

## Tax Election Package

This Tax Election Package (which consists of one fillable copy of Form T2057 / T2058 and the accompanying Section 85 Election Instruction Letter) is provided in connection with the Plan of Arrangement involving, among other things, the acquisition by Metamaterial Exchangeco Inc. (“**Canco**”), a subsidiary of Torchlight Energy Resources, Inc. (“**Torchlight**”), of all the issued and outstanding common shares of Metamaterial Inc. (“**Metamaterial**”) in exchange for the issuance of common shares of Torchlight and/or exchangeable shares of Canco.

The Tax Election Package is for use by the former holders of common shares of Metamaterial (“**Metamaterial Shares**”) who:

- a) received exchangeable shares of Canco;
- b) are residents of Canada under the Income Tax Act (Canada) (the “ITA”); and
- c) who wish to defer any capital gain as a result of the Arrangement by making a tax election with Canco under subsection 85(1) of the ITA (and the provincial equivalent) or, in the case of a holder of Metamaterial Shares that is a partnership, under subsection 85(2) of the ITA (and the provincial equivalent) (in either case, a “**Tax Election**”).

## Tax Elections

Included in this Tax Election Package is one fillable copy of the relevant Tax Election. Please ensure that you complete the applicable form(s) based on the instructions below:

### *Individuals, Corporations & Trusts*

- a) Federal Form T2057 (Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation) – Complete this form if you wish to make a Tax Election and you are an individual corporation, or trust (regardless of which province you are a resident of for Canadian income tax purposes).
- b) Quebec Form TP-518-V (Transfer of Property by a Taxpayer to a Taxable Canadian Corporation) – In addition to completing Form T2057, complete this form for an **individual, corporation or trust that is a resident of Quebec for Quebec income tax purposes**. Other taxpayers are not required to complete this form.

### *Partnerships*

- a) Federal Form T2058 (Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation) – Complete this form if the holder of the Metamaterial shares is a **partnership** that wishes to make a Tax Election.
- b) Quebec Form TP-529-V (Transfer of Property by a Taxpayer to a Taxable Canadian Corporation) – In addition to completing Form T2058, complete this form if the holder of the Metamaterial shares is a partnership **that has a partner which a resident of Quebec for Quebec income tax purposes**. Other partnerships are not required to complete this form.

Complete only Form T2057 or T2058 (and the Quebec equivalent form, if applicable) but not both. Additional copies of the relevant Tax Election may be downloaded from the Canada Revenue Agency (“CRA”) website and the Revenue Quebec website at the following links:

- a) Federal Form T2057: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2057.html>
- b) Quebec Form TP-518-V: <https://www.revenuquebec.ca/en/online-services/forms-and-publications/current-details/tp-518-v/>
- c) Federal Form T2058: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2058.html>
- d) Quebec Form TP-529-V: <https://www.revenuquebec.ca/en/online-services/forms-and-publications/current-details/tp-529-v/>

### **Section 85 Election Instruction Letter**

This letter provides instructions on how to complete federal Forms T2057 and T2058 and Quebec Forms TP-518-V and TP-529-V (if applicable). For brevity, the specific references in the instructions below are to Form T2057 but the instructions below also apply to Form T2058 (which is almost identical to Form T2057) and Quebec Form TP-518-V and Quebec Form TP-529-V (which are both similar to Form T2057). The Quebec Forms are organized slightly differently with different headings, but the instructions noted below still apply to the Forms with appropriate modifications as required. Taxpayers are also encouraged to refer to the instructions within the respective tax election forms provided by Canada Revenue Agency and Revenu Quebec.

Please email the completed T2057 or T2058 election form in fillable PDF format (in addition to the completed but unexecuted fillable copy) to MNP at [Metamaterial Tax Elections@mnp.ca](mailto:Metamaterial_Tax_Elections@mnp.ca) by **September 26, 2021**. In your email, please provide your full legal name and your phone number should Metamaterial or MNP (the company’s tax preparers) need to contact you regarding the tax election form.

**The instructions provided herein are provided for your convenience only and do not constitute tax advice. You are responsible for the accurate completion of the Tax Election(s). The responses provided on the Tax Election form impact the amounts reported on your income tax return. Neither Metamaterial nor MNP (the company’s tax preparers) will review such responses to determine the tax impact to you. Contact your tax advisor to seek professional advice and assistance with respect to the preparation or review of the Tax Election and the tax reporting of the transaction on your income tax return.**

<b>Box / Section of Form T2057</b>	<b>Instructions / Comments</b>
Taxpayer's name (transferor)	Input your name as filed on your tax return
Social insurance number, trust account or business number	For individuals, input your social insurance number. For trusts, input the CRA trust account number. For corporations, input the CRA business number.
Address & postal code	Input your current home address and postal code.
Tax year of the taxpayer	<p>Individual: If you are a resident of Canada under the ITA throughout the year, input the start of the taxation year as 2021/1/1 and the end of the taxation year as 2021/12/31 (i.e., the taxation year is January 1, 2021 to December 31, 2021. If you became a resident of Canada during 2021, consult with your tax advisor for the taxation year.</p> <p>Corporation: Input the fiscal year of the corporation during which the transfer occurs.</p>
Tax Services Office (Transferor)	<p>Visit the following site to determine your Tax Services Office:</p> <p><a href="https://www.canada.ca/en/revenue-agency/corporate/contact-information/tax-services-offices-tax-centres.html">https://www.canada.ca/en/revenue-agency/corporate/contact-information/tax-services-offices-tax-centres.html</a></p>
Name of co-owner(s), social insurance number, address, postal code, and tax services office	<p>If your Metamaterial shares were held in joint ownership with another person or other persons, please complete as applicable. Attach a separate schedule with the same requested information if there is more than one co-owner.</p> <p>Leave these fields blank if this is not applicable.</p>
Corporation's name (transferee), business number, address, postal code, tax year of the corporation, tax services office, name of the contact person	This section has already been completed by Canco.
Penalty for late-filed and amended elections section	Leave this entire area blank unless you are filing the form past the requisite filing due date.

Box / Section of Form T2057	Instructions / Comments
Information Required section, questions 1-4	The responses to these questions have already been completed.
Information Required section, question 5	<p>If you are a <u>resident</u> of Canada for purposes of the ITA, mark an “x” in the box labeled “No”. If you are a <u>non-resident</u> of Canada for purposes of the ITA, mark an “x” in the box labeled “Yes”.</p> <p>Generally, it is expected that only a resident of Canada will be filing a Tax Election but consult with your tax advisor if you are unclear as to your tax residence status.</p>
Information Required section, question 6	<p>If you held your Metamaterial shares as capital property, mark an “x” in the “Yes” box adjacent to the question and the answer the questions that follow “If yes...” regarding ownership or acquisition of the property since Valuation Day, etc.):</p> <p>Question (a) - mark an “x” in the “No” box if you have <u>not</u> held the shares continuously since Valuation Day (Dec. 31, 1971). Otherwise, mark “Yes”. Generally, for most if not all shareholders, the answer will be “No”.</p> <p>Questions (b) and (c) - mark an “x” in the “No” box if you acquired the Metamaterial shares in an arm’s length transaction (e.g., market purchase of shares, etc.). Otherwise, answer “Yes” for (b) and answer the question in (c).</p> <p>If you did <u>not</u> hold your Metamaterial common shares as capital property, insert an “x” in the “No” box adjacent to the question. Leave the answer to questions (a), (b) and (c) (the questions that follow “If yes...”) blank.</p> <p>Consult your tax advisor if you have questions.</p>
Information Required section, questions 7-8	The responses to these questions have already been completed.
In the section under “Where shares of the capital stock... provide the following”	Leave this entire section (corporation name, business number and paid up capital of shares transferred) blank.

Description of shares received section	<p>Number of shares transferor received – Input the number of Canco exchangeable shares you received.</p> <p>Class of shares – This has already been completed by Canco.</p> <p>“Redemption value per share” – Leave this cell blank.</p> <p>“Paid-up Capital” – Leave this cell blank.</p> <p>Voting or non-voting – This has already been completed by Canco.</p> <p>Are shares redeemable at the holder’s option? – This has already been completed by Canco.</p>
Election and Certification, signature section	<p>You (or the authorized signing officer / representative if the former Metamaterial shareholder is a corporation or other entity) should sign on the signature line (on the left) (“Signature of Transferor, Authorized Officer or Authorized Person”).</p> <p>An authorized signing officer of Canco will sign on the signature line on the right (“Signature of Authorized Officer or Transferee”) so leave this line blank.</p>

<b>“Information on the eligible property disposed of and consideration received” section</b>	<b>Instructions / Comments</b>
Date of sale or transfer of all properties listed below	2021/06/28 already entered
<p>Capital property excluding depreciable property</p> <p>If you held your Metamaterial common shares as capital property, fill in the boxes in this section. This should be consistent with the response provided regarding capital property on page 2.</p>	<p><u>Property disposed of</u></p> <p>Description – Input “Shares of Metamaterial, Inc.”</p> <p>Fair market value – multiply the number of Metamaterial shares you disposed of by the exchange value of 1.845</p> <p>A (adjusted cost base) – multiply the number of Metamaterial shares you owned by your adjusted cost base per share</p>

	<p><u>B (agreed amount)</u></p> <p>Input the total amount of proceeds to report for Canadian income tax purposes.</p> <p>The agreed amount cannot be less than the adjusted cost base (amount in “A”) or more than the fair market value of the Metamaterial shares disposed of at the time of sale.</p> <p>“Amount to be reported B-A” – Take the agreed amount in “B” and subtract the adjusted cost base (“A”) from this amount.</p> <p>Consult your tax advisor to ensure that the correct and desired elected amount is correctly reported.</p> <p><u>Consideration Received</u></p> <p>Non-Share / Description – input “n/a”.</p> <p>Share / Number and Class – Input the number of Canco exchangeable shares received followed by “exch. shares”, e.g., if you received 100 shares, input “100 exch. shares”.</p> <p>Fair market value of total consideration – Input the amount of consideration you received from disposing of your Metamaterial shares. This should be the same number as the amount entered in the box marked “Fair market value” under “Property disposed of”.</p>
<p>Inventory excluding real property</p> <p>If you did <u>not</u> hold your Metamaterial common shares as capital property, fill in the boxes in this section. This should be consistent with the response provided regarding capital property on page 2.</p>	<p>See the instructions for “Capital property excluding depreciable property” immediately above.</p>

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<p>Election and Certification, signature section</p>	<p>An authorized signing officer of Canco will sign on the signature line (“Signature of Authorized Officer of Corporation”) so leave this line blank.</p> <p>The social insurance, trust account, or business number, name of the partner, authorized person, or authorized officer, and partner’s tax service office should be completed. All partners should sign on the respective signature lines (“Signature of Partner, Authorized Person or Authorized Officer”) and their position of office of authorized person or authorized officer should be completed. Multiple pages may need to be signed if there are more than 3 partners.</p>
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