Powerful, high-performance gold recoveries (similar to cyanide)
- Proven, nontoxic, cost-effective process (similar to cyanide)
- Reusable formula and process/rinse water
- No air emissions or water effluent
- Compatible with existing cyanide-based infrastructure
- Effective on oxide and sulfide ores
- Low environmental impact
- Operates at ambient pressure and temperature
- Produces benign dry-stacked tailings
- Little interference from base metals

In addition to its current applications, the Company is researching the potential of RZOLV for in-situ leaching. This method involves injecting the solution directly into the ore body, dissolving the gold in place and recovering it without the need for extensive excavation or waste generation. By integrating such innovative approaches, the Company aims to redefine the economics and environmental footprint of mining operations.

Beyond its focus on gold extraction, the Company is committed to sustainable practices across all its projects. This includes reprocessing tailings, where RZOLV's effectiveness allows for the recovery of valuable resources from mining waste while addressing long-term environmental liabilities. Innovation Mining also targets complex ore types, such as copper-gold systems, where traditional methods struggle to achieve optimal recovery rates. These efforts underscore the Company's commitment to providing versatile and future-proof solutions for the mining industry.

The Company is in the early stages of implementing its technology, establishing necessary infrastructure, and conducting testing for performance and environmental compliance. Our business and operations should be considered to be in a very early stage and subject to all of the risks inherent in the establishment of a new business venture, including limitations with respect to personnel, financial, and other resources and lack of revenues. We have not proven that our business model will allow us to generate a profit. Accordingly, our intended business and operations may not prove to be successful in the near future, if at all. Operational risks include equipment failures, supply chain disruptions, and workforce safety incidents, all of which can lead to project delays and financial losses. Any future success that we might enjoy will depend upon many factors, several of which may be beyond our control, or which cannot be predicted at this time, and which could have a material adverse effect upon our financial condition, business prospects and operations and the value of an investment in the Company.



AMALGAMATION AGREEMENT – TORCHLIGHT INNOVATIONS INC.

On April 11, 2025, the Company entered into an amalgamation agreement (the “**Amalgamation Agreement**”) with Torchlight Innovations Inc. (“**Torchlight**”) and 1535261 BC Ltd. (“**Subco**”), a wholly owned subsidiary of Torchlight pursuant to which Torchlight will, by way of a “three-cornered amalgamation” acquire all of the issued and outstanding securities of the Company (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the “**Transaction**”).

The Transaction is subject to TSX Venture Exchange (“**TSXV**”) approval and is intended to constitute Torchlight’s “Qualifying Transaction” in accordance with TSXV Policy 2.4 – *Capital Pool Companies* 9 (“**Policy 2.4**”) Torchlight, after giving effect to the Transaction and upon receiving final approval from the TSXV, will hereinafter be referred to as the “**Resulting Issuer**”.

In connection with the Transaction, Torchlight intends to consolidate its common shares on a 1.93:1 basis (the “**Consolidation**”).

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction, the Company will amalgamate with Subco pursuant to the provisions of the BCBCA (the “**Amalgamation**”). The amalgamated entity will be a wholly-owned subsidiary of Torchlight.

The Amalgamation was approved by the shareholders of the Company at a meeting of shareholders on August 7, 2025.

The Company completed a share split on an approximately 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the “**Share Split**”). Pursuant to the Transaction, Torchlight will then issue one (1) post-Consolidation common share to the Company shareholders for every one (1) common share of the Company held. Outstanding options, warrants and broker warrants of the Company will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, the Company completed a non-brokered private placement of subscription receipts (each a “**Subscription Receipt**”) at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281 (the “**SR Financing**”). Each Subscription Receipt will be exchanged for one common share (a “**Share**”) in the capital of the Company and one common share purchase warrant of the Company (a “**Warrant**”) (exercisable at a price of \$0.75) prior to completion of the Transaction. The underlying Company Shares and Warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one-for-one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

No finder’s fee is payable in connection with the Transaction. Finder’s fees will be paid in connection with the SR Financing. There are no common control persons of both Torchlight and the Company. The Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the TSXV and applicable securities laws.

The completion of the Transaction is subject to the satisfaction of certain customary conditions.

RZOLV TECHNOLOGY

Features, benefits and applications

RZOLV represents a transformative step in hydrometallurgical extraction technology, designed to tackle the challenges faced by modern mining operations. Developed as an alternative to traditional cyanide-based methods, RZOLV offers a safer, more efficient, and environmentally compatible solution for gold recovery. The technology is built on a foundation of sustainability and innovation.

Features and benefits

RZOLV's standout feature is its non-toxic composition, addressing the environmental and safety risks long associated with cyanide-based leaching. This innovation eliminates the need for extensive safety measures and detoxification systems, significantly reducing costs and environmental liabilities. Its efficiency is demonstrated by recovery rates of up to 98%, even in challenging ore types such as copper-gold systems.

Unlike other proposed alternatives that require complex equipment, enclosed (airtight) operations, high temperatures and pressures, RZOLV operates effectively under ambient conditions, lowering energy consumption and simplifying operational requirements. Additionally, the technology is designed to integrate seamlessly into existing infrastructure, making it adaptable for heap leaching, vat leaching, stirred tank leaching, and more specialized applications like gold concentrate processing and tailings reprocessing.

Applications

(a) Heap and vat leaching

RZOLV's compatibility with heap and vat leaching processes is a major advantage for large-scale operations. Its non-toxic nature allows for easier management of leachate and minimizes environmental risks. This adaptability makes it particularly useful for processing low-grade ores and whole ore bodies in both developed and remote locations.

(b) Gold concentrate processing

RZOLV is particularly effective in refining gold concentrates, offering a sustainable and less energy-intensive alternative to traditional methods like smelting and high intensity cyanidation. This application improves recovery rates and reduces penalties, shipping costs, and smelting fees. It also reduces the overall carbon footprint of gold production.

(c) Tailings reprocessing

Tailings, often considered waste, contain residual gold and other valuable metals. RZOLV enables efficient recovery from these materials, turning environmental liabilities into profitable opportunities. This process is expected to not only generate revenue but also help mining companies meet environmental reclamation obligations.

(d) In-situ leaching (future potential application)

RZOLV holds potential for in-situ leaching, a method that eliminates the need for extensive excavation by injecting the solution directly into the ore body. This reduces surface disturbance and waste generation while providing an economically viable solution for extracting gold from deep or geologically complex deposits.

Competitive advantages over traditional cyanidation

Traditional gold recovery methods, especially those relying on cyanide, are increasingly constrained by regulatory and environmental challenges. RZOLV addresses these limitations with several distinct advantages:

Reduced environmental cleanup costs

Cyanide is highly toxic and poses significant risks to local ecosystems. If spills or leaks occur, the costs of environmental cleanup can be extremely high, requiring extensive remediation efforts. By using a safer, non-toxic alternative, mining companies can reduce potential cleanup expenses and mitigate the risk of fines and penalties for environmental damage.

Enhanced public and regulatory acceptance

Mining companies that adopt environmentally friendly alternatives to cyanide may gain better public perception and community support. This can lead to fewer regulatory hurdles, lower permitting costs, and faster approval processes, which can significantly reduce operational delays and associated costs.

Lower insurance premiums

Insurance premiums for mining operations can be substantially reduced when a company demonstrates that it is using safer, less toxic chemicals. Insurance companies may offer lower premiums to companies that use environmentally friendly alternatives, as the risk of catastrophic environmental damage is minimized.

Access to green investment and funding

Investors and financial institutions are increasingly prioritizing sustainability in their portfolios. By switching to a more environmentally friendly approach, mining companies can attract "green" investment and funding from environmentally conscious investors, often at favorable terms.

Long-term operational sustainability

Safer, environmentally friendly alternatives to cyanide may have lower environmental impact, allowing for longer-term, sustainable mining operations. This can help ensure that operations are less likely to face sudden shutdowns due to environmental concerns, allowing companies to maintain a steady income flow over time.

Potential for cost savings

RZOLV has the potential to be more cost-effective than cyanide. The reusability of RZOLV significantly reduces comparative reagent costs. Additional cost savings include site remediation, insurance, monitoring, testing, transportation costs. These factors combine to lower the overall cost per ounce of gold recovered, even in challenging ore bodies like sulfides, and complex copper-gold deposits.

Reduction in health-related costs

Cyanide poses serious health risks to workers. By replacing it with a less hazardous substance, mining companies can reduce health-related costs, such as medical treatment for employees, compensation claims, and worker absenteeism due to poisoning or accidents. Healthier workers also tend to be more productive, contributing to higher overall operational efficiency.

Selective chemistry

In sulfides, and copper-gold systems, traditional cyanide methods often suffer from high reagent consumption due mineral interference, RZOLV's selective chemistry ensures higher gold recovery rates while simultaneously recovering copper into solution.

In summary, replacing cyanide with environmentally friendly alternatives not only helps mitigate environmental and health risks but also offers several economic benefits such as cost savings, improved regulatory compliance, and access to sustainable investment opportunities.

Process overview

The Company lixiviant consists of a base formula of non-toxic dry ingredients which are mixed with water. The oxidant is uniquely generated and regenerated for re-use electrochemically. While the primary formula was found to leach gold, a number of enhancing agents have been identified that improve the leach kinetics as well as the stability of the solution and the resulting gold complex which is formed during the leach reaction.

These leach modifying additives are a unique and key component in the effectiveness of this process. Hundreds of individual tests have been completed on the Company's formula. The tests will involve the preparation and comparative leaching of ores in lab-scale and pilot-scale scenarios.

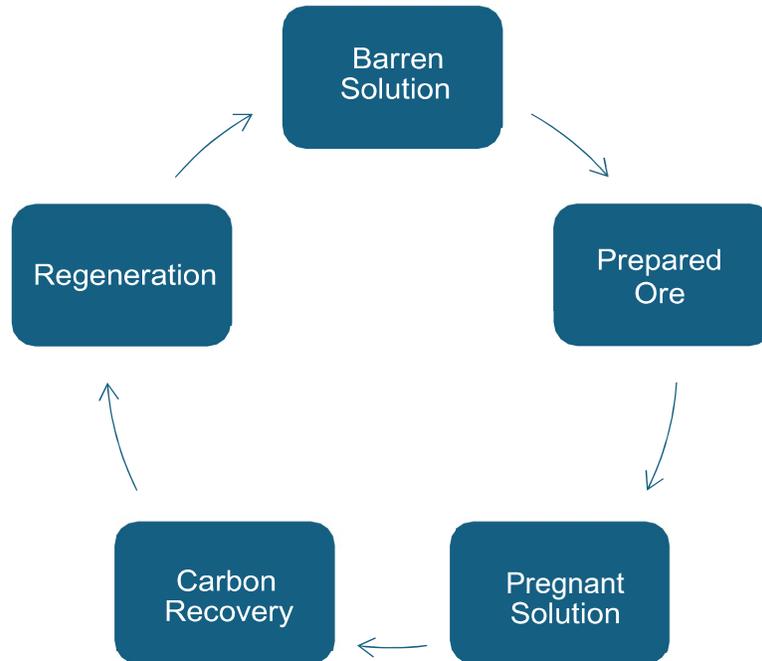
Following the leach cycle, analysis of the solution will be completed using Atomic Absorption Spectroscopy, or other analytical instruments and the analysis of the leach tailings/residue by acid digestion and/or fire assay.

A detailed economic analysis will also be performed to determine chemical consumption and overall costs comparisons to conventional cyanide applications.

Results to date indicate the Company's solution performs with similar recoveries and leach kinetics as that of 1,000 part per million sodium cyanide solution. The formula produces a gold complex which is stable in solution and there are no preliminary indications to a maximum solubility level. Recoveries from solution are also similar to that of cyanide with the gold complex reporting over 99.5% of gold to activated carbon.

Using the proprietary formula and process, the solution selectively extracts precious metals from the host material into solution in a safe, environmentally friendly, and sustainable fashion.

Figure 1: The Company’s process flow:



Regeneration and reuse of formula

The Company’s proprietary technology integrates state-of-the-art regeneration and reuse systems utilizing Element 6’s diamond-based electrochemical cells. Element 6, a division of De Beers Group, is globally recognized for expertise in industrial diamonds and electrochemical technologies. These specialized bipolar cells play a critical role in restoring the chemical formula to its oxidative state after the primary leach cycle, ensuring sustained reusability of the barren solution.

This low-cost, closed-circuit process eliminates the need for additional chemicals on-site while enhancing the efficiency and sustainability of gold extraction. The Company has secured exclusive North American rights to this revolutionary technology, positioning itself as a leader in eco-friendly mining innovations.

Gold is recovered from pregnant (gold bearing) solution by the process of passing the solution through activated carbon or electrowinning cells. The use of carbon is common throughout the gold mining sector.

Following leaching, the activated carbon is mixed with the pregnant leaching solution, or the solution is passed through the carbon. The gold is adsorbed onto the surface of the activated carbon, now considered loaded.



The gold can then be desorbed from the loaded carbon in a process known as elution (this step is often referred to as stripping), which produces a high gold concentrate solution from which gold can be electrowon.

For recovery using electrowinning, an electric current is passed through the solution causing solid gold to plate out on steel wool or stainless-steel cathodes.

ROYAL VINDICATOR (“RV”) MINE (Georgia, USA)

The RV Mine is located midway between Interstate 20 and Tallapoosa in Haralson County in Georgia, USA and 6.4 kilometers (“**km**”) (4 miles (“**mi**”)) from the Alabama, USA border. The surrounding properties consist primarily of rural residential and farmland.

The RV Mine is contained within 235.81 hectares (582.7 acres) of private property with controlling mineral rights and is owned by James T. McDonald Jr. and is leased to Chester Holdings USA Inc. (“**CHUSA**”). Mineral tenure is applied to the landowner in the state of Georgia.

The deposit is an epithermal-hot springs deposit formed in an oceanic-back arc basin. The deposit lies in the Hillabee Greenstone which is composed of interfingering metasediments and metavolcanics. Stratigraphically, the Wedowee Group overlies the Hillabee Greenstone which in turn overlies the Talladega Group. The Talladega group is composed of quartz-feldspar schists and phyllites and the Wedowee Group includes graphitic phyllites and chlorite schists. The main ore body is in the Siliceous Zone which is stratigraphically lower within the Hillabee; in historical reporting the Siliceous Zone has been referred to as a vein but is a mixture of quartz veining and extreme silicification of a felsic tuff. The deposit is generally dipping south-southeast, conforming with the regional and local northeast-southwest trend remnant from the Taconic orogeny.

Definitive agreement – RV Mine

On July 10, 2024, the Company entered into a definitive agreement with Chester Millar, Chester Holdings Canada Inc. (“**CHC**”), Chester Millar 2018 Alter Ego Trust (“**CM Trust**”), Christopher Babcock, Antony Wong and Teena Shinkawa (together, the “**Parties**”) to acquire 100% of the RV Mine located in Haralson County, Georgia, United States of America. Chester Millar is a related party to the Company in his role as Chairman of the Board and Director. Christopher Babcock is a related party to the Company in his role as Vice President (“**VP**”) Operations.

Under the terms of the definitive agreement, the transaction value for the RV Mine was US\$6,500,000 with the Company to settle the transaction value as follows:

- US\$650,000 payable to the shareholders of CHUSA as follows:
 - US\$100,000 payable to Chester Millar or CM Trust upon execution of the definitive agreement (paid);
 - US\$479,150 payable to Chester Millar or CM Trust upon successful initial public offering (“**IPO**”) of the Company;
 - US\$64,350 payable to Christopher Babcock upon successful IPO of the Company;
 - US\$3,250 payable to Antony Wong and US\$3,250 payable to Teena Shinkawa upon successful IPO of the Company.
- US\$2,627,171 payable by way of issuance of common shares of the Company, upon the successful IPO of the Company, as follows:

- US\$2,340,809 worth of common shares of the Company to CM Trust;
- US\$260,090 worth of common shares of the Company to Christopher Babcock;
- US\$13,136 worth of common shares of the Company to Antony Wong; and
- US\$13,136 worth of common shares of the Company to Teena Shinkawa.

The amount and issue price of the common shares of the Company was to be based on the foreign exchange rate and listing price at the time of the Company's IPO. All issued shares were to be escrowed or otherwise restricted until they were eligible for release based on the following:

- 50% of the Company's shares issued to each party were to be released from escrow upon IPO, and/or as per regulatory approvals; and
 - 50% of the Company's shares issued to each party were to be released from escrow on a revenue-based formula.
- The Company was to assume US\$3,222,829 plus any such amount of calculated interest by way of secured debt as follows:
 - US\$2,182,829 payable plus 8% interest per annum to H. Morgan & Company; and
 - US\$1,040,000 payable plus 5% interest per annum to CM Trust.

The minimum annual payable amounts to both H. Morgan & Company and CM Trust for the debt was to be calculated on a pro-rata basis, based on the greater amount of the following: (a) US\$100,000 or (b) 10% of gross revenue of CHUSA.

The secured debt including accrued interest was payable in full upon or before the sixth anniversary (72 months) following the signing of the definitive agreement.

Under the definitive agreement, the Company was to also pay CHUSA for expenditures on the RV Mine which were to be allocated towards the working capital for maintaining commercial production of the RV Mine, as follows:

- US\$150,000 payable upon execution of the definitive agreement (US\$131,974 incurred, US\$18,026 remains outstanding); and
- US\$350,000 payable upon the successful IPO of the Company.

Under the definitive agreement, the closing of the transaction was subject to the successful IPO of the Company. The definitive agreement could have been terminated if the successful IPO of the Company did not occur by February 1, 2025, unless the Company and Chester Millar mutually agreed to a specified extension date for the IPO. Subsequent to December 31, 2024, on January 27, 2025, the Company and Chester Millar agreed to extend the date for the IPO in the definitive agreement to July 31, 2025.

In the event that the definitive agreement was terminated, any amounts paid to Chester Millar or advanced to CHUSA for expenditures on the RV Mine would be non-refundable.

On March 18, 2025, the Company and the Parties agreed to terminate the definitive agreement for the RV Mine. As a result, the Company wrote off the acquisition deposits paid and derecognized the acquisition liabilities recorded for the deposit amounts that were unpaid as at December 31, 2024.



BUSINESS CYCLE AND SEASONALITY

The Company's business is not cyclical or seasonal.

The Company is impacted by the global supply and demand outlook for precious metals, which in turn is influenced by diverse factors, US currency valuations, derivatives market activity, interest rate and inflation forecasts and other factors.

FINANCIAL POSITION

Total assets

As at June 30, 2025, total assets were \$816,859, an increase of \$117,387 compared to December 31, 2024. The increase was predominantly due to higher cash and cash equivalents generated by proceeds from private placements, partially offset by continued spending on corporate administrative expenses and research and development ("R&D") expenditures for RZOLV and receipt of the subscription receivable in the amount of \$50,000.

Currently, under our accounting policy for R&D expenditures and the stage of R&D of RZOLV, all costs incurred related to RZOLV are expensed to the statement of loss and comprehensive loss and not capitalized to the statement of financial position.

Total liabilities

As at June 30, 2025, total liabilities were \$347,306, an increase of \$87,818 compared to December 31, 2024. The increase was primarily due to higher accounts payable and accrued liabilities resulting from higher incurred corporate administrative expenditures and timing of payment due to availability of cash and cash equivalents.

Total shareholders' equity

Total shareholders' equity was a deficit of \$469,553, an increase of \$29,569 compared to December 31, 2024. Higher shareholders' equity was due to net proceeds from the completion of private placements, partially offset by the net loss for the six months ended June 30, 2025 in the amount of \$1,161,880, primarily driven by corporate administrative expenses and R&D expenditures for the development of the Company's RZOLV.

FINANCIAL RESULTS OF OPERATIONS

Administrative expenses

For the three and six months ended June 30, 2025, total administrative expenses were \$489,896 and \$1,006,160 respectively, a decrease of \$46,288 and \$23,449 respectively compared to the comparable periods in 2024.

Investor relations and marketing

For the three and six months ended June 30, 2025, expenses related to investor relations and marketing were \$79,463 and \$193,889 respectively, a decrease of \$47,885 and \$124,564 respectively compared to the comparable periods in 2024. The decrease was primarily due to



lower costs incurred for promotion and marketing of the Company as the Company did not engage consultants for advisory services to assist with a financing strategy. This was partially offset by an increase in the attendance at trade shows and conferences.

Travel expenses

For the three and six months ended June 30, 2025, travel expenses were \$24,622 and \$54,027 respectively, a decrease of \$11,987 and \$33,889 respectively compared to the comparable periods in 2024. The decrease was primarily due to no travel costs incurred for site visits to the RV Mine.

Salaries and benefits

For the three and six months ended June 30, 2025, salaries and benefits were \$177,677 and \$362,332 respectively, an increase of \$19,017 and \$61,976 respectively compared to the comparable periods in 2024. The increase was primarily due to higher salaries for its senior executives and the inception of medical and dental benefits for its senior executives. Refer to the "Related Party Transactions and Balances" section of this MD&A.

Professional fees

For the six months ended June 30, 2025, professional fees were \$208,305, an increase of \$50,939 compared to the comparable period in 2024. The increase was primarily due to costs for the audit of CHC and CHUSA and external auditor costs for the quarterly interim review required in connection with the Transaction.

Management and consulting fees

For the six months ended June 30, 2025, management and consulting fees were \$96,558, an increase of \$20,560 compared to the comparable period in 2024. The increase was primarily due to higher head count with the hiring of an individual to assist with administrative matters of the Company.

R&D expenses

For the three and six months ended June 30, 2025, R&D expenses were \$107,596 and \$134,193, an increase of \$91,384 and \$97,749 respectively compared to the comparable periods in 2024. The increase was primarily due to costs incurred for the commencement of the bulk scale test and higher lab testing costs as the Company continued the development of its RZOLV technology. This was partially offset by lower consumable costs, such as chemicals and general parts, to operate the lab.

Net loss and comprehensive loss

For the three and six months ended June 30, 2025, net loss was \$598,995 and \$1,161,880 respectively, an increase of \$43,995 and \$85,836 respectively compared to the comparable periods in 2024. The increase in net loss and comprehensive loss was primarily driven by higher R&D expenditures for the development of the Company's RZOLV partially offset by lower corporate administrative expenses.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Cash flow

For the three months ended June 30, 2025, cash flows used in operating activities were \$584,090, an increase of \$100,664 compared to the comparable period in 2024. Operating cash outflows increased primarily due to changes in non-cash working capital items and higher R&D expenditures for the development of the Company's RZOLV.

For the six months ended June 30, 2025, cash flows used in operating activities were \$979,298, a decrease of \$16,772 compared to the comparable period in 2024. Operating cash outflows decreased primarily due to changes in non-cash working capital items, in particular, higher amounts in accounts payable and accrued liabilities due to availability of cash and cash equivalents.

For the six months ended June 30, 2025, cash flows generated from investing activities were \$1,971, an increase of \$15,634 compared to the comparable period in 2024. Investing cash inflows increased due to a decrease in purchases of property and equipment in the amount of \$22,510 and proceeds from the sale of property and equipment in the amount of \$2,000. This was partially offset by a decrease in interest received in the amount of \$8,876.

For the three months ended June 30, 2025, cash flows generated from financing activities were \$1,113,361, an increase of \$1,023,314 compared to the comparable period in 2024. The increase was primarily due to higher net proceeds generated from private placements in the amount of \$1,023,449.

For the six months ended June 30, 2025, cash flows generated from financing activities were \$1,169,524, an increase of \$777,611 compared to the comparable period in 2024. The increase was due to higher net proceeds generated from private placements in the amount of \$778,149 partially offset by higher payment of lease obligations in the amount of \$538.

Liquidity, capital resources and going concern

As at June 30, 2025, the Company had cash and cash equivalents of \$552,787 (December 31, 2024 – \$360,177) and a working capital (current assets less current liabilities) surplus of \$322,886 (December 31, 2024 – \$291,140). Significant funds will be required to meet all commitments (refer to the "Commitments" section of this MD&A).

The Company has incurred losses, has limited financial resources and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to adjust its business plans.

The above factors give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses and the statement of financial position classifications. Such adjustments could be material.



If the Company's R&D efforts are successful, additional funds will be required to continue R&D of its formula, including validation through industrial tests, after which full commercialization efforts will begin. The ability of the Company to arrange financing in the future will depend in part upon the prevailing market conditions as well as the business performance of the Company. If additional financing is raised through the issuance of shares, shareholders may experience dilution.

During the six months ended June 30, 2025 and the years ended December 31, 2024 and 2023, the Company completed the following private placements:

Private placement – Unit offering

- From April 3, 2025 to June 19, 2025, the Company completed six tranches of a private placement of 4,221,679 units at a price of \$0.28 per unit for gross proceeds of \$1,187,927. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

Private placement – Unit offering

- From July 29, 2024 to December 30, 2024, the Company completed six tranches of a private placement of 3,528,767 units at a price of \$0.40 per unit for gross proceeds of \$1,418,500. As at December 31, 2024, a subscription agreement in the amount of \$50,000 was recorded in receivables and other (received on January 27, 2025). Each unit consisted of one common share of the Company and one common share purchase warrant.

Private placements

- On February 7, 2024, the Company completed the second tranche of a private placement in which 1,756,297 common shares were issued at \$0.20 per share for gross proceeds of \$353,000.
- On December 22, 2023 and December 28, 2023, the Company completed the first tranche of a private placement in which 3,771,310 common shares were issued at \$0.20 per share for gross proceeds of \$758,000.
- On March 30, 2023, May 5, 2023 and June 30, 2023, the Company completed three tranches of a private placement in which 20,622,828 common shares were issued at \$0.08 per share for gross proceeds of \$1,658,001.
- On March 22, 2023, the Company completed a private placement for its founders which consisted of:
 - 11,194,533 common shares issued to the CEO and Chairman of the Company at \$0.0008 per share for gross proceeds of \$9,000; and
 - 7,463,026 common shares issued to other founders of the Company at \$0.008 per share for gross proceeds of \$60,000.



Subsequent to June 30, 2025, the Company completed the following private placements:

Private placement – Unit offering

- Subsequent to June 30, 2025, on July 2, 2025, the Company completed the final tranche of a private placement of 429,249 units at a price of \$0.28 per unit for gross proceeds of \$120,785. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issue.

COMMITMENTS

The following table provides our contractual obligations as of June 30, 2025:

		1 year	2 -3 years	More than 3 years	Total
Lease obligations	\$	33,625	\$ -	\$ -	\$ 33,625
	\$	33,625	\$ -	\$ -	\$ 33,625

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SUMMARY OF QUARTERLY RESULTS

The following table contains selected quarterly financial information derived from our unaudited quarterly condensed interim financial statements, which are reported under IFRS Accounting Standards applicable to interim financial reporting.

	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(598,995)	(562,885)	(812,313)	(445,624)	(555,000)	(521,044)	(400,205)	(255,090)
Net comprehensive loss	(598,995)	(562,885)	(812,313)	(445,624)	(555,000)	(521,044)	(400,205)	(255,090)
Loss per share -								
basic and diluted	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and								
cash equivalents	552,787	23,594	360,177	78,491	355,443	754,920	977,671	689,336
Total assets	816,859	349,912	699,472	663,785	632,163	1,115,458	1,348,170	955,028
Total liabilities	347,306	454,813	259,488	411,138	149,642	177,937	198,655	92,508
Cash dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In the fourth quarter of 2024, net loss and comprehensive loss increased due to the write-off of the RV Mine acquisition deposits in the amount of \$314,562 upon termination of the definitive agreement.

The net loss and comprehensive loss gradually increased throughout 2023 and into 2024 due to the continued growth of the Company, primarily due to increased salaries and benefits, investor relations and marketing and professional fees.



OUTSTANDING SHARE DATA

As at October 8, 2025, the Company had the following number of securities outstanding:

	Number of securities	Exercise price (\$)	Weighted average remaining life (years)
Common shares	53,165,381		
Share options	4,415,624	\$0.08 - \$0.20	N/A ⁽¹⁾
Warrants	8,757,369	\$0.20 - \$0.60	1.36
	66,338,374		

⁽¹⁾ The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO. The vesting schedule of the share options is as follows: 25% on the IPO date (or when regulatory escrow allows); 25% six months from the IPO date (or when regulatory escrow allows); 25% 12 months from the IPO date (or when regulatory escrow allows); and 25% 18 months from the IPO date (or when regulatory escrow allows). The term of the share options is 5 years from the IPO date.

OUTSTANDING SHARE OPTIONS AND WARRANTS

As of June 30, 2025, the Company has the following share options outstanding:

Grant date	Number of share options	Exercise price	Expiry date ⁽¹⁾	Remining life ⁽¹⁾
01-Aug-23	621,919	\$ 0.08	N/A	N/A
14-Nov-23	3,078,499	\$ 0.20	N/A	N/A
23-Jan-24	497,535	\$ 0.20	N/A	N/A
01-Apr-24	217,671	\$ 0.20	N/A	N/A
	4,415,624	\$ 0.18		

⁽¹⁾ The share options granted will commence vesting upon completion of the Company's go-public transaction via initial public offering or a qualifying transaction with a capital pool company (collectively "IPO") and are subject to the removal of any escrow requirements stipulated by the regulatory bodies upon completion of the IPO. The vesting schedule of the share options is as follows: 25% on the IPO date (or when regulatory escrow allows); 25% six months from the IPO date (or when regulatory escrow allows); 25% 12 months from the IPO date (or when regulatory escrow allows); and 25% 18 months from the IPO date (or when regulatory escrow allows). The term of the share options is 5 years from the IPO date.



As of June 30, 2025, the Company has the following warrants outstanding:

Issue date	Number of warrants	Exercise price	Expiry date	Remaining life
22-Dec-23	98,760	\$ 0.20	22-Dec-25	0.48
07-Feb-24	60,325	\$ 0.20	07-Feb-26	0.61
31-Jul-24	665,453	\$ 0.60	31-Jul-26	1.08
31-Jul-24	25,001	\$ 0.40	31-Jul-26	1.08
02-Oct-24	329,618	\$ 0.60	02-Oct-26	1.26
16-Oct-24	1,246,325	\$ 0.60	16-Oct-26	1.30
16-Oct-24	41,096	\$ 0.40	16-Oct-26	1.30
07-Nov-24	777,400	\$ 0.60	07-Nov-26	1.36
07-Nov-24	8,707	\$ 0.40	07-Nov-26	1.36
22-Nov-24	87,068	\$ 0.60	22-Nov-26	1.40
22-Nov-24	6,094	\$ 0.40	22-Nov-26	1.40
30-Dec-24	422,903	\$ 0.60	30-Dec-26	1.50
04-Apr-25	124,384	\$ 0.40	04-Apr-27	1.76
11-Apr-25	500,200	\$ 0.40	11-Apr-27	1.78
11-Apr-25	22,460	\$ 0.28	11-Apr-27	1.78
13-May-25	706,322	\$ 0.40	13-May-27	1.87
13-May-25	9,577	\$ 0.28	13-May-27	1.87
21-May-25	664,209	\$ 0.40	21-May-27	1.89
21-May-25	10,262	\$ 0.28	21-May-27	1.89
05-Jun-25	1,726,861	\$ 0.40	05-Jun-27	1.93
05-Jun-25	80,287	\$ 0.28	05-Jun-27	1.93
19-Jun-25	677,394	\$ 0.40	19-Jun-27	1.97
19-Jun-25	31,444	\$ 0.28	19-Jun-27	1.97
	8,322,150	\$ 0.48		1.61

EVENTS AFTER THE REPORTING DATE

Other than disclosed elsewhere in this MD&A, the Company does not have any material events after the reporting date to disclose.

RELATED PARTY TRANSACTIONS

Key management includes the Company's directors, advisory board members and officers including its CEO, Chief Technology Officer, CFO, Chief Innovation Officer and Corporate Secretary.

Directors and key management compensation:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Salaries and benefits	\$ 177,677	\$ 158,660	\$ 362,332	\$ 300,356
Management and consulting fees	38,279	37,999	76,558	75,998
	\$ 215,956	\$ 196,659	\$ 438,890	\$ 376,354

As at June 30, 2025, accounts payable and accrued liabilities includes \$31,139 (December 31, 2024 – \$9,061) owed to directors and key management of the Company for transactions incurred in the normal course of business.

As at June 30, 2025, receivables and other includes \$27,143 (December 31, 2024 – \$27,143) advanced to the CEO of the Company for future salaries and benefits.

For the six months ended June 30, 2025, the Company incurred \$46,558 (2024 – \$45,998) with P2 Gold Inc., a company with a common director and CFO, under a financial shared-services agreement. These expenditures are included in management and consulting fees in the condensed interim statement of loss and comprehensive loss.

NEW MATERIAL ACCOUNTING POLICIES

Our material accounting policies are presented in note 3 to the audited financial statements for the years ended December 31, 2024 and 2023. There were no new material accounting policies adopted during the six months ended June 30, 2025.

NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following standards, amendments and interpretations have been issued but are not yet effective:

- In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in *IFRS 9 Financial Instruments* and related disclosure requirements in *IFRS 7 Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system.

It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at FVOCI. The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted. This amendment is not expected to have a material impact on the Company.

- In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* which will replace International Accounting Standard (“IAS”) 1, *Presentation of Financial Statements*. The new standard on presentation and disclosure in financial statements focuses on updates to the statement of earnings (loss). The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity’s financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Company is in the process of assessing the impact of this standard.

There are no other IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and policy judgments are regularly evaluated and are based on management’s experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the condensed consolidated interim financial statements including those that could result in material changes within the next twelve months in the carrying amounts of assets and liabilities:

Key instances of accounting policy judgment

- The assessment of the Company’s ability to continue as a going concern requires judgment related to future funding available to continue research and development of its technology and meet working capital requirements, the outcome of which is uncertain (refer to the “*Liquidity, Capital Resources and Going Concern*” section of this MD&A).

Estimation uncertainty

- The determination of the fair value of a common share and common share purchase warrant associated with the unit offering issued by the Company.
- The determination of the fair value of share options and broker warrants issued by the Company.

FINANCIAL INSTRUMENTS

Classification of financial assets

The Company has the following financial assets: cash and cash equivalents and receivables and other.

Cash and cash equivalents comprise cash holdings in business and savings accounts held at one Canadian Tier 1 chartered financial institutions with an original maturity date of three months or less. Cash and cash equivalents are classified at amortized cost. Interest income is recognized by applying the effective interest rate method.

Classification of financial liabilities

The Company has the following financial liabilities: accounts payable and accrued liabilities.

Accounts payable and accrued liabilities are recognized initially at fair value and subsequent to initial recognition, held at amortized cost using the effective interest method.

Financial risk management

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

(i) Currency risk

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of loss and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

The Company is exposed to currency risk through cash and cash equivalents, receivables and other and accounts payable and accrued liabilities which are denominated in USD.

(ii) Interest rate risk

The Company is subject to interest rate risk with respect to its investment in cash and cash equivalents. The Company's current policy is to invest cash at variable and fixed rates of interest with cash reserves to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents mature impact interest and finance income earned.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents.



The Company mitigates its exposure to credit risk on financial assets through investing its cash and cash equivalents with Canadian Tier 1 chartered financial institutions. Management believes there is a nominal expected credit loss associated with its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

The Company’s financial obligations consist of accounts payable and accrued liabilities and lease obligations. Contractual undiscounted cash flow requirements for contractual obligations as at June 30, 2025 are as follows:

	1 year	2 -3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 315,346	\$ -	\$ -	\$ 315,346
Lease obligations	33,625	-	-	33,625
	\$ 348,971	\$ -	\$ -	\$ 348,971

Refer to note 1b of the unaudited condensed interim financial statements and the “*Liquidity, Capital Resources and Going Concern*” section of this MD&A for further discussion regarding the Company’s ability to continue as a going concern.

Fair value estimation

The Company’s financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

RISKS AND UNCERTAINTIES

Research and development companies in the clean-technology space involve a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those identified in our Filing

Statement dated October 8, 2025 as filed in Canada on SEDAR+ at www.sedarplus.ca. You should carefully consider such risks and uncertainties prior to deciding to invest in our securities.

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain statements in this MD&A may constitute forward-looking information, future oriented financial information or financial outlooks (collectively, “forward-looking information”) within the meaning of Canadian securities laws. Forward-looking statements involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “we believe,” “we intend,” “may,” “should,” “will,” “could” and similar expressions denoting uncertainty or an action that may, will or is expected to occur in the future. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances or achievements expressed or implied by the forward-looking statements.

Examples of forward-looking statements include:

- the Company’s expectations regarding the completion of the Qualifying Transaction and obtaining final regulatory approvals from the relevant securities commissions, the TSXV and similar authorities;
- the Company’s expectations, strategies and plans for the Company’s proprietary technologies including the Company’s planned research, development, expenditures, and related administrative costs;
- projections of revenue, earnings, capital structure and other financial items;
- statements regarding the capabilities of our business operations;
- the Company’s plan to seek financing through, but not limited to, equity financings, debt financings, government grant funding and strategic alliances;
- statements of expected future economic performance;
- the potential for shareholders of the Company to experience dilution due to subsequent financings;
- statements regarding competition in our market, and
- assumptions underlying statements regarding us or our business.

Such forward-looking information is necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The assumptions underlying the forward-looking information in this MD&A, which may prove to be incorrect, include, but are not limited to, assumptions relating to:

- the Company obtaining the necessary approvals, regulatory or otherwise, to complete the Qualifying Transaction;
- the Company’s business strategies and development plans;
- the costs of implementation of the Company’s business plans and development plans;
- the availability of sufficient capital to enable the Company to carry out our business strategy and development plans; and
- there will not be any material adverse events or changes outside the normal course of the Company’s business.



Should one or more of the underlying assumptions prove incorrect, or should the risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Refer to the “*Risk Factors*” section of this MD&A.

Investors are cautioned against placing undue reliance on forward-looking statements.

SCHEDULE "E" PRO FORMA FINANCIAL STATEMENT OF THE RESULTING ISSUER

See attached.

TORCHLIGHT INNOVATIONS INC.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

*(Prepared by Management)
(Expressed in Canadian dollars)
(UNAUDITED)*

TORCHLIGHT INNOVATIONS INC.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

(Unaudited, expressed in Canadian dollars)

	Note	Innovation Mining Inc.	Torchlight Innovations Inc.	Pro-Forma Adjustments	Pro-Forma Balance
ASSETS					
Current assets					
Cash and cash equivalents	3	\$ 552,787	\$ 44,610	\$ 2,351,758	\$ 2,949,155
Receivables and other		117,405	9,616	-	127,021
		\$ 670,192	\$ 54,226	\$ 2,351,758	\$ 3,076,176
Non-current assets					
Property and equipment		146,667	-	-	146,667
Total assets		\$ 816,859	\$ 54,226	\$ 2,351,758	\$ 3,222,843
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	3	315,346	15,550	-	330,896
Lease obligations		31,960	-	-	31,960
		\$ 347,306	\$ 15,550	\$ -	\$ 362,856
SHAREHOLDERS' EQUITY					
Share capital	3, 4	4,351,726	246,777	2,326,509	6,925,012
Other reserves	3	790,374	51,200	960,956	1,802,530
Deficit	3	(4,672,547)	(259,301)	(935,707)	(5,867,555)
		\$ 469,553	\$ 38,676	\$ 2,351,758	\$ 2,859,987
Total liabilities and shareholders' equity		\$ 816,859	\$ 54,226	\$ 2,351,758	\$ 3,222,843

The accompanying notes are an integral part of this unaudited pro-forma consolidated statement of financial position.

TORCHLIGHT INNOVATIONS INC.

NOTES TO THE PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

Unaudited – Expressed in Canadian dollars

1. BASIS OF PRESENTATION AND PREPARATION

(a) About Torchlight Innovations Inc.

Torchlight Innovations Inc. (“**Torchlight**”) was incorporated on October 8, 2021, under the laws of British Columbia (“**BC**”). Torchlight completed an initial public offering (“**IPO**”) and is classified as a Capital Pool Company (“**CPC**”) as defined in the TSX Venture Exchange (the “**Exchange**”) Policy 2.4 (defined below).

As a CPC, Torchlight’s objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the Exchange. Until such time that a Qualifying Transaction is completed, Torchlight will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, Exchange filing requirements, professional services, and office facilities and administration, subject to certain restrictions under Exchange Policy 2.4.

(b) About Innovation Mining Inc.

Innovation Mining Inc. (“**Innovation**”) was incorporated under the Business Corporations Act (British Columbia) (“**BCBCA**”) on October 6, 2022 under the name “Dynavat Gold Mining Technologies Inc.” and changed its name to “Innovation Mining Inc.” on August 31, 2023. Innovation’s corporate head office is located at 119 – 998 Harbourside Drive, North Vancouver, BC, Canada V7P 3T2. Innovation’s registered and records office is located at 15th Floor, 1111 West Hastings Street, Vancouver, BC, Canada V6E 2J3.

Innovation is a private clean-tech company that has developed RZOLV, a proprietary, non-toxic hydrometallurgical formula for gold extraction. Innovation is focused on the continued research and development of its formula, including validation through industrial tests, after which full commercialization efforts will begin.

(c) Basis of presentation

The unaudited pro-forma consolidated statement of financial position (“**Pro-Formas**”) gives effect to the Transaction (as described in note 2) as if it occurred on June 30, 2025, and they have been prepared from information derived from and should be read in conjunction with the following:

- Torchlight’s unaudited consolidated condensed interim financial statements for the three and six months ended June 30, 2025 and 2024 (the “**Torchlight Statements**”). The Torchlight Statements represent the accounts of Torchlight and 1535261 BC Ltd. (“**Subco**”), a wholly owned subsidiary of Torchlight, which was incorporated under BCBCA on April 10, 2025 for the sole purposes of completing the Transaction; and
- Innovation’s unaudited condensed interim financial statements for the three and six months ended June 30, 2025 and 2024 (the “**Innovation Statements**”).

The Torchlight Statements and Innovation Statements were prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and Interpretations (collectively “**IFRS Accounting Standards**”). These Pro-Formas have been prepared in accordance with Torchlight and Innovation’s accounting policies, as disclosed in Torchlight’s audited financial statements for the year ended December 31, 2024 and 2023 and Innovation’s audited financial statements for the year ended December 31, 2024 and 2023. There are no material differences in accounting policies between Torchlight and Innovation.

TORCHLIGHT INNOVATIONS INC.

NOTES TO THE PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

Unaudited – Expressed in Canadian dollars

1. BASIS OF PRESENTATION AND PREPARATION (Continued)

The Transaction has been accounted for in accordance with IFRS 2, *Share-based payments*. Innovation is considered to be the acquirer for accounting purposes as the former shareholders of Innovation control the Resulting Issuer (as described below) subsequent to the Transaction. The Transaction is considered to be a reverse takeover of Torchlight by Innovation.

The Transaction has been accounted for in the unaudited pro-forma consolidated statement of financial position as a continuation of the financial statements of Innovation together with a deemed issuance of shares, equivalent to the shares held by former shareholders of Torchlight. The fair value of the shares issued was deemed to be \$0.36 per common share.

In the opinion of management, the Pro-Formas include all adjustments necessary for fair presentation. No adjustments have been made to reflect additional cost or cost savings that could result from the combination of the operations of Torchlight and Innovation, as management does not anticipate any material costs or cost savings as a result of the Transaction.

The Pro-Formas have been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position that would have occurred if the acquisition had been in effect at the date indicated. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in the Pro-Formas. The pro-forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized as of the date of the completion of the acquisition. The actual fair values of the assets and liabilities will be determined as of the effective date of the Transaction and may differ materially from the amounts disclosed in the assumed pro-forma purchase price allocation because of changes in fair value of the assets and liabilities up to the date of effective date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those in the Pro-Formas. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and as a result of a number of factors is subject to change between the time such preliminary estimations were made and closing.

2. TRANSACTION – AMALGAMATION AGREEMENT

On April 11, 2025, Torchlight, 1535261 BC Ltd. ("**Subco**"), a wholly owned subsidiary of Torchlight, and Innovation entered into an amalgamation agreement (the "**Amalgamation Agreement**") pursuant to which Torchlight will, by way of a "three-cornered amalgamation" acquire all of the issued and outstanding securities of Innovation (together with the related transactions and corporate procedures set forth in the Amalgamation Agreement, the "**Transaction**").

The Transaction is subject to Exchange approval and is intended to constitute Torchlight's "Qualifying Transaction" in accordance with Exchange Policy 2.4 – *Capital Pool Companies* ("**Policy 2.4**"). Torchlight, after giving effect to the Transaction and upon receiving final approval from the Exchange, will hereinafter be referred to as the "Resulting Issuer".

In connection with the Transaction, Torchlight intends to consolidate its common shares on a 1.923:1 basis (the "**Consolidation**").

TORCHLIGHT INNOVATIONS INC.

NOTES TO THE PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

Unaudited – Expressed in Canadian dollars

2. TRANSACTION – AMALGAMATION AGREEMENT (Continued)

Pursuant to the terms of the Amalgamation Agreement, and subject to certain conditions, including receipt of applicable regulatory and shareholder approvals, on the closing date of the Transaction, Innovation will amalgamate with Subco pursuant to the provisions of the BCBCA (the "**Amalgamation**"). The amalgamated entity will be a wholly-owned subsidiary of Torchlight.

The Amalgamation was approved by shareholders of Innovation at a meeting of shareholders of Innovation on August 7, 2025.

Innovation completed a share split on a 1:1.24 basis prior to completion of the SR Financing (defined below) and the Transaction (the "**Share Split**"). Pursuant to the Transaction, Torchlight will then issue one (1) post-Consolidation common share to Innovation shareholders for every one (1) common share of Innovation held. Outstanding options, warrants and broker warrants of Innovation will also be replaced with options, warrants and broker warrants of the Resulting Issuer exercisable on equivalent terms.

In connection with the Transaction and following the Share Split, Innovation completed a non-brokered private placement of subscription receipts (each a "**Subscription Receipt**") at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$2,843,281 (the "**SR Financing**"). Each Subscription Receipt will be exchanged for one common share (a "**Share**") in the capital of Innovation and one common share purchase warrant of Innovation (a "**Warrant**") (exercisable at a price of \$0.75) prior to completion of the Transaction. For the purposes of the Pro-Formas, the value of each component of the Subscription Receipt was determined based on historical private placements of Innovation. The Shares associated with the Subscription Receipt were valued at \$0.36 and the Warrants associated with the Subscription Receipt were valued at \$0.14.

The underlying Innovation Shares and Warrants will subsequently be exchanged for common shares and warrants of the Resulting Issuer on a one-for-one basis, in accordance with the exchange ratio, at the time of completion of the Transaction.

No finder's fee is payable in connection with the Transaction. Finder's fees will be paid in connection with the SR Financing upon close of the Transaction. Finder's fees associated with the SR Financing are \$242,004, consisting of \$177,180 in cash and \$64,825 related to 370,360 broker warrants issued.

There are no common control persons of both Torchlight and Innovation. The Transaction will not constitute a "Non-Arm's Length Qualifying Transaction" (as such term is defined in Policy 2.4) or a related party transaction pursuant to the policies of the Exchange and applicable securities laws.

The completion of the Transaction is subject to the satisfaction of certain customary conditions.

3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

As a result of the Transaction, the shareholders of Innovation will acquire control of Torchlight, thereby constituting a reverse acquisition of Torchlight. The transaction is considered a purchase of Torchlight's net assets by the shareholders of Innovation.

TORCHLIGHT INNOVATIONS INC.

NOTES TO THE PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

Unaudited – Expressed in Canadian dollars

3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (Continued)

The Transaction will be accounted for in accordance with guidance provided in IFRS 2 – *Share-based payments* (“**IFRS 2**”) and IFRS 3 – *Business combinations* (“**IFRS 3**”). As Torchlight did not qualify as a business according to the definition of IFRS 3, this transaction does not constitute a business combination, rather it is treated as an issuance of shares by Innovation for the net assets of Torchlight, Torchlight’s listing status, and with Innovation as the continuing entity. Accordingly, as a result of the Transaction, the unaudited pro-forma consolidated statement of financial position has been adjusted for the elimination of Torchlight’s share capital of \$246,777, other reserves of \$51,200 and the accumulated deficit of \$259,301.

(a) As a result of the reverse acquisition, the purchase price is allocated as follows:

Consideration paid:

Fair value of Torchlight shares (2,860,114 shares at approximately \$0.36 per share)	\$1,020,096
Fair value of Torchlight options	\$95,588
Cash (transaction costs)	\$18,000
Total consideration	<u>\$1,133,684</u>

Net assets received:

Cash	\$44,610
Receivables and other	\$9,616
Accounts payable and accrued liabilities	(\$15,550)
Total net assets received	<u>\$38,676</u>

Transaction costs**\$1,095,008**

The estimated fair value of Torchlight’s shares of \$1,020,096 is based on an estimated fair value of \$0.36 per share as at June 30, 2025. The estimated share price was based on the Innovation Subscription Receipt price of \$0.50, which was allocated between the Shares and Warrants based on historical private placements of Innovation. The Shares associated with the Subscription Receipt were valued at \$0.36 and the Warrants associated with the Subscription Receipt were valued at \$0.14.

The fair value of the Torchlight historical options were valued using the Black-Scholes option pricing model with the following assumptions: share price – \$0.36; exercise price – \$0.19; expected life – 6.87 years; volatility – 126.7%; dividend yield – \$nil; and risk-free rate – 2.91%. The fair value of the share options was \$0.33 per option.

(b) On September 25, 2025, Innovation closed the SR Financing for gross proceeds of \$2,843,281. The units offered are comprised of one common share and one common share purchase warrant of Innovation, exercisable at a price of \$0.75 for two years. The SR Financing resulted in an additional 5,686,562 Innovation shares.

Cash	\$2,311,101
Share issuance costs (cash)	\$432,180
Contractual commitments	\$100,000
Total SR Financing proceeds	<u>\$2,843,281</u>
Unit offer price	<u>\$0.50</u>
Units issued	<u>5,686,562</u>

TORCHLIGHT INNOVATIONS INC.

NOTES TO THE PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

Unaudited – Expressed in Canadian dollars

3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (Continued)

A split between share capital and other reserves related to the SR Financing was determined, based on historical private placements of Innovation, as follows:

Subscription receipt – allocation to Shares (\$0.36)	\$2,028,185
Subscription receipt – allocation to Warrants (\$0.14)	\$815,096
Total SR Financing proceeds	<u>\$2,843,281</u>

4. PRO-FORMA CONTINUITY OF SHARE CAPITAL

	Number of shares	Value (\$)
Torchlight issued and outstanding on June 30, 2025, net of share issuance costs	5,500,000	\$246,777
Innovation issued and outstanding on June 30, 2025, net of share issuance costs and allocation to warrants	52,736,132 ⁽¹⁾	\$4,351,726
Consideration transferred to shareholders of Torchlight	2,860,114	\$1,020,096
Reverse takeover adjustments – Torchlight common shares net of share issuance costs	(5,500,000)	(\$246,777)
Final tranche of Innovation private placement closed on July 2, 2025, net of share issuance costs and allocation to warrants	429,249	\$22,009
SR Financing for units, net of share issuance costs and allocation to warrants	5,686,562	\$1,531,180
Balance as at the date of Filing Statement	61,712,057	\$6,925,012

⁽¹⁾ Total common shares issued to shareholders of Innovation were adjusted for a share split on a 1:1.24 basis prior to completion of the SR Financing.

SCHEDULE "F" AUDIT COMMITTEE CHARTER OF THE RESULTING ISSUER

See attached.

AUDIT COMMITTEE CHARTER

ARTICLE 1 DEFINITIONS

1.1 Definitions In this Charter

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2 GENERAL

2.1 Audit Committee

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

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

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

2.2 Relationship with External Auditors

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

2.3 Composition and Member Qualifications

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

2.4 Member Appointment and Removal

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

2.5 Committee Structure and Operations

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

**ARTICLE 3
DUTIES AND RESPONSIBILITIES**

3.1 Committee Responsibilities

3.1.1 The Committee shall be responsible for making the following recommendations to the Board:

- (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) the compensation of the external auditor.

3.1.2 The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3.1.3 The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

3.1.4 The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

3.1.5 The Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.

3.1.6 The Committee shall establish procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

3.1.7 The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

3.1.8 The Committee shall have the authority to delegate to individual members or subcommittees of the Committee.

3.2 De Minimis Non-Audit Services

3.2.1 The Committee shall satisfy the pre-approval requirement in subsection 3.1.3 of the Charter if:

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

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

3.3 Delegation of Pre-Approval Function

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

3.4 Pre-Approval Policies and Procedures

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

ARTICLE 4 AUTHORITY

4.1 Authority

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

ARTICLE 5 DISCLOSURE

5.1 Disclosure in Information Circular

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

CERTIFICATE OF TORCHLIGHT INNOVATIONS INC.

DATED **O**ctober 8, 2025

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Torchlight Innovations Inc. assuming Completion of the Qualifying Transaction.

By: "Fayyaz Alimohamed"
Fayyaz Alimohamed
CEO, CFO, Corporate Secretary and
Director

On behalf of the board of directors of Torchlight Innovations Inc.:

By: "Robert Archer"
Robert Archer
Director

By: "Frederic Leigh"
Frederic Leigh
Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any items in the attached Filing Statement that are analogous to items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of Form 3B2 of the Exchange, as applicable.

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

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B to the Corporate Finance Manual of the Exchange (“Appendix 6B”)) pursuant to this Filing Statement; and
- (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at as of October 8, 2025

TORCHLIGHT INNOVATIONS INC.

By: "Fayyaz Alimohamed"
Fayyaz Alimohamed
CEO, CFO, Corporate Secretary
and Director