

TORCHLIGHT ENERGY RESOURCES INC
Form 424B3
August 18, 2016

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-208467

PROSPECTUS SUPPLEMENT NO. 1
(to Prospectus dated December 30, 2015)

TORCHLIGHT ENERGY RESOURCES, INC.
4,360,494 Shares of Common Stock

This Prospectus Supplement No. 1 (this “Prospectus Supplement”) supplements the Prospectus dated December 30, 2015 (the “Prospectus”), which forms a part of our Registration Statement on Form S-1 (Registration No. 333-208467). This Prospectus Supplement No. 1 is being filed to update and supplement the information in the Prospectus with the information contained in our quarterly report on Form 10-Q (the “Quarterly Report”), filed with the Securities and Exchange Commission on August 15, 2016. Accordingly, we have attached the Quarterly Report to this Prospectus Supplement.

The Prospectus and this Prospectus Supplement relate to the possible resale of up to 4,360,494 shares of our common stock by the selling stockholders listed on page 13 of the Prospectus, which shares are issuable upon the conversion of shares of Series B Convertible Preferred Stock and upon exercise of warrants held by the selling stockholders. We will not receive any proceeds from the resale of such shares of our common stock.

The Quarterly Report in this Prospectus Supplement includes unaudited financial statements and updated disclosure, including without limitation a description of an offering transaction that we conducted under which certain of the selling stockholders exercised warrants at a reduced exercise price of \$0.50 per share. These selling shareholders are Rosemary Atwood, Gina L. Stokes and David A. Stokes, John R. Shand, Nan Kingsley, Richard Frish, Jan R. Welch, CrossCap Energy SSF, LP, CrossCap Energy QP SSF, LP, 511 North Broad Street, LLC, Paul Rabinowitz, and Daniel Root, and in connection with these warrant exercises, they were issued a total of 229,611 shares that are part of the 4,360,494 shares offered for resale by all selling stockholders under the Prospectus. As previously described in the Prospectus, the shares offered for resale will be sold by the selling stockholders through negotiated transactions or otherwise at market prices prevailing at the time of sale or at negotiated prices.

You should read this Prospectus Supplement in connection with the Prospectus and the related Registration Statement. If there is any inconsistency between the information in the Prospectus and this Prospectus Supplement, you should rely on the information in this Prospectus Supplement.

Our common stock is listed on the NASDAQ Capital Market under the symbol “TRCH.” On August 17, 2016, the last reported sales price of our common stock was \$1.48 per share.

Investing in our common stock involves a high degree of risk. You should review carefully the risks and uncertainties described under the caption, “Risk Factors,” beginning on page 4 of the Prospectus, in our annual report on Form 10-K for the year ended December 31, 2015, in our quarterly report on Form 10-Q for the quarter ended March 31, 2016, and in any other reports that we file with the Securities and Exchange Commission, along with the other information included or incorporated by reference in the Prospectus, this Prospectus Supplement or in such reports, before you decide to invest in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is August 18, 2016.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended June 30, 2016

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

Commission file number: 001-36247

TORCHLIGHT ENERGY RESOURCES, INC.

(Name of registrant in its charter)

Nevada 74-3237581
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

5700 West Plano Pkwy, Suite 3600
Plano, Texas 75093

(Address of Principal Executive Offices)

(214) 432-8002

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of August 10, 2016, there were 47,519,173 shares of the registrant's common stock outstanding (the only class of voting common stock).

FORM 10-Q

TABLE OF CONTENTS

Note About Forward-Looking Statements	3
PART I FINANCIAL INFORMATION	4
Item 1. Consolidated Financial Statements	4
Consolidated Balance Sheets (Unaudited)	4
Consolidated Statements of Operations (Unaudited)	5
Consolidated Statements of Cash Flows (Unaudited)	6
Notes to Consolidated Financial Statements (Unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3. Quantitative and Qualitative Disclosures About Market Risk	21
Item 4. Controls and Procedures	22
PART II OTHER INFORMATION	22
Item 1. Legal Proceedings	22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 6. Exhibits	23
Signatures	25

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Forward-looking statements may appear throughout this report, including without limitation, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements generally can be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will be,” “will continue,” “will likely result,” and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this report and in our Annual Report on Form 10-K for the year ended December 31, 2015 and in particular, the risks discussed in our Form 10-K under the caption “Risk Factors” in Item 1A therein, and those discussed in other documents we file with the Securities and Exchange Commission (“SEC”). Important factors that in our view could cause material adverse effects on our financial condition and results of operations include, but are not limited to, risks associated with the company's ability to obtain additional capital in the future to fund planned expansion, the demand for oil and natural gas, general economic factors, competition in the industry and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. We undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, the “Company,” “we,” “Torchlight,” “our,” and similar terms include Torchlight Energy Resources, Inc. and its subsidiaries, unless the context indicates otherwise.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TORCHLIGHT ENERGY RESOURCES, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

	June 30,	December 31,
	2016	2015
ASSETS		
Current assets:		
Cash	\$318,011	\$1,026,600
Accounts receivable	662,580	741,653
Production revenue receivable	8,817	199,317
Note receivable	-	613
Prepayments - development costs	150,362	-
Prepaid expenses	-	38,776
Total current assets	1,139,770	2,006,959
Investment in oil and gas properties, net	9,312,719	7,057,671
Office equipment	34,334	43,110
Debt issuance costs, net	5,479	8,224
Other assets	43,361	72,082
TOTAL ASSETS	\$10,535,663	\$9,188,046
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$1,707,289	\$1,114,409
Accrued liabilities	671,364	628,876
Related party payables	276,112	130,000
Convertible promissory notes, (Series B) net of discount of		

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

\$185,155 at June 30, 2016	3,384,345	0
Notes payable within one year - related party	131,250	205,000
Notes payable within one year	105,020	129,741
Due to working interest owners	216,476	103,364
Interest payable	161,759	173,710
Total current liabilities	6,653,615	2,485,100
Convertible promissory notes, (Series B) net of discount of \$277,911 at December 31, 2015	-	3,291,589
Asset retirement obligation	1,670	29,083
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, par value \$.001, 10,000,000 shares authorized;		
37,000 issued and outstanding at June 30, 2016	35	134
134,000 issued and outstanding at December 31, 2015		
Common stock, par value \$0.001 per share; 100,000,000 shares authorized;	45,800	33,168
45,793,587 issued and outstanding at June 30, 2016		
33,166,344 issued and outstanding at December 31, 2015		
Additional paid-in capital	63,976,768	61,921,450
Warrants outstanding	20,546,667	16,330,961
Accumulated deficit	(80,688,892)	(74,903,439)
Total stockholders' equity (deficit)	3,880,378	3,382,274
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$10,535,663	\$9,188,046

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

TORCHLIGHT
ENERGY
RESOURCES,
INC.
CONSOLIDATED
STATEMENTS
OF
OPERATIONS
(Unaudited)

	THREE MONTHS ENDED June 30, 2016	THREE MONTHS ENDED June 30, 2015	SIX MONTHS ENDED June 30, 2016	SIX MONTHS ENDED June 30, 2015
Revenue				
Oil and gas sales	\$105,220	\$508,265	\$303,513	\$1,042,827
SWD and royalties		374	-	57,070
Cost of revenue	(139,116)	(279,646)	(245,300)	(510,544)
Gross income	-33,896	228,993	58,213	589,353
Operating expenses:				
General and administrative expense	3,796,418	8,207,314	4,747,704	8,896,025
Depreciation, depletion and amortization	100,082	204,330	722,054	698,805
Impairment expense	57,912	22,438,114	57,912	22,438,114
Loss on sale	146,138	-	146,138	-
Total operating expenses	4,100,550	30,849,758	5,673,808	32,032,944
Other income (expense)				
Other income	-	962	-	962
Interest income	-	-	-	-
Interest and accretion expense	(47,481)	(239,667)	(169,858)	(1,631,109)
Total other income (expense)	(47,481)	(238,705)	(169,858)	(1,630,147)

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

Net loss before taxes	(4,181,927)	(30,859,470)	(5,785,453)	(33,073,738)
Provision for income taxes	-	-	-	-
Net (loss)	\$(4,181,927)	\$(30,859,470)	\$(5,785,453)	\$(33,073,738)
Loss per share:				
Basic and Diluted	\$(0.16)	\$(1.44)	\$(0.35)	\$(2.02)
Weighted average shares outstanding:				
Basic and Diluted	26,062,804	21,428,769	16,506,672	16,342,225

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

TORCHLIGHT ENERGY RESOURCES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

SIX MONTHS SIX MONTHS

ENDED ENDED

June 30, 2016 June 30, 2015

Cash Flows From Operating Activities

Net (loss)	\$(5,785,453)	\$(33,073,738)
Adjustments to reconcile net loss to net cash from operations:		
Stock based compensation	3,214,690	7,078,791
Accretion of convertible note discounts	95,979	1,163,091
Loss on sale of assets	146,138	-
Impairment expense	57,912	22,438,114
Depreciation, depletion and amortization	722,054	698,805
Change in:		
Accounts receivable	79,073	49,392
Note receivable	613	2,627
Production revenue receivable	190,500	(163,977)
Prepayment of development costs	(150,362)	10,602
Debt issuance costs	2,745	-
Prepaid expenses	38,776	29,634
Other assets	28,720	(23,938)
Accounts payable and accrued liabilities	635,368	3,165,044
Due to working interest owners	113,113	(30,231)
Asset retirement obligation	(27,413)	774
Interest payable	(15,174)	447,014
Capitalized interest	(157,581)	(395,738)
Net cash provided by (used) in operating activities	(810,302)	1,396,266
Cash Flows From Investing Activities		
Investment in oil and gas properties	(1,700,209)	(4,618,743)
Proceeds from Sale of Leases	1,572,000	951,918
Net cash used in investing activities	(128,209)	(3,666,825)
Cash Flows From Financing Activities		
Proceeds from short term advance	150,000	-
Proceeds from sale of common stock	-	1,300,000
Proceeds from sale of preferred stock	-	9,800,000
Preferred dividends paid in cash	(224,260)	-

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

Proceeds from warrant exercise	406,541	-
Proceeds from promissory notes	511,270	212,000
Repayment of convertible notes	-	(8,859,011)
Repayment of promissory notes	(613,629)	(150,000)
Net cash provided by financing activities	229,922	2,302,989
Net increase (decrease) in cash	(708,589)	32,430
Cash - beginning of period	1,026,600	179,787
Cash - end of period	\$318,011	\$212,217

Supplemental disclosure of cash flow information:

Non cash transactions:

Common stock issued for services	\$410,474	\$1,594,871
Common stock issued for mineral interests	\$1,484,166	\$26,400
Warrants issued for services	\$2,716,125	\$5,562,919
Common stock issued in conversion of preferred stock	\$9,700,000	\$-
Warrants issued in connection with promissory notes	\$80,750	\$-
Common stock issued in warrant exercises	\$397,471	\$-
Warrants issued for mineral interests	\$1,409,761	-
Cash paid for interest	\$266,259	\$931,011

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. NATURE OF BUSINESS

Torchlight Energy Resources, Inc. was incorporated in October 2007 under the laws of the State of Nevada as Pole Perfect Studios, Inc. (“PPS”). From its incorporation to November 2010, the company was primarily engaged in business start-up activities.

On November 23, 2010, we entered into and closed a Share Exchange Agreement (the “Exchange Agreement”) between the major shareholders of PPS and the shareholders of Torchlight Energy, Inc. (“TEI”). As a result of the transactions effected by the Exchange Agreement, at closing TEI became our wholly-owned subsidiary, and the business of TEI became our sole business. TEI was incorporated under the laws of the State of Nevada in June 2010. We are engaged in the acquisition, exploitation and/or development of oil and natural gas properties in the United States. In addition to TEI, we also operate our business through our wholly-owned subsidiaries Torchlight Energy Operating, LLC, a Texas limited liability company and Hudspeth Oil Corporation, a Texas corporation.

On December 10, 2010, we effected a 4-for-1 forward split of our shares of common stock outstanding. All owners of record at the close of business on December 10, 2010 (record date) received three additional shares for every one share they owned. All share amounts reflected throughout this report take into account the 4-for-1 forward split.

Effective February 8, 2011, we changed our name to “Torchlight Energy Resources, Inc.” In connection with the name change, our ticker symbol changed from “PPFT” to “TRCH.”

The Company is engaged in the acquisition, exploration, development and production of oil and gas properties within the United States. The Company’s success will depend in large part on its ability to obtain and develop profitable oil and gas interests.

2. GOING CONCERN

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

At June 30, 2016, the Company had not yet achieved profitable operations. We had a net loss of approximately \$5.8 million for the six months ended June 30, 2016 and had accumulated losses of \$80,688,892 since our inception to June 30, 2016, and expect to incur further losses in the development of our business. Working Capital as of June 30, 2016 was negative \$5,513,845. Negative working capital is exacerbated by the inclusion in current liabilities of the \$3,384,345 outstanding balance of subordinated convertible notes which have a maturity date of June 30, 2017 and are therefore included in current liabilities as of June 30, 2016.

The Company’s ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management’s plan to address the Company’s ability to continue as a going concern includes: (1) obtaining debt or equity funding from private placement or institutional sources; (2) obtain loans from financial institutions, where possible; (3) participating in joint venture transactions with third parties; or (4) sale of assets. Although management believes that it will be able to obtain the necessary funding to allow the Company to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its accounts on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Accounting principles followed and the methods of applying those principles, which materially affect the determination of financial position, results of operations and cash flows are summarized below:

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and certain assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of presentation—The financial statements are presented on a consolidated basis and include all of the accounts of Torchlight Energy Resources Inc. and its wholly owned subsidiaries, Torchlight Energy, Inc., Torchlight Energy Operating, LLC, and Hudspeth Oil Corporation. All significant intercompany balances and transactions have been eliminated.

Risks and uncertainties – The Company’s operations are subject to significant risks and uncertainties, including financial, operational, technological, and other risks associated with operating an emerging business, including the potential risk of business failure.

Concentration of risks – The Company’s cash is placed with a highly rated financial institution, and the Company periodically reviews the credit worthiness of the financial institutions with which it does business. At times the Company’s cash balances are in excess of amounts guaranteed by the Federal Deposit Insurance Corporation.

Fair value of financial instruments – Financial instruments consist of cash, accounts receivable, accounts payable, notes payable to related party, and convertible promissory notes. The estimated fair values of cash, accounts receivable, accounts payable, and related party payables approximate the carrying amount due to the relatively short maturity of these instruments. The carrying amounts of the convertible promissory notes approximate their fair value giving affect for the term of the note and the effective interest rates.

For assets and liabilities that require re-measurement to fair value the Company categorizes them in a three-level fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration.
- Level 3 inputs are unobservable inputs based on management’s own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Accounts receivable – Accounts receivable consist of uncollateralized oil and natural gas revenues due under normal trade terms, as well as amounts due from working interest owners of oil and gas properties for their share of expenses paid on their behalf by the Company. Management reviews receivables periodically and reduces the carrying amount by a valuation allowance that reflects management’s best estimate of the amount that may not be collectible. As of June 30, 2016 and December 31, 2015 no valuation allowance was considered necessary.

As of December 31, 2015, the Company had a \$419,839 account receivable from Husky Ventures for the estimated balance of the sale proceeds from the sale of the Chisholm Trail properties in fourth quarter, 2015. The Chisholm Trail properties were sold to Husky Ventures who then included them with the Husky interests in Chisholm Trail and then entered into a sale agreement with Gastar Exploration Inc. for the combined Torchlight and Husky interests. Receipt of the balance of the sale proceeds was subject to final determination of mineral lease classification and was to occur by February 28, 2016.

On June 14, 2016, after the lawsuit that is described in Part II Item 1. Legal Proceedings regarding the Hunton Play, the Company received and subsequently deposited a check from Husky Ventures in the amount of \$520,400. Husky Ventures designated that the check was in full satisfaction of its obligations under the transaction in which the Company sold the Chisholm Trail properties as described above. The Company does not believe the check is in full satisfaction of Husky Ventures's obligations, including but not limited to that Husky Ventures has provided insufficient information for the Company regarding this transaction. The Company is currently pursuing claims against Husky Ventures, and others, related to this transaction and intends to continue to pursue those claims as described further in Part II Item 1. Legal Proceedings regarding the Hunton Play.

Investment in oil and gas properties – The Company uses the full cost method of accounting for exploration and development activities as defined by the Securities and Exchange Commission (“SEC”). Under this method of accounting, the costs of unsuccessful, as well as successful, exploration and development activities are capitalized as properties and equipment. This includes any internal costs that are directly related to property acquisition, exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities. Gain or loss on the sale or other disposition of oil and gas properties is not recognized, unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves.

Oil and gas properties include costs that are excluded from costs being depleted or amortized. Oil and natural gas property costs excluded represent investments in unevaluated properties and include non-producing leasehold, geological, and geophysical costs associated with leasehold or drilling interests and exploration drilling costs. The Company allocates a portion of its acquisition costs to unevaluated properties based on relative value. Costs are transferred to the full cost pool as the properties are evaluated over the life of the reservoir.

As of June 30, 2016 the Company performed an assessment of evaluated and unevaluated costs in the cost pool to conform the cumulative value of the Full Cost Pool to the combined amount of Reserve Value of evaluated, producing properties (as determined by independent analysis at December 31, 2015), plus the lesser of cumulative historical cost or estimated realizable value of unevaluated leases and projects expected to commence production in future operating periods. The results of the assessment was an additional charge to Impairment Expense of \$57,912.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Capitalized interest – The Company capitalizes interest on unevaluated properties during the periods in which they are excluded from costs being depleted or amortized. During the periods ended June 30, 2016 and June 30, 2015, the Company capitalized \$157,581 and \$395,738, respectively, of interest on unevaluated properties.

Depreciation, depletion, and amortization – The depreciable base for oil and natural gas properties includes the sum of all capitalized costs net of accumulated depreciation, depletion, and amortization (“DD&A”), estimated future development costs and asset retirement costs not included in oil and natural gas properties, less costs excluded from amortization. The depreciable base of oil and natural gas properties is amortized on a unit-of-production method.

Ceiling test – Future production volumes from oil and gas properties are a significant factor in determining the full cost ceiling limitation of capitalized costs. Under the full cost method of accounting, the Company is required to periodically perform a “ceiling test” that determines a limit on the book value of oil and gas properties. If the net capitalized cost of proved oil and gas properties, net of related deferred income taxes, plus the cost of unproved oil and gas properties, exceeds the present value of estimated future net cash flows discounted at 10 percent, net of related tax affects, plus the cost of unproved oil and gas properties, the excess is charged to expense and reflected as additional accumulated DD&A. The ceiling test calculation uses a commodity price assumption which is based on the unweighted arithmetic average of the price on the first day of each month for each month within the prior 12 month period and excludes future cash outflows related to estimated abandonment costs. The Company recognized impairment of \$22,438,114 on its oil and gas properties during the three months ended June 30, 2015 and an additional impairment at December 31, 2015 of \$3,236,009 for a total impairment adjustment for 2015 of \$25,674,123. Impairment in the amount of \$57,912 was recognized at June 30, 2016 as a result of the Company’s assessment. Due to the volatility of commodity prices, should oil and natural gas prices decline in the future, it is possible that a write-down could occur. Proved reserves are estimated quantities of crude oil, natural gas, and natural gas liquids, which geological and engineering data demonstrate with reasonable certainty to be recoverable from known reservoirs under existing economic and operating conditions. The independent engineering estimates include only those amounts considered to be proved reserves and do not include additional amounts which may result from new discoveries in the future, or from application of secondary and tertiary recovery processes where facilities are not in place or for which transportation and/or marketing contracts are not in place. Estimated reserves to be developed through secondary or tertiary recovery processes are classified as unevaluated properties.

The determination of oil and gas reserves is a subjective process, and the accuracy of any reserve estimate depends on the quality of available data and the application of engineering and geological interpretation and judgment. Estimates of economically recoverable reserves and future net cash flows depend on a number of variable factors and assumptions that are difficult to predict and may vary considerably from actual results. In particular, reserve estimates for wells with limited or no production history are less reliable than those based on actual production. Subsequent re-evaluation of reserves and cost estimates related to future development of proved oil and gas reserves could result in significant revisions to proved reserves. Other issues, such as changes in regulatory requirements, technological advances, and other factors which are difficult to predict could also affect estimates of proved reserves in the future.

Gains and losses on the sale of oil and gas properties are not generally reflected in income unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves. Sales of less than 100% of the Company’s interest in the oil and gas property are treated as a reduction of the capital cost of the field, with no gain or loss recognized, as long as doing so does not significantly affect the unit-of-production depletion rate. Costs of retired equipment, net of salvage value, are usually charged to accumulated depreciation.

Asset retirement obligations – Accounting principles require that the fair value of a liability for an asset’s retirement obligation (“ARO”) be recorded in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the corresponding cost be capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its then-present value each subsequent period, and the capitalized cost is depleted over the useful life of the related asset. Abandonment cost incurred is recorded as a reduction to the ARO liability.

Inherent in the fair value calculation of an ARO are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory, environmental, and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the oil and gas property balance. Settlements greater than or less than amounts accrued as ARO are recorded as a gain or loss upon settlement.

Asset retirement obligation activity is disclosed in Note 10.

Share-based compensation – Compensation cost for equity awards is based on the fair value of the equity instrument on the date of grant and is recognized over the period during which an employee is required to provide service in exchange for the award. Compensation cost for liability awards is based on the fair value of the vested award at the end of each period.

Revenue recognition – The Company recognizes oil and gas revenues when production is sold at a fixed or determinable price, persuasive evidence of an arrangement exists, delivery has occurred and title has transferred, and collectability is reasonably assured.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basic and diluted earnings (loss) per share – Basic earnings (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is computed in the same way as basic earnings (loss) per common share except that the denominator is increased to include the number of additional common shares that would be outstanding if all potential common shares had been issued and if the additional common shares were dilutive. The Company has not included potentially dilutive securities in the calculation of loss per share for any periods presented as the effects would be anti-dilutive.

Environmental laws and regulations – The Company is subject to extensive federal, state, and local environmental laws and regulations. Environmental expenditures are expensed or capitalized depending on their future economic benefit. The Company believes that it is in compliance with existing laws and regulations.

Recent accounting pronouncements –

On August 27, 2014, the FASB issued ASU 2014-15, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of the Company's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted.

In May 2014, the FASB issued ASU 2014-09 that introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Company is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, which includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations - that is, a major effect on the organization's operations and financial results should be presented as discontinued operations. Additionally, the ASU requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new standard is effective in the first quarter of 2015 for public organizations with calendar year ends. Early adoption would be permitted for any annual or interim period for which an entity's financial statements have not yet been made available for issuance. The adoption of this guidance is not expected to have an impact on the Company's consolidated financial statements.

Other recently issued or adopted accounting pronouncements are not expected to have, or did not have, a material impact on the Company's financial position or results from operations.

Subsequent events – The Company evaluated subsequent events through August 15, 2016, the date of issuance of the financial statements. Subsequent events are disclosed in Note 11.

4. RELATED PARTY PAYABLES

As of June 30, 2016, related party payables consisted of accrued and unpaid compensation to two of our executive officers totaling \$90,000 and a Director Fee payable to one of our Directors, Mr. Edward J. Devereaux of \$36,112. Mr. Devereaux elected to receive \$50,000 of the Director Fee in cash when funds are available. As of June 30, 2016 \$13,888 had been paid to Mr. Devereaux.

Additionally, Gregory McCabe, who became a Director in July, 2016, advanced the Company \$150,000 as a short term loan in June, 2016. Subsequent to June 30, 2016 these funds were applied as consideration for Series C Convertible Preferred Stock issued to Mr. McCabe.

On November 4, 2014, Eunis L. Shockey, a member of the Board of directors, loaned us \$500,000 under a 30 day promissory note. The promissory note accrues interest at an annual rate of 10%. The balance of the note at June 30, 2016 was \$131,250. The due date of the note is December 31, 2016.

5. COMMITMENTS AND CONTINGENCIES

The Company is subject to contingencies as a result of environmental laws and regulations. Present and future environmental laws and regulations applicable to the Company's operations could require substantial capital expenditures or could adversely affect its operations in other ways that cannot be predicted at this time. As of June 30, 2016, no amounts had been recorded because no specific liability has been identified that is reasonably probable of requiring the Company to fund any future material amounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

6. STOCKHOLDERS' EQUITY

During the three months ended June 30, 2016 the Company issued 489,535 shares of common stock as compensation for consulting services, with total value of \$357,301.

During the three months ended June 30, 2016 the Company issued 690,000 shares of common stock in connection with oil and gas lease related costs of \$512,200.

During the three months ended June 30, 2016, the Company issued 8,413,044 shares of common stock in conversion of Preferred Stock valued at \$9,675,000.

During the three months ended June 30, 2016, the Company issued 794,942 shares of common stock in exercise of warrants at \$.50 per share in connection with an offering to warrant holders dated June 16, 2016 to exercise warrants at the reduced exercise price of \$.50 per share regardless of the original exercise price of warrants they were holding. The offering was scheduled to close on June 30, 2016, however the Company elected to extend the expiration of the offering to July 15, 2016. Holders exercised an additional 2,069,065 warrants in July. Any warrants not exercised within the offering period retained their original terms including the original exercise price. The exercise price adjustment was considered as a debt agreement modification for accounting purposes. The adjustment arising from the comparison of the fair value of the warrants at their original grant date to the fair value recalculated at the modification date (the re pricing date) was \$9,070.

During the three months ended June 30, 2016, the Company issued 189,861 shares of common stock for dividends on preferred stock with an aggregate value of \$218,340.

During the three months ended June 30, 2016, the Company vested 2,487,500 stock options and warrants as compensation for services, with a total value of \$2,714,125.

During the three months ended June 30, 2016, the Company issued 1,925,000 warrants in connection with oil and gas lease related costs of \$1,091,000.

During the three months ended June 30, 2016, the Company issued 100,000 warrants in connection with renewal of a loan from a Director valued at \$53,000.

A summary of stock options and warrants outstanding as of June 30, 2016 by exercise price and year of expiration is presented below:

Exercise Expiration Date in

Price	2016	2017	2018	2019	2020	2021	Total
\$0.50			800,000				800,000

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

\$0.70					850,000		850,000
\$0.77				100,000			100,000
\$1.00	-	150,000	-	161,617		1,500,000	1,811,617
\$1.08				37,500			37,500
\$1.40					1,682,606		1,682,606
\$1.57					5,625,000		5,625,000
\$1.73			100,000				100,000
\$1.75	102,857	-	-	-			102,857
\$1.79					337,500		337,500
\$1.80					1,350,000		1,350,000
\$2.00	702,414	126,000	1,437,809	-			2,266,223
\$2.03			2,000,000				2,000,000
\$2.09	-	-	2,800,000	-			2,800,000
\$2.23					892,857		892,857
\$2.29			120,000				120,000
\$2.31			500,000				500,000
\$2.50	100,000	-	-	35,211			135,211
\$2.82	-	-	38,174	-			38,174
\$3.00	100,000	-	-	-			100,000
\$3.50				15,000			15,000
\$4.50	-	-	-	700,000			700,000
\$5.00	8,391	170,000	-	-			178,391
\$5.05		40,000					40,000
\$6.00	-	-	565,625	205,585			771,210
\$7.00	-	-	-	700,000			700,000
	1,013,662	486,000	8,361,608	1,954,913	10,737,963	1,500,000	24,054,146

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

6. STOCKHOLDERS' EQUITY - continued

At June 30, 2016 the Company had reserved 24,054,146 shares for future exercise of warrants.

Warrants issued in relation to the promissory notes issued (see note 9) were valued using the Black Scholes Option Pricing Model. The assumptions used in calculating the fair value of the warrants issued are as follows:

Risk-free interest rate	0.78%
Expected volatility of common stock	191% - 253%
Dividend yield	0.00%
Discount due to lack of marketability	20-30%
Expected life of warrant	3 years - 5 years

7. CAPITALIZED COSTS

The following table presents the capitalized costs of the Company as of June 30, 2016 and December 31, 2015:

	2016	2015
Evaluated costs subject to amortization	\$11,371,543	\$24,177,851
Unevaluated costs	11,174,296	9,677,425
Accumulated impairment expense	(10,279,142)	(22,783,989)
Total capitalized costs	12,266,697	11,071,287
Less accumulated depreciation, depletion and amortization	(2,953,978)	(4,013,616)
Net capitalized costs	\$9,312,719	\$7,057,671

Unevaluated costs as of June 30, 2016 include cumulative costs on developing projects including the Orogrande and Hazel Projects in West Texas and adjusted costs of nonproducing leases in Oklahoma.

8. INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that the related tax benefits will not be realized. The Company has placed a 100% valuation allowance against the net deferred tax asset because future realization of these assets is not assured.

Authoritative guidance for uncertainty in income taxes requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an examination. Management has reviewed the Company's tax positions and determined there were no uncertain tax positions requiring recognition in the consolidated financial statements. The Company's tax returns remain subject to Federal and State tax examinations for the years 2012 through 2015. Generally, the applicable statutes of limitation are three to four years from their respective filings.

Estimated interest and penalties related to potential underpayment on any unrecognized tax benefits are classified as a component of tax expense in the statement of operation. The Company has not recorded any interest or penalties associated with unrecognized tax benefits for any periods covered by these financial statements.

The Company had a net deferred tax asset related to federal net operating loss carry forwards at June 30, 2016 of \$25,142,099 available to offset future taxable income. The federal net operating loss carry forward will begin to expire in 2030. Realization of the deferred tax asset is dependent, in part, on generating sufficient taxable income prior to expiration of the loss carry forwards. The Company has placed a 100% valuation allowance against the net deferred tax asset because future realization of these assets is not assured.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

9. PROMISSORY NOTES

During the quarter ended June 30, 2014, the Company issued \$3,197,500 in principal value of 12% Series B Convertible Unsecured Promissory Notes. The 12% Notes are due and payable on June 30, 2017 and provide for conversion into common stock at a price of \$4.50 per share and included the issuance of one warrant for each \$22.50 of principal amount purchased. The Company issued a total of 142,111 of these five-year warrants to purchase common stock at an exercise price of \$6.00 per share. The value of the warrant shares was \$405,016 and the amount recorded for the beneficial conversion feature was \$195,466. These amounts were recorded as a discount on the 12% Notes.

During the quarter ended September 30, 2014, the Company issued an additional \$1,372,000 in principal value of 12% Series B Convertible Unsecured Promissory Notes. The 12% Notes are due and payable on June 30, 2017 and provide for conversion into common stock at a price of \$4.50 per share and included the issuance of one warrant for each \$22.50 of principal amount purchased. The Company issued a total of 60,974 of these five-year warrants to purchase common stock at an exercise price of \$6.00 per share. The value of the warrant shares was \$157,388 and the amount recorded for the beneficial conversion feature was \$-0-. These amounts were recorded as a discount on the 12% Notes.

During the fourth quarter of 2015, \$1 million in note principal was converted into common stock. The total outstanding balance of Series "B" Notes at June 30, 2016 was \$3,569,500.

Notes Payable within one year

The Company was obligated on a short term note payable in the amount of \$105,020 as of June 30, 2016. The Note was paid in July, 2016.

The note payable to a related party of \$131,250 is payable with interest to a Director on December 31, 2016.

10. ASSET RETIREMENT OBLIGATIONS

The following is a reconciliation of the asset retirement obligation liability through June 30, 2016:

Asset retirement obligation – December 31, 2014	\$35,951
Accretion Expense	1,107
Asset retirement obligation – March 31, 2015	\$37,058
Accretion Expense	819
Removal of ARO for wells sold	(1,152)
Asset retirement obligation – June 30, 2015	\$36,725
Accretion Expense	819
Asset retirement obligation – September 30, 2015	\$37,544
Accretion Expense	747
Removal of ARO for wells sold	(9,208)
Asset retirement obligation – December 31, 2015	\$29,083
Accretion Expense	747
Asset retirement obligation – March 31, 2016	\$29,830
Removal of ARO for wells sold	(28,201)

Accretion Expense	41
Asset retirement obligation – June 30, 2016	\$1,670

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11. SUBSEQUENT EVENTS

Divestiture of Assets

In August, 2016 the Company entered into an agreement to assign its interest in the Ring Energy project in Kansas to its joint venture partner in exchange for a release from a \$1,500,000 drilling commitment, release from future plugging and abandonment liability and cancellation of an account payable of \$100,500. Three wells were producing on the property with combined daily production of less than five barrels per day. As of June 30, 2016, \$5,355,705 was specifically allocated to the Ring properties from accumulated impairment recorded in prior periods to adjust the book value of Ring to the amount realized from the transaction in August, 2016. No additional impairment was required.

Continuance of Offering to Warrant Holders

On June 16, 2016 an offering to warrant holders was circulated to allow holders to exercise warrants at the reduced exercise price of \$.50 per share regardless of the original exercise price of warrants they were holding. The offering was scheduled to close on June 30, 2016. The Company, however, elected to extend the expiration of the offering to July 15, 2016 at which date the offering was closed. Holders exercised 2,069,065 warrants in July. Any warrants not exercised within the offering period retained their original terms including the original exercise price.

Preferred Series "C" Offering

On July 8, 2016, we sold a total of 10,000 shares of Series C Convertible Preferred Stock (the "Series C Preferred") to certain investors at a purchase price of \$100 per share for total consideration of \$1,000,000. We filed the Certificate of Designation for the Series C Preferred with the Secretary of State of Nevada on July 8, 2016. The designations, preferences, limitations, restrictions and relative rights of the Series C Preferred are as follows: (i) a stated value of \$100 per share; (ii) mandatory conversion on the earlier of 92 days after the spud date of Hazel Prospect or October 13, 2016, with each holder having the right to convert at its election any time before that; (iii) a conversion price of \$1.01 per share of common stock; (iv) each holder has the right to convert its shares into a proportionate heads up working interest in the Hazel Prospect, provided such election is made prior to the mandatory stock conversion date described in "(ii)" above, which working interest will be determined by dividing the number of shares the holder is converting by 10,000 and multiplying the result by one-third; (v) no rights to dividends; (vi) no voting rights; and (vii) in the event of any voluntary or involuntary liquidation, dissolution or winding up, the holders will be entitled to be paid out of the assets available for distribution to our stockholders, before any payment is to be made to the holders of common stock, but after the payment to the holders of Series B Convertible Preferred Stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are engaged in the acquisition, exploration, exploitation, and/or development of oil and natural gas properties in the United States. We operate our business through our subsidiaries Torchlight Energy Inc., Torchlight Energy Operating, LLC, and Hudspeth Oil Corporation.

During the quarter ended June 30, 2016 the Board of Directors initiated a review of Company operations and focus given the divestiture of its Oklahoma properties beginning with the sale of the Chisholm Trail properties in fourth quarter, 2015 and the sale of the Cimarron properties in second quarter, 2016. During this same time frame development has continued on the Orogrande Project in West Texas and in April, 2016 the Company acquired the Hazel Project in the Midland Basin also in West Texas. These West Texas properties demonstrate significant potential, future production capabilities based upon the analysis of scientific data being gathered in the day by day development activity. Therefore, the Board has determined to focus its efforts and capital on these two projects to maximize shareholder value for the long run.

During the quarter ended June 30, 2016, in accordance with this new emphasis, remaining projects in other locations have been offered for sale. The result has been the closing on August 10, 2016 of the assignment of the Company's Ring Properties in Kansas to our joint venture partner. Further, the Marcelina properties in South Texas have been offered for sale, however, discussions and negotiations are still in process at date of this filing. The Company's remaining assets in Oklahoma consisting of three AMI's (the Viking, Rosedale, and the Thunderbird) and four wells (two are producing) are held pending the outcome of the lawsuit filed by Torchlight against the operator, Husky Ventures, in May, 2016.

The strategy in divesting of projects other than the Orogrande and the Hazel Projects is to refocus on the greatest potential future value for the Company while systematically eliminating debt as noncore assets are sold and operations are streamlined.

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited financial statements included herewith and our audited financial statements included with our Form 10-K for the year ended December 31, 2015. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment by our management.

Current Projects

As of June 30, 2016 the Company had interests in five oil and gas projects: the Marcelina Creek Field Development in Wilson County, Texas, the Ring Energy Joint Venture in Southwest Kansas, Hunton wells operated by Husky Ventures in Central Oklahoma, the Orogrande Project in Hudspeth County, Texas, and the Hazel Project in the Midland Basin in West Texas.

Marcelina Creek Field Development.

On July 6, 2010, TEI entered into a participation agreement with Bayshore Operating Corporation, LLC ("Bayshore"), which is currently the holder of an oil, gas, and mineral lease covering approximately 1,045 acres in Wilson County, Texas, known as the Marcelina Creek Field Development. The Participation Agreement provides for the drilling of

four wells. Three of the obligation wells have been drilled. The first three wells include a horizontal re-entry well known as the Johnson-1-H, a vertical well known as the Johnson #4, and a lateral well known as the Johnson #2-H. These three wells were producing a total of approximately 85 BOPD as of June 30, 2016. The remaining well (Johnson #3) is to be a vertical development well at a location to be determined within the existing lease. Drilling is anticipated for midyear 2016.

The Company initiated a reentry project on the Johnson #4 well early in 2016 which has been completed. Initial production at completion was 2,920 barrels for the month of February, 2016. Production has declined to approximately 20 barrels per day.

Work is being planned on the Johnson #2 applying an acid treatment to increase production.

The Marcelina Creek Field Development is located over the Austin Chalk, Buda, and Eagle Ford Formations, which formations are well known and established producers in central Texas. Their production is controlled by vertical fracturing of the rock with high productivity in wells which encounter the greatest amount of fractures. With the advent of horizontal drilling technology, numerous opportunities exist in areas and fields that were only drilled vertically.

The Company has offered the Marcelina properties for sale and is in discussion with potential buyers.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

The Ring Energy Joint Venture, Southwest Kansas

In October 2013, we entered into a Joint Venture agreement with Ring Energy. The agreement called for us to provide for \$6.2 million in drilling capital to, in effect, match Ring Energy's expenditures for leasing. In exchange for this commitment, we would receive a 50% interest in each well bore drilled and the acreage unit it held, until we had spent \$6.2 million. At such time, we would then receive a 50% Working Interest in the entire lease block consisting of 17,000 +/- acres. We were to provide \$3.1 million in advance of the program commencing, which would cover approximately 5 wells to be drilled and completed. Once the initial five wells are completed, we and Ring would evaluate the program and the drilling activity and determine if another five wells are to be drilled. Should we continue with the program, we would then deposit another \$3.1 million with Ring for drilling and completion of the next five wells.

We have made the initial \$3.1 million deposit and the first five well drilling program is completed. Drilling operations commenced in March, 2014. Seven wells have been drilled – three are producing, one can be converted to a salt water disposal well, one was not completed, and two were plugged and abandoned. Based upon results from drilling, the participants elected to suspend further drilling and obtain seismic data to guide continuing development. As of June 30, 2016, the Company had invested approximately \$5,500,000 in the Ring Joint Venture.

In August, 2016 the Company assigned its interest in the Ring Project in Kansas to its joint venture partner in exchange for a release from a \$1,500,000 drilling commitment, release from future plugging and abandonment liability and cancellation of an account payable of \$100,500. Three wells were producing on the property with combined daily production of less than five barrels per day.

Hunton Play, Central Oklahoma

As of June 30, 2016, we were actively producing from one well in Viking, and one in Prairie Grove.

Legal Proceeding

As previously disclosed, in May, 2016, Torchlight Energy Resources, Inc. and its subsidiary Torchlight Energy, Inc. filed a lawsuit in the 429th judicial district court in Collin County, Texas against Husky Ventures, Inc., Charles V. Long, April Glidewell, Silverstar of Nevada, Inc., Maximus Exploration, LLC, Atwood Acquisitions, LLC, Gastar Exploration Inc., J. Russell Porter, Michael A. Gerlich, Jerry R. Schuyler, and John M. Selser, Sr.

Reference Part II. Item 1. Legal Proceedings regarding the Hunton Play for further detail.

Cimarron AMI

The Company negotiated a 15% working interest in approximately 3,700 acres in the Cimarron Area of Logan County in May 2013. The total acreage in which the Company had an interest increased to 5,200. The Company has divested of its Cimarron Project assets including lease rights and current production. Effective May 1, 2016 the sale of the Company's Cimarron assets in Oklahoma was completed at a sales price \$750,000 resulting in a loss of \$146,138 on the sale.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

Chisholm Trail AMI

In the third quarter of 2013, we acquired from a third party for stock, a 15.3% working interest in 5011+/- acres in the Chisholm Trail AMI with Husky Ventures Inc. as the operator.

The Chisholm Trail properties were sold to Husky Ventures during fourth quarter, 2015 who then combined them with the Husky interests in Chisholm Trail and entered into a sale agreement with Gstar Exploration Inc. for the combined Torchlight and Husky interests. The estimated final sale price to Torchlight pending final review by Gstar of lease classification, is \$4,150,000. Sale proceeds were applied to reduce Torchlight's Joint Interest payable to Husky of \$2,830,161 with the balance to be received in cash. The Company received \$900,000 in cash and has recorded an account receivable as of December 31, 2015 of \$419,839. Receipt of the balance of the sale proceeds was subject to final determination of mineral lease classification and was to occur by February 28, 2016.

On June 14, 2016, after the lawsuit that is described in Part II Item 1. Legal Proceedings regarding the Hunton Play, the Company received and subsequently deposited a check from Husky Ventures in the amount of \$520,400. Husky Ventures designated that the check was in full satisfaction of its obligations under the transaction in which the Company sold the Chisholm Trail properties as described above. The Company does not believe the check is in full satisfaction of Husky Ventures's obligations, including but not limited to that Husky Ventures has provided insufficient information for the Company regarding this transaction. The Company is currently pursuing claims against Husky Ventures, and others, related to this transaction and intends to continue to pursue those claims as described further in Part II Item 1. Legal Proceedings regarding the Hunton Play.

Viking AMI

In the fourth quarter of 2013 we entered into an Area of Mutual Interest (AMI) with Husky Ventures, the Viking Prospect. We acquired a 25% interest in 3,945 acres in the Viking. We subsequently acquired an additional 5% in May, 2014. We had an interest in 8,800 total acres as of June 30, 2016. (Net undeveloped acres = 2,600) Husky drilled the first two wells in the AMI in second quarter, 2014. One well is currently producing nominal quantities of oil. Our net cumulative investment through June 30, 2016 in undeveloped acres in the Viking AMI was \$1,387,928.

Rosedale AMI

In January of 2014 we contracted for a 25% Working Interest in approximately 5,000 acres in the Rosedale AMI in South Central Oklahoma. We acquired an additional 5% in May, 2014. The Company had an interest in 11,600 total acres as of June 30, 2016 (Net undeveloped acres = 3,500). Our cumulative investment through June 30, 2016 in the Rosedale AMI was \$2,834,514.

Prairie Grove – Judy Well

In February of 2014, we acquired a 10% Working Interest in a well in the Prairie Grove AMI from a non-consenting third party who elected not to participate in the well. The well is producing approximately 19 BOE per day.

Thunderbird AMI

In July of 2014, we contracted for a 25% Working Interest in the Thunderbird AMI. The total acres in which the Company had an interest at June 30, 2016 totals 4,300 acres (Net undeveloped acres = 1,100). Our cumulative investment through June 30, 2016 in the Thunderbird AMI was \$949,530.

Orogrande Project, West Texas

On August 7, 2014, we entered into a Purchase Agreement with Hudspeth Oil Corporation (“Hudspeth”), McCabe Petroleum Corporation (“MPC”), and Greg McCabe. Mr. McCabe was the sole owner of both Hudspeth and MPC. Under the terms and conditions of the Purchase Agreement, at closing, we purchased 100% of the capital stock of Hudspeth which holds certain oil and gas assets, including a 100% working interest in 172,000 mostly contiguous acres in the Orogrande Basin in West Texas. This acreage is in the primary term under five-year leases that carry additional five-year extension provisions. As consideration, at closing we issued 868,750 shares of our common stock to Mr. McCabe and paid a total of \$100,000 in geologic origination fees to third parties. Additionally, Mr. McCabe will have an optional 10% working interest back-in after payout and a reversionary interest if drilling obligations are not met, all under the terms and conditions of a participation and development agreement. Closing of the transactions contemplated by the Purchase Agreement occurred on September 23, 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

The Company finalized an agreement to sell a 5% working interest in the Orogrande acreage on June 30, 2015 with an effective date of April 1, 2015. Sale proceeds were \$500,000 which were received in April, 2015. In addition, the Company issued 250,000 three year warrants with an exercise price of \$.50 to the purchaser.

On September 23, 2015, our subsidiary, Hudspeth Oil Corporation ("HOC"), entered into a Farmout Agreement by and between HOC, Pandora Energy, LP ("Pandora"), Founders Oil & Gas, LLC ("Founders"), McCabe Petroleum Corporation and Greg McCabe (McCabe Petroleum Corporation and Greg McCabe are parties to the Farmout Agreement for limited purposes) for the entire Orogrande Project in Hudspeth County, Texas. The Farmout Agreement provides for Founders to earn from HOC and Pandora (collectively, the "Farmor") an undivided 50% of the leasehold interest in the Orogrande Project by Founder's spending a minimum of \$45 million on actual drilling operations on the Orogrande Project in the next two years. Founders is to pay Farmor a total cost reimbursement of \$5,000,000 in multiple installments as follows: (1) \$1,000,000 at the signing of the Farmout Agreement, the balance of which was received on September 24, 2015; (2) within 90 days from the closing, Founders will frac and complete the Rich A-11 No. 1 Well; and (3) within five days of the spudding of each of the next eight wells drilled by Founders, Founders will pay to Farmor \$500,000 resulting in the payment of the remaining amount; provided that, in the event that within 90 days after the fracing of the Rich Well, Founders notifies Farmor of its election not to drill any additional wells, Founders shall have no further obligation to make further payment. Upon payment of the first \$1,000,000, Farmor assigned to Founders an undivided 50% of the leasehold interest and a 37.5% net revenue interest in the leases subject to the terms of the Farmout Agreement (including obligations to re-assign to HOC and Pandora if the 50% interest in the entire Orogrande Project is not earned) and a proportionate share of the McCabe 10% BIAPO (back in after pay out) interest; provided, however, that for each well that Founders drills prior to earning the acreage, it will be assigned a 50% working interest in the wellbore and in the lease on which it sits.

Under a joint operating agreement (on A.A.P.L. Form 610 – 1989 Model Form Operating Agreement with COPAS 2005 Accounting Procedures) ("JOA") also entered into on September 23, 2015, Founders Oil & Gas Operating, LLC is designated as operator of the leases. Any variance to the operating plan will be determined by a Development Committee, which committee will be made up of members from Founders and Farmor, or their designees, to discuss and recommend the location of the drill wells, data to be gathered and the form of same. As contemplated under the Farmout Agreement, starting within 90 days of the completion of the fracing on the Rich Well, and at all times subject to the 90 day continuous drilling clause, Founders has the option, but not the obligation, to retain the assigned interest as follows: (1) if Founders spends a minimum of \$45 million on actual drilling operations while maintaining compliance with the continuous drilling clause, subject to reasonable delays resulting from reasonable Force Majeure conditions, Founders will have fulfilled its farmout obligations and will be entitled to retain the assigned interests. If Founders does not meet such obligations, it will reassign to Farmor the assigned interest except it will be entitled to retain its interest in the leases covering all wells drilled by Founders and the sections in which such wells are located. Additionally, Founders will resign as operator of the JOA as to all lands reassigned; and (2) Farmor will be carried in all drilling operations during the first two years and/or \$45 million in drilling operations, whichever comes last, subject to Founders' right to recoup certain expenses on "Gap Wells." After three years and after Founders has earned its working interest, either party may elect to market the acreage as an entire block, including operatorship. Should an acceptable bid arise, and both parties agree, the block will be sold 100% working interest to that third party bidder. However, if only one party wants to accept the outside offer, the other party (the party who wishes not to sell) has the right to purchase the working interest from the selling party.

Torchlight Energy and Founders have elected to move forward on planning the next phase of drilling in the Orogrande Project. The project operator planned to permit three new wells starting with the University Founders B-19 #1 well. The new wells would be drilled vertically for test purposes and would have sufficient casing size to support lateral

entry into any pay zone(s) encountered once the well is tested vertically. Torchlight and the project operator would then run a battery of tests on each well to gain information for future development of the field. The B-19 #1 well had been drilled and tested and pipe set at June 30, 2016.

Hazel Project in the Midland Basin in West Texas

Effective April 1, 2016, Torchlight Energy Inc. acquired from McCabe Petroleum Corporation (Seller) a 66.66% working interest in approximately 12,000 acres in the Midland Basin in exchange for 1,500,000 warrants to purchase Torchlight common stock with an exercise price of \$1.00 for five years and a back-in after payout of a 25% working interest to the seller.

Initial development of the first well on the Property began July 10, 2016 and development continues in process at the date of this filing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

Historical Results for the six months ended June 30, 2016 and 2015:

Revenues and Cost of Revenues

For the six months ended June 30, 2016, we had production revenue of \$303,513 compared to \$1,042,827 for the six months ended June 30, 2015. Refer to the table of production and revenue included below for quarterly changes in revenue. Our cost of revenue, consisting of lease operating expenses and production taxes, was \$245,300, and \$510,544 for the six months ended June 30, 2016 and 2015, respectively.

Property	Quarter	Oil Production {BBLs}	Gas Production {MCF}	Oil Revenue	Gas Revenue	Total Revenue
Marcelina	Q1 - 2015	2,425	0	\$98,787	\$-	\$98,787
Oklahoma	Q1 - 2015	5,931	37,226	\$277,574	\$117,521	\$395,095
Kansas	Q1 - 2015	979	0	\$40,680	\$-	\$40,680
Total Q1-2015		9,335	37,226	417,041	117,521	534,562
Marcelina	Q2 - 2015	1,957	0	\$101,291	\$-	\$101,291
Oklahoma	Q2 - 2015	5,495	32,348	\$290,540	\$97,374	\$387,914
Kansas	Q2 - 2015	889	0	\$19,060	\$-	\$19,060
Total Q2-2015		8,341	32,348	\$410,891	\$97,374	\$508,265
Marcelina	Q3 - 2015	2,177	0	\$86,845	\$-	\$86,845
Oklahoma	Q3 - 2015	4,550	31,275	\$212,156	\$87,791	\$299,947
Kansas	Q3 - 2015	370	0	\$13,238	\$-	\$13,238
Total Q3-2015		7,097	31,275	\$312,239	\$87,791	\$400,030
Marcelina	Q4 - 2015	1,337	0	\$44,391	\$-	\$44,391
Oklahoma	Q4 - 2015	1,624	12,380	\$93,864	\$37,349	\$131,213
Kansas	Q4 - 2015	247	0	\$9,573	\$-	\$9,573

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

Total Q4-2015		3,208	12,380	\$147,828	\$37,349	\$185,177
Year Ended 12/31/15		27,981	113,229	\$1,287,999	\$340,035	\$1,628,034
Marcelina	Q1 - 2016	3,000	0	\$92,546	\$-	\$96,604
Oklahoma	Q1 - 2016	2,026	21,148	\$54,211	\$38,624	\$92,835
Kansas	Q1 - 2016	312	0	\$8,854	\$-	\$8,854
Total Q1-2016		5,338	21,148	155,611	38,624	198,293
Marcelina	Q2 - 2016	917	0	\$38,812	\$-	\$38,812
Oklahoma	Q2 - 2016	675	9,689	\$30,411	\$11,142	\$41,553
Kansas	Q2 - 2016	608	0	\$24,855	\$-	\$24,855
Total Q2-2016		2,200	9,689	\$94,078	\$11,142	\$105,220

We recorded depreciation, depletion, and amortization expense of \$722,054 for the six months ended June 30, 2016 compared to \$698,805 for the quarter ended June 30, 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

General and Administrative Expenses

Our general and administrative expenses for the quarters ended June 30, 2016 and 2015 were \$4,747,704 and \$8,896,025, respectively, a decrease of \$4,148,321. Our general and administrative expenses consisted of consulting and compensation expense, substantially all of which was non-cash or deferred, accounting and administrative costs, professional consulting fees, and other general corporate expenses. The change in general and administrative expenses for the six months ended June 30, 2016 compared to 2015 is detailed as follows:

Increase(decrease) in non cash stock and warrant compensation	\$(3,864,101)
Increase(decrease) in consulting expense	\$(97,868)
Increase(decrease) in professional fees	\$(246,404)
Increase(decrease) in investor relations	\$46,796
Increase(decrease) in travel expense	\$15,079
Increase(decrease) in salaries and compensation	\$112,494
Increase(decrease) in legal fee's	\$(113,002)
Increase(decrease) in insurance	\$(22,306)
Increase(decrease) in general corporate expenses	\$20,991
Total (Decrease) in General and Administrative Expenses	\$(4,148,321)

Historical Results for the three months ended June 30, 2016 and 2015:

Revenues and Cost of Revenues

For the three months ended June 30, 2016, we had production revenue of \$105,220 compared to \$508,265 for the three months ended June 30, 2015. Refer to the table of production and revenue history above. Our cost of revenue, consisting of lease operating expenses and production taxes, was \$139,116, and \$279,646 for the three months ended June 30, 2016 and 2015, respectively.

General and Administrative Expenses

Our general and administrative expenses for the three months ended June 30, 2016 and 2015 were \$3,796,418 and \$8,207,314, respectively, a decrease of \$4,410,896. Our general and administrative expenses consisted of consulting and compensation expense, substantially all of which was non-cash or deferred, accounting and administrative costs, professional consulting fees, and other general corporate expenses. The change in general and administrative expenses for the three months ended June 30, 2016 compared to 2015 is detailed as follows:

Increase(decrease) in non cash stock and warrant compensation	\$(4,044,024)
Increase(decrease) in consulting expense	\$(57,451)
Increase(decrease) in professional fees	\$(254,191)
Increase(decrease) in investor relations	\$26,392
Increase(decrease) in travel expense	\$7,117
Increase(decrease) in salaries and compensation	\$60,114
Increase(decrease) in legal fees	\$(129,991)
Increase(decrease) in insurance	\$(7,976)
Increase(decrease) in general corporate expenses	\$(10,886)

Total (Decrease) in General and Administrative Expenses	\$(4,410,896)
---	---------------

20

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

Liquidity and Capital Resources

At June 30, 2016, we had working capital of (\$5,513,845), current assets of \$1,139,770 consisting of cash, accounts receivable, notes receivable, and prepaid expenses and total assets of \$10,535,663 consisting of current assets, investments in oil and gas properties, and other assets. As of June 30, 2016, we had current liabilities of \$6,653,615, consisting of, accounts payable (principally for development costs), payables to related parties, notes payable, and accrued interest. Negative working capital is exacerbated by the inclusion in current liabilities of the \$3,384,345 outstanding balance of subordinated convertible notes which have a maturity date of June 30, 2017 and are therefore included in current liabilities as of June 30, 2016. Stockholders' equity was \$3,880,378.

Cash flow provided by (used) in operating activities for the six months ended June 30, 2016 was \$(810,302) compared to \$1,396,266 for the six months ended June 30, 2015, a decrease of \$2,206,568. Cash flow provided (used) by operating activities for the six months ended June 30, 2016 can be primarily attributed to net losses from operations of \$5,785,453 which consists primarily of \$4,747,704 in general and administrative expenses, depreciation, depletion and amortization of \$722,054, and accretion of convertible note discounts of \$95,979. Cash flow provided by operating activities for the six months ended June 30, 2015 can be primarily attributed to net losses from operations of \$33,073,738, which consists primarily of \$8,896,025 in general and administrative expenses, depreciation, depletion, and amortization of \$698,805, accretion of convertible note discounts of \$1,163,091, and impairment expense of \$22,438,114. We expect to continue to use cash flow in operating activities until such time as we achieve sufficient commercial oil and gas production to cover all of our cash costs.

Cash flow used in investing activities for the quarter ended June 30, 2016 was \$128,209 compared to \$3,666,825 for the six months ended June 30, 2015. Cash flow used in investing activities consists primarily of oil and gas investments in Texas properties during the six months ended June 30, 2016.

Cash flow provided by financing activities for the six months ended June 30, 2016 was \$229,922 as compared to \$2,302,989 for the six months ended June 30, 2015. Cash flow provided by financing activities consists primarily of proceeds from common stock issues, promissory notes, and warrant exercises. We expect to continue to have cash flow provided by financing activities as we seek new rounds of financing and continue to develop our oil and gas investments.

Our current assets are insufficient to meet our current obligations or to satisfy our cash needs over the next twelve months and as such we will require additional debt or equity financing to meet our plans and needs. We face obstacles in continuing to attract new financing due to industry conditions and our history and current record of net losses and working capital deficits. Despite our efforts, we can provide no assurance that we will be able to obtain the financing required to meet our stated objectives or even to continue as a going concern.

We do not expect to pay cash dividends on our common stock in the foreseeable future.

Commitments and Contingencies

We are subject to contingencies as a result of environmental laws and regulations. Present and future environmental laws and regulations applicable to our operations could require substantial capital expenditures or could adversely affect our operations in other ways that cannot be predicted at this time. As of June 30, 2016 and June 30, 2015, no amounts have been recorded because no specific liability has been identified that is reasonably probable of requiring

us to fund any future material amounts.

As of June 30, 2016 the Company had interests in five oil and gas projects: the Marcelina Creek Field Development in Wilson County, Texas, the Ring Energy Joint Venture in Southwest Kansas, the Hunton play in Central Oklahoma, the Orogrande Project in Hudspeth County, Texas, and the Hazel Project in the Midland Basin in West Texas. See the description under “Current Projects” above under “Overview” for more information and disclosure regarding commitments and contingencies relating to these projects.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2016. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports we submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our principal executive officer and principal financial officer, in a manner that allowed for timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

Our principal executive officer and principal financial officer have indicated that, upon evaluation, there were no changes in our internal control over financial reporting or other factors during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On February 16, 2012, Torchlight Energy Inc. filed a lawsuit against Hockley Energy, Inc. and Frank O. Snortheim in the District Court of Harris County, Texas in connection with farmout agreements entered into with Hockley Energy in November 2011. In the lawsuit, we sued Hockley Energy and Snortheim for breach of contract, fraudulent inducement, promissory estoppel pertaining to failure to perform two farmout agreements entered into on November 4, 2011, the first relating to the Marcelina Creek prospect and the second relating to the East Stockdale prospect. Under the Marcelina Farmout, Hockley Energy had an obligation to fund \$2,231,250.00 no later than November 18, 2011. They did not perform as promised. On February 23, 2015, we obtained a summary judgment against Hockley Energy in the amount of \$16,400,000 in damages and \$21,877 in attorney fees. On June 30, 2015, we obtained a judgement against Snortheim for \$16,400,000 in damages plus pre judgement interest of \$3,385,587. We are currently seeking to enforce the judgment, but it is doubtful that any substantial portion of the judgment is recoverable from Hockley Energy.

In May, 2016, Torchlight Energy Resources, Inc. and its subsidiary Torchlight Energy, Inc. filed a lawsuit in the 429th judicial district court in Collin County, Texas against Husky Ventures, Inc., Charles V. Long, April Glidewell, Silverstar of Nevada, Inc., Maximus Exploration, LLC, Atwood Acquisitions, LLC, Gastar Exploration Inc., J. Russell Porter, Michael A. Gerlich, Jerry R. Schuyler, and John M. Selser, Sr. In the lawsuit, we allege, among other things, that the defendants acted improperly in connection with multiple transactions, and that the defendants misrepresented and omitted material information to us with respect to these transactions. The lawsuit seeks damages arising from 15 different causes of action, including without limitation, violations of the Texas Securities Act, fraud, negligent misrepresentation, breach of fiduciary duty, breach of contract, unjust enrichment and tortious interference. The lawsuit also seeks a complete accounting as to how our investment funds were used, including all transfers between and among the defendants. We are seeking the full amount of our damages on \$20,000,000 invested. At this time we believe our damages to be in excess of \$1,000,000, but the precise amount will be determined in the litigation.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended June 30, 2016 the Company issued a total of 489,535 shares of common stock as compensation for consulting services.

During the three months ended June 30, 2016 the Company issued a total of 690,000 shares of common stock in connection with oil and gas lease related costs, including without limitation 115,000 shares to Green Hill Minerals, LLC (Green Hill Minerals is owned by sons of Gregory McCabe, our director since July 2016).

During the three months ended June 30, 2016, the Company issued a total of 189,861 shares of common stock for dividends on preferred stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS - continued

During the three months ended June 30, 2016, the Company vested 500,000 warrants to a consultant as compensation for services, which warrants have an exercise price of \$1.80 per share and expire in June 2020.

During the three months ended June 30, 2016, the Company issued 1,925,000 warrants in connection with oil and gas lease related costs, including (i) 1,500,000 warrants to purchase our common stock at an exercise price of \$1.00 for five years, which were issued to McCabe Petroleum Corporation (“MPC”) (of which Gregory McCabe, our director since July 2016, is the sole owner) in April 2016 in connection with the acquisition from MPC of a working interest in the Midland Basin, and (ii) 425,000 warrants to purchase our common stock at an exercise price of \$0.70 per share that expire in February 2020, which were issued to Green Hill Minerals, LLC.

In April 2016, the Company issued 100,000 warrants in connection with renewal of a loan from our director E.L. Shockey, which warrants have an exercise price of \$0.77 per share of common stock and expire in April 2019.

All of the above sales of securities were sold under the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933 and the rules and regulations promulgated thereunder. The issuances of securities did not involve a “public offering” based upon the following factors: (i) the issuances of securities were isolated private transactions; (ii) a limited number of securities were issued to a limited number of purchasers; (iii) there were no public solicitations; (iv) the investment intent of the purchasers; and (v) the restriction on transferability of the securities issued.

ITEM 6. EXHIBITS

Exhibit No.	Description
2.1	Share Exchange Agreement dated November 23, 2010. (Incorporated by reference from Form 8-K filed with the SEC on November 24, 2010.) *
3.1	Articles of Incorporation. (Incorporated by reference from Form S-1 filed with the SEC on May 2, 2008.) *
3.2	Certificate of Amendment to Articles of Incorporation dated December 10, 2014. (Incorporated by reference from Form 10-Q filed with the SEC on May 15, 2015.) *
3.3	Certificate of Amendment to Articles of Incorporation dated September 15, 2015. (Incorporated by reference from Form 10-Q filed with the SEC on November 12, 2015.) *
3.4	Amended and Restated Bylaws (Incorporated by reference from Form 8-K filed with the SEC on January 12, 2011.) *
4.1	Certificate of Designation for Series A Convertible Preferred Stock (Incorporated by reference from Form 8-K filed with the SEC on June 9, 2015.) *
4.2	Certificate of Designation for Series B Convertible Preferred Stock (Incorporated by reference from Form 8-K filed with the SEC on September 30, 2015.) *
4.3	Certificate of Designation for Series C Convertible Preferred Stock (Incorporated by reference from Form 8-K filed with the SEC on July 11, 2016.) *

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

- 10.1 Agreement to Participate in Oil and Gas Development Joint Venture between Bayshore Operating Corporation, LLC and Torchlight Energy, Inc. (Incorporated by reference from Form 8-K filed with the SEC on November 24, 2010) *
- 10.2 Purchase and Sale Agreement between Torchlight Energy Inc. and Xtreme Oil and Gas Inc..effective April 1, 2013. (Incorporated by reference from Form 10-Q filed with the SEC on May 15, 2013)*
- 10.3 Development Agreement between Ring Energy, Inc. and Torchlight Energy Resources, Inc. (Incorporated by reference from Form 8-K filed with the SEC on October 22, 2013.) *
- 10.4 Coulter Limited Partnership Agreement dated January 10, 2012 (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2014.) *

ITEM 6. EXHIBITS - continued

- 10.5 Promissory Note with Boeckman Well LLC dated May 1, 2013 and amendments thereto (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2014.) *
- 10.6 Securities Purchase Agreement (form of), January 2014 (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2014.) *
- 10.7 Registration Rights Agreement (form of), January 2014 (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2014.) *
- 10.8 Purchase Agreement with Hudspeth Oil Corporation, McCabe Petroleum Corporation and Greg McCabe dated August 7, 2014 (Incorporated by reference from Form 10-Q/A filed with the SEC on October 21, 2014.) *
- 10.9 Purchase and Sale Agreement between Torchlight Energy, Inc. and Zenith Petroleum Corporation (Incorporated by reference from Form 8-K filed with the SEC on June 10, 2014) *
- 10.10 Securities Purchase Agreement with Castleton Commodities Opportunities Master Fund, L.P. (Incorporated by reference from Form 8-K filed with the SEC on August 20, 2014) *
- 10.11 Purchase Agreement with Hudspeth Oil Corporation, McCabe Petroleum Corporation and Greg McCabe dated August 7, 2014 (Incorporated by reference from Form 10-Q/A filed with the SEC on October 21, 2014) *
- 10.12 12% Series B Unsecured Convertible Promissory Note (form of) (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2015.) *
- 10.13 Securities Purchase Agreement (for Series A Convertible Preferred Stock) (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2015.) *
- 10.14 Employment Agreement (with John A. Brda) (Incorporated by reference from Form 8-K filed with the SEC on June 16, 2015.) *
- 10.15 Employment Agreement (with Willard G. McAndrew) (Incorporated by reference from Form 8-K filed with the SEC on June 16, 2015.) *
- 10.16 Employment Agreement (with Roger Wurtele) (Incorporated by reference from Form 8-K filed with the SEC on June 16, 2015.) *
- 10.17 Loan documentation and warrants with Eunis L. Shockey (Incorporated by reference from Form 10-Q filed with the SEC on August 14, 2015.) *
- 10.18 Farmout Agreement between Hudspeth Oil Corporation, Founders Oil & Gas, LLC and certain other parties (Incorporated by reference from Form 8-K filed with the SEC on September 29, 2015) *
- 10.19 Securities Purchase Agreement and Amendment to Securities Purchase Agreement (for Series B Convertible Preferred Stock) (Incorporated by reference from Form 10-Q filed with the SEC on November 12, 2015) *
- 10.20

Edgar Filing: TORCHLIGHT ENERGY RESOURCES INC - Form 424B3

Purchase and Sale Agreement with Husky Ventures, Inc. (Incorporated by reference from Form 8-K filed with the SEC on November 12, 2015) *

10.21 Purchase Agreement with McCabe Petroleum Corporation for acquisition of “Hazel Project” (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

31.1 Certification of principal executive officer required by Rule 13a – 14(1) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

31.2 Certification of principal financial officer required by Rule 13a – 14(1) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

32.1 Certification of principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63. (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

101.INS XBRL Instance Document (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

101.SCH XBRL Taxonomy Extension Schema (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

101.CAL XBRL Taxonomy Extension Calculation Linkbase (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

101.DEF XBRL Taxonomy Extension Definitions Linkbase (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

101.LAB XBRL Taxonomy Extension Label Linkbase (Incorporated by reference from Form 10-Q filed with the SEC on August 15, 2016) *

* Incorporated by reference from our previous filings with the SEC

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Torchlight Energy Resources, Inc.

Date: August 15, 2016 /s/ John A. Brda
By: John A. Brda
Chief Executive Officer

Date: August 15, 2016 /s/ Roger Wurtele
By: Roger Wurtele
Chief Financial Officer and Principal Accounting Officer