

**Torrent Capital Ltd.**  
**Management Discussion and Analysis**  
**Period ended September 30, 2017**

*This Management's Discussion and Analysis (MD&A) of Torrent Capital Ltd. ("Torrent" or the "Company") is dated November 27, 2017 and provides an analysis of the financial operating results for the quarters ended September 30, 2017 and September 30, 2016. This MD&A should be read in conjunction with the unaudited quarterly financial statements and accompanying notes for the quarter ended September 30, 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim condensed financial statements. This MD&A should also be read in conjunction with the audited annual financial statements and accompanying notes of Torrent Capital Ltd. for the year ended December 31, 2016 and December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for annual financial statements. All amounts are in Canadian dollars unless otherwise specified. The MD&A, financial statements and other information, including news releases and other disclosure items are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) under the Company's profile. The common shares of Torrent Capital Ltd. are traded on the TSX Venture Exchange under the symbol "TORR".*

*Except for the historical statements contained herein, this Management's Discussion and Analysis presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, future developments; use of funds; and the business and operations of the issuer having completed the change of business. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "proposed", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".*

*Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Torrent to be materially different from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, risks relating to investment decisions, investee company outlook and performance of the investments, our ability to realize sufficient proceeds from the disposition of investments, market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, foreign exchange fluctuations, political and economic conditions in countries in which the interests of the Company's portfolio investments are located, delay or failure to receive Board, shareholder or regulatory approvals; and the results of continued development as well as those factors disclosed in Torrent's publicly filed documents. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Although the management and officers of Torrent believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Torrent does not undertake to update any forward-looking statements that are incorporated by reference herein except in accordance with applicable securities laws.*

### **The Company's Change of Business**

Torrent Capital Ltd. previously carried on business involving the acquisition, exploration and development of properties for the mining of precious and base metals. In early 2017, the Company received final approval from the TSX Venture Exchange ("TSXV") for its Change of Business ("COB") from a Mining Issuer to an Investment Issuer. On a going forward basis, the Company will focus upon strategic investments in private and public company securities.

At the February 2, 2017 Annual General and Special Meeting, the Company received overwhelming support for its COB and other matters. In excess of 99% of voting shareholders approved the COB, the name change to Torrent Capital Ltd. and the consolidation of its common shares on a basis of one new common share for every three common shares. The Company filed articles of amendment to effect the name change and the share consolidation and both were in effect when the shares of the Company recommenced trading on February 6, 2017 under the symbol “TORR”. All references to the number of common shares have been adjusted retrospectively to reflect the Company’s one-for-three share consolidation for the prior periods disclosed in this MD&A.

## **Management and Board Appointments**

On April 15, 2016, the Company appointed Mr. Wade Dawe as Chief Executive Officer. Mr. Dawe has served as one of the Company’s directors for the past three years and is an accomplished entrepreneur, financier and investor based in Halifax, Nova Scotia, Canada.

On May 20, 2016, the Company appointed of Mr. Philip Armstrong to its Board of Directors. In May 2017, in view of the Company’s COB to an Investment Issuer, Mr. Armstrong was appointed Chair of the Board of Directors. Mr. Armstrong has spent over 40 years in the financial service industry starting his career with Lloyds Bank in the UK. In 1987, Philip was an original partner and CEO of Altamira Investment Services Inc. Altamira pioneered the direct sale mutual fund business in Canada and grew to manage approximately \$15 billion in assets and was ultimately sold to National Bank Financial. After leaving Altamira, Philip was a founder and CEO of Jovian Capital Corporation, a public company whose mandate was to acquire, create and grow companies in the asset and wealth management sectors. Jovian was sold to Industrial Alliance in October 2013. Currently, Mr. Armstrong is a director of Marret Resources Inc. and a number of private companies.

On August 9, 2016, the Company appointed Mr. Rob Randall as Chief Financial Officer. Mr. Randall has served as a CFO for a number of TSXV-listed companies over the past five years and has extensive public company financial experience. Previously, he was the Corporate Controller for Etruscan Resources Inc. and a principal with PricewaterhouseCoopers.

In October 2016, the Company appointed Mr. Scott Gardner, CFA as its Chief Investment Officer. Mr. Gardner has over 20 years of investment experience having served as the Chief Investment Officer for one of Panama’s largest independent financial services firms and he was a portfolio manager at the Butterfield Bank in Bermuda. During his career, Scott has been the lead or co-manager of various mutual funds, including a global natural resources fund, a global equity fund, an intermediate duration fixed income fund and an AAA-rated money market fund.

## **Investment Issuer Objective**

Torrent will invest primarily in the equity of publicly and privately held companies, with the objective of increasing shareholder return. The Company will seek to identify investments by utilizing the experience and expertise of its management team and Board of Directors. Torrent will seek out superior investments that may include the acquisition of shares, equity, debt, convertible securities or royalty arrangements for public or private Corporations.

### *Composition of Investment Portfolio*

The nature and timing of the Company’s investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company.

Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

The following are the guidelines for the Company's investment strategy:

- The Company will invest in the securities of both public and private companies and may take part in private or public offerings for predetermined royalties, equity positions, debt or convertible or preferred securities.
- Investment arrangements may include a combination of securities including, but not limited to equity, debt, warrants, preferred shares, bridge financing, collateral, royalty arrangements or other securities as deemed appropriate by the Company's Management and in compliance with the Investment Policy. In certain cases, the Company expects to enter into oversight arrangements as a condition of the investment. Oversight may range from Board of Director appointments, advisory positions, or management consulting positions with the target companies.
- The Company may purchase or sell securities on public exchanges.
- The Company reserves the right to acquire all or part of other businesses or assets of a target company that management believes will enhance the value for shareholders.
- The Company will be industry agnostic in terms of investment sectors. The Company's investments shall not be required to follow a percentage of industry diversification. The Company's Management and Board of Directors will make use of expertise within the Company and invest in industries that management believes the involvement of the Company's funds and expertise can provide superior returns for shareholders.
- The Company may make investments in extra-ordinary activities, or activities not in the normal course of business, which may include but not be limited to mergers, acquisitions, corporate restructurings, spin-offs, take-overs, bankruptcies or liquidations, public listings, leveraged buyouts or start-ups. The Company may elect to invest in such events, provide financing or purchase securities in exchange for fees, interest or equity positions.
- The majority of investments are expected to be short to medium term investments, with an expected life of investment of 6 – 24 months.
- Depending on market conditions, the Company intends to fully invest its available capital, apart from operating expenses. Any funds not invested at a point in time will be expected to be invested in the near term.
- All investments will be made in compliance with applicable laws in relevant jurisdictions and in compliance with any associated exchange policy.

### *Investment Strategy*

Management and the Board of the Company may authorize investments outside the guidelines described above if they feel the investment is for the benefit of the Company and its shareholders.

### **Investment Activity**

The Company commenced its investment activities late in the first quarter when it initiated positions in RMP Energy Inc. (RMP.V), Agua Resources Limited (AGR.AX) and AnalytixInsight Inc. (ALY.V). During the second quarter the Company added to its positions in RMP and AGR and initiated a position in kneat.com, inc. (KSI.V). During the third quarter, the Company initiated its position in Pivot Technology Solutions (TSX: PTG) and a start-up blockchain company eXeBlock Technology Corp. (CSE: XMLK).

Where a director or officer identified themselves to be in a conflict, they recused themselves from any and all of the Company's discussions and decisions relating to a potential targeted investment.

## **Pivot Technology Solutions**

Pivot Technology Solutions (“PTG”) was founded in 2010 and is an enterprise IT valued added reseller (VAR). PTG was formed through the acquisition of four US VARs with a focus on enterprise storage and server hardware. The company acquired Canadian based TeraMach Technologies Inc. in October 2016 to expand its footprint in North America. PTG aims to support its clients in all aspects of their IT lifecycle management. The company currently designs, sells and supports IT enterprise solutions which include hardware, maintenance, and support. It also offers data center management, infrastructure management, systems architecture, technical services and procurement / integration services.

The Company believes that PTG is an undervalued company in relation to the quality of its business and profitability profile. PTG serves over 2,000 customers with more than 70% of its revenue from Fortune 100 IT services related companies, most of which are enjoying a period of accelerated growth. PTG has a meager market cap of C\$90Mil, despite annual revenue of C\$1.9Bil and EBITDA of C\$33Mil. PTG generates upwards of C\$31Mil in operating cash flow per annum, which affords PTG management a high degree of flexibility to pay a healthy dividend (6.1% per annum), make further acquisitions, or retire debt.

The Company believes PTG is undervalued on a standalone basis and relative to its peer group. We believe that PTG is due to enjoy improved profitability as management looks to expand its higher margin services related business. A stable and growing earnings profile, coupled with strong cash flow generation and a well-supported dividend yield, should contribute to a rerating of the stock in the market.

## **eXeBlock Technology Corp.**

eXeBlock Technology Corp. (“XBLK”) is a company that designs custom software applications that aim to provide profitable, secure and efficient blockchain-based solutions to businesses and markets globally. XBLK is headquartered inside a 64,000 square foot bunker facility in Debert, Nova Scotia.

There has been a wave of interest in the blockchain market, driven by the astronomical rise of Bitcoin. While we appreciate the potential of Bitcoin and the decentralized digital currency market in general, we believe that the underlying technology behind these digital currencies, or the “blockchain”, is where the greatest long-term potential and opportunity lies.

Blockchain is a secure record of digital transactions based on cryptography. A blockchain can serve as an open, decentralized ledger that can record transactions between parties efficiently and in a verifiable and permanent way. Blockchain is essentially a secure, trustworthy and transparent peer-to-peer network, which has the potential to facilitate and record digital transactions without the need for a centralized authority, such as a bank. If third parties are no longer necessary and organisations and consumers can do transactions peer-to-peer, which are processed instantly, securely and at minimal cost, then blockchain technology may have far reaching applications for years to come.

Blockchain technology can serve as a solution to issues faced within many industries, since many businesses face issues due to the use of centralized systems. Decentralized applications of blockchain technology, or “DApps”, can be utilized by many different industries and business around the globe. These DApps can take the form of smart contracts, payments, clearing and settlement, smart assets, digital identity and voting, insurance contracts, to name a few.

The Company believes that XBLK is well positioned within the nascent blockchain market because it specializes in the development of disruptive DApps that can be tailor made for various companies to make their business more efficient. XBLK is currently working on developing two disruptive DApps, with many additional DApps in the pipeline. The first is “eXe50/50 Draw”, which is a multi-language, multi-jurisdictional platform that utilizes blockchain technology. The DAapp aims to provide fundraising organizations with an efficient, low cost, multi-jurisdictional, on-demand lottery platform.

XBLK is concurrently developing its “Freedom Ledger” blockchain technology that will facilitate transactions for customers that do not hold a cryptocurrency account. The goal of Freedom Ledger is to enable consumers with a traditional currency account to utilize various DApps. This technology should greatly expand the consumer base for blockchain based DApps and will be marketed to DApp developers worldwide.

XBLK’s business is attractive because it casts a very wide net. Its platform is relevant to many different industries around the globe. Furthermore, XBLK is focused on developing DApps with select partners where they see the most potential for transactional volume. XBLK receives a fee on every transaction completed on the DApps they develop, which should lead to a relatively diversified revenue stream as the business gains traction.

XBLK last raised \$6.2M via a private placement in early October 2017. XBLK commenced trading on the Canadian Securities Exchange during the fourth quarter and the share price has risen substantially on solid volume and is currently trading at north of \$1.50 per share.

We believe that XBLK will continue to garner a significant degree of interest given that it is one of the first publicly traded Canadian companies focused on the development of disruptive DApps using blockchain technology. Furthermore, considering XBLK’s superior business model, we anticipate that the stock does extremely well in relation to other companies in the emerging blockchain sector.

### **RMP Energy Inc.**

RMP Energy Inc. (“RMP”) is an Alberta based crude oil and natural gas company, actively engaged in the exploration, development and production of crude oil and natural gas reserves in Western Canada.

In 2016, RMP underwent a strategic review process to enhance shareholder value, resulting in the sale of its then core Montney oil property Ante Creek. It is now focused on accelerating development of its emerging Elmworth property. RMP’s core areas of operations are located in the Montney light oil fairway at Elmworth and Waskahigan, and the gas window at Kaybob in West Central Alberta.

The Company believes that RMP is an oversold exploration and production company in a segment of the market that has been under considerable pressure; this creates a value component which may be realized once the pressure on the price of oil abates and RMP’s revamped corporate strategy is implemented. RMP has fallen out of favor with the analysts that follow the stock and it is Torrent’s view that RMP’s assets are undervalued in relation to its peers. However, a renewed corporate strategy under the guidance of the new chairman may serve to unlock the intrinsic value of RMP and lead to improved upside as various catalysts play out.

### **Agua Resources Limited**

Agua Resources Limited (“AGR”) is an Australian-listed company focused on becoming a producer of fertilizer raw materials through the development of its “Tres Estradas” project. AGR has spent the past few years delineating the Tres Estradas project, located in southern Brazil, which is the breadbasket of Latin America. Agriculture represents 20% of Brazil’s GDP, yet the country must import approximately 65% of its phosphate requirements and in southern Brazil 100% of phosphates are imported.

A Preliminary Economic Assessment completed by Millcreek Mining Group outlined the potential for 14 years production of 460,000 tonnes per year (“tpy”) phosrock and 1.6 million tpy calcite (base case evaluation). The project has a projected NPV of US\$400 million using a 12% discount rate, an after-tax IRR 43% and projects a payback period of less than 3 years.

AGR reports that the location of Tres Estradas is important for a multiple reasons: 1) the development of the project is of strategic interest to the Brazilian Government (officially designated thus helping with permitting); 2) phosphate prices are in USD, whereas costs are in Brazilian reals; 3) Aguiã has a projected sustained cost advantage at greater than \$100/t compared to imports; and 4) regional fertilizer blenders have direct access to the property, creating a natural demand in close proximity.

The Company believes AGR remains undervalued in relation to economic potential of Tres Estradas and the project's relatively advanced stage of development. There are a number of potential catalysts that may have a positive impact: 1) a dual Canadian listing in order to broaden AGR's audience and increase institutional ownership, 2) an updated reserve estimate on the heels of ongoing infill drilling, 3) the completion of a trade-off review and a bankable feasibility study, 4) a review of strategic offtake agreements, 5) EIA permitting and 6) final project financing and development.

### **AnalytixInsight Inc.**

In the first quarter, the Company initiated a position in AnalytixInsight Inc. ("ALY") via a private placement. ALY is a fintech company with exposure to big data, machine learning, software as a service and workflow analytics. ALY's technology is reported to algorithmically analyze big data and distill it into actionable insights. The company reports it is currently focused on the expansion of its Capital Cube, MarketWall and Euclides divisions which are summarized below.

Capital Cube is a software service platform that produces financial analytics and machine generated content for financial websites and publishers. The end users of Capital Cube's subscription based financial analytics platform include brokers, financial institutions and corporations. The division's machine generated content is utilized by various web portals, financial apps, news agencies and stock exchanges. These include existing relationships with the London Stock Exchange, Dow Jones, Euronext, Yahoo Finance and the Wall Street Journal, among others.

MarketWall is a financial app that enables clients to manage bank accounts, trade stocks and make payments from a centralized location on their personal computer or portable devices. MarketWall is currently being developed through a JV structure with Intesa Sanpaolo S.P.A. ("Banca Intesa"). Banca Intesa is a diversified Italian bank with a market cap of €45 billion and approximately 8,000 branches. When live, MarketWall will be the Bank Intesa's online trading, banking and remittance platform. Under the JV relationship, Banca Intesa pays for all of development costs associated with product and ALY shareholders will maintain a 49% business interest in the Bank Intesa's online operations. Post the Banca Intesa rollout, MarketWall will be sold to other large financial institutions looking to create or consolidate their mobile banking, trading and global remittances.

Euclides Technologies is a fleet service management and workflow analytics division with touch points to over 100,000 field service personnel. When purchased by ALY in the first quarter, Euclides had trailing revenues of C\$5 million and a clientele that has included Best Buy, Xerox, Siemens, Hydro Quebec and Portugal Telecom, among others.

With these potential catalysts, no debt, \$1.5 million in cash and management's target EBITDA margin of 30%, the Company believes that ALY may achieve profitability sooner than most early-staged fintech companies. ALY does not have a high profile across investment community and remains largely misunderstood. If ALY continues to deliver quarterly revenue growth and improve its EBITDA margins, then investor interest in ALY should increase.

### **Kneat.com, inc.**

During the second quarter, the Company initiated a position in Kneat.com, inc. ("KSI") via a private placement. KSI offers its Kneat Gx software platform ("Kneat Gx") for electronic validation life cycle

management for pharmaceutical, biotech and medical device manufacturers. Kneat Gx enables an end-to-end paperless process for all validations, commissioning and qualification, production execution and quality document management. Kneat Gx allows users to electronically create, approve and execute all deliverables, manage any exceptions and approve final deliverables in a controlled FDA 21 CFR Part 11 compliant platform. Users with correct permissions can see everything in real time.

Recently released customer case studies of KSI's Kneat Gx are reporting productivity improvements in excess of 100% and a higher compliance standard. This should be attractive for regulated businesses as these productivity improvements translate directly into increased profitability through reduced cycle times, less downtime and smoother production cycles.

After years of development, Kneat Gx is ready for a global rollout which the Company envisions leading to a period of expansion and revenue growth. KSI has reported significant advances in its technology and a growing list of customers. KSI has 45 million shares outstanding, an experienced management team with significant share ownership, limited debt and a strong cash position.

### Selected Financial Information

The following table sets out selected financial information and highlights for the last eight quarters:

Quarter ended	Sept 30, 2017 \$	June 30, 2017 \$	Mar 31, 2017 \$	Dec 31, 2016 \$	Sept 30, 2016 \$	June 30, 2016 \$	Mar 31, 2016 \$	Dec 31, 2015 \$
<b>Operating expenses</b>	<b>(168,241)</b>	(132,413)	(85,332)	(63,870)	<b>(107,921)</b>	(110,128)	(128,267)	(74,295)
Unrealized (loss) gain on marketable securities	<b>248,935</b>	(416,810)	55,233	-	-	-	-	-
Interest income	<b>1,153</b>	5,993	9,724	19,237	<b>23,421</b>	20,128	21,133	19,468
Due diligence costs	-	-	-	-	-	-	-	(80,481)
Gain on disposition of subsidiary	-	-	-	-	-	-	-	11,425
Gain (Write-down) on OneUp Sports settlement	-	-	-	(757,305)	-	-	1,077,305	-
Income tax recovery	-	-	-	-	-	-	-	126,755
<b>Net (loss) earnings</b>	<b>81,847</b>	(588,230)	(20,375)	(801,938)	<b>(84,500)</b>	(90,000)	970,171	2,872
Net (loss) income per share	<b>\$0.004</b>	(\$0.025)	(\$0.001)	(\$0.034)	<b>(\$0.004)</b>	(\$0.004)	\$0.041	\$0.000
<b>Cash</b>	<b>1,420,459</b>	2,523,805	5,495,935	6,353,915	<b>6,424,716</b>	6,059,097	6,257,840	6,479,569
Investments in publicly-traded securities	<b>4,470,186</b>	3,218,784	826,222	-	-	-	-	-
Total assets	<b>6,200,751</b>	6,067,844	6,677,989	6,677,101	<b>7,487,334</b>	7,572,186	8,009,111	6,907,173
Total liabilities	<b>77,251</b>	82,611	123,333	102,069	<b>110,366</b>	110,718	197,902	325,876
<b>Shareholders' Equity</b>	<b>6,123,500</b>	5,985,233	6,554,656	6,575,031	<b>7,376,968</b>	7,461,468	7,811,209	6,581,297

### Results of Operations for the three months ended September 30, 2017

The Company reported a net income for the three months ended September 30, 2017 of \$81,847 or \$0.004 per share as compared to a net loss of \$84,500 or \$0.004 per share in the three months ended September 30, 2016. The current quarter's loss includes an unrealized gain on marketable securities of \$248,935 or \$0.01 per share (see summary below).

During the quarter ended September 30, 2017, consulting fees of \$48,282 include CFO fees of \$13,332, management service fees paid to Numus Financial of \$4,950 and \$30,000 paid to the Chief Investment Officer. In the third quarter of 2016, consulting fees of \$20,800 were paid to the former CFO/interim CEO and management service fees of \$3,300 were paid to Numus Financial. In the current quarter, the Company also incurred directors' fees of \$17,801 as compared to \$15,375 in the comparable quarter. Minimal professional fees were incurred in the third quarter of 2017. During the quarter ended September 30, 2016,

the Company incurred professional fees of \$37,557 which included certain costs associated with the OneUp Sports settlement and accrued professional fees associated with its COB application.

The Company incurred stock exchange and maintenance fees of \$4,223 in the third quarter of 2017 and similar fees of \$23,130 in the third quarter of 2016. In the comparable quarter, this included the TSXV fee of \$10,000 associated with its COB application and \$4,238 to its transfer agent to cover printing and mailing costs for its AGM. In the quarter ended September 30, 2017, the Company incurred travel costs of \$2,150 and administration costs of \$7,151 associated with its general increase in other business and investment activities. In the third quarter of 2016, the Company was fairly inactive incurring administration costs of only \$1,039. The Company also incurred a foreign exchange loss of \$4,398 in the current quarter as compared to a gain of \$1,146 in the comparable quarter on US\$ denominated items measured against the Canadian dollar.

In the quarter ended September 30, 2017, the Company recorded a realized loss on investments of \$16,729 which has been offset by dividends received of \$7,620 for a net realized loss of \$8,659. In the current quarter, the Company earned interest income of \$1,153 on its cash deposits; down from \$23,421 in the comparable quarter. In the third quarter of 2016, the Company recorded interest of \$13,000 on much larger cash deposits. During 2017, the Company has deployed its cash resources towards investments in publicly – traded securities. While the Company continues to be entitled to interest of approximately \$7,000 on the outstanding Loan receivable, this interest has not been recorded in the current quarter.

During the period-ended June 30, 2017, the Company granted 675,000 stock options, with an exercise price of \$0.30 to directors, officers and a consultant of the Company. The fair value of the stock options was estimated at the grant date using the Black-Scholes option pricing model. The resulting fair value at the date of grant of the options has been assessed at \$0.223 per option. The assumptions used in the option pricing model include a volatility rate of 100%, an expected life of five years based on the contractual term of the options, a risk-free rate of 1% with no expected dividend yield. The options will vest at a rate of 50% of the total on each of the six and 12 month anniversaries of the grant date.

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the stock option grants is \$150,452, which will be amortized over the corresponding vesting periods. As a result, stock-based compensation of \$56,420 has been recorded for the quarter ended September 30, 2017.

### **Results of Operations for the nine months ended September 30, 2017**

The Company reported a net loss for the six months ended September 30, 2017 of \$526,757 or \$0.022 per share as compared to net earnings of \$795,671 or \$0.034 per share in the nine months ended September 30, 2016. The 2017 loss includes an accumulated unrealized loss on marketable securities of \$157,642 or \$0.007 per share which represents a recovery of \$248,935 from the previous quarter's accumulated unrealized loss of \$406,577 or \$0.017 per share (see summary below). The 2016 earnings include the Company's litigation settlement with OneUp Sports recording a gain of \$1,077,305 or \$0.046 per share.

During the nine months ended September 30, 2017, consulting fees of \$136,963 include CFO fees of \$42,112, management service fees paid to Numus Financial of \$14,850 and \$80,000 paid to the Chief Investment Officer. In the first nine months of 2016, consulting fees of \$27,225 were paid to the former CFO/interim CEO and \$18,300 were paid to the current CFO. In the first three quarters of 2017, the Company incurred directors' fees of \$45,125 as compared to \$42,125 in the comparable period. Minimal professional fees were incurred in the first nine months of 2017. During the nine months ended September 30, 2016, the Company incurred professional fees of \$196,752. The majority of the professional fees, including \$70,000 paid to one director, were associated with the Company's negotiated settlement of the OneUp Sports litigation.

The stock exchange and maintenance fees of \$31,597 in the first nine months of 2017 (nine months ended September 30, 2016 - \$35,011), includes certain fees associated with the Company's COB and costs associated with its Annual General Meeting held in June 2017. In the first nine months of 2017, the Company incurred increased administration costs of \$33,555 associated with its COB and a general increase in other business and investment activities. These administration costs include rent of \$9,315, travel costs of \$7,305 and other costs of \$16,935. In the first nine months of 2016, the Company was fairly inactive incurring administration costs of only \$1,403. The Company also incurred a foreign exchange loss of \$9,016 on US\$ denominated items measured against the Canadian dollar.

Interest income declined to \$16,870 from to \$64,682 in the comparable period. In 2016, the Company recorded interest of \$43,219 on larger cash deposits. While the Company continues to be entitled to interest of approximately \$21,000 on the outstanding Loan receivable, this interest has not been recorded in the current period.

In the first quarter of 2016, the Company settled its litigation with OneUp Sports initially recording a gain of \$1,077,305. However, in the fourth quarter, after the Company's assessment of various impairment indicators, it reversed this gain and it is carrying its outstanding amounts receivable and investments at a nil value. Therefore, the recorded settlement gain was limited to \$320,000, the actual amount of cash received pursuant to the settlement agreement.

### Unrealized loss on Marketable Securities

Acquisitions of investments in marketable securities are initially recognized at fair value plus transaction costs. Subsequent to initial recognition, all investments are measured at fair value. The determination of fair value is based on the trading price at the end of the reporting period as quoted on a recognized securities exchange. Gains and losses arising from changes in the fair value of the investments are presented in the operating statement as a net change in unrealized gains or losses on investments.

A summary of the Company's investment activity and fair value of the unrealized gains and losses as at September 30, 2017 are summarized as follows:

	Shares	Amount	Market	Gain/ (Loss)	Gain/ (Loss)
	#	Invested	Value	Quarter ended	YTD ended
		\$	Sept 30, 2017	Sept 30, 2017	Sept 30, 2017
			\$	\$	\$
RMP Energy Inc.	1,876,500	1,527,120	1,182,195	35,530	(344,925)
Agua Resources Limited	1,939,843	1,348,241	1,098,766	(63,353)	(249,475)
AnalytixInsight Inc.	2,500,000	500,000	550,000	50,000	50,000
kneat.com, inc.	1,000,000	600,000	770,000	10,000	170,000
eXeBlock Technology Corp. (note a)	925,000	155,750	402,500	246,750	246,750
Pivot Technology Solutions	190,500	496,717	466,725	(29,992)	(29,992)
		4,627,829	4,470,186	248,935	(157,642)

Note a -The shares in eXeBlock Technology Corp. are subject a statutory four-month hold period. The hold period on 525,000 shares expires on December 15, 2017 and the hold period on the remaining 400,000 shares expires on February 5, 2018. The remaining 400,000 shares are also subject to a voluntary pooling agreement, under which, 25% were eligible for release on listing and an additional 25% will be released every three months thereafter.

During the quarter ended September 30, 2017, there were a couple of holdings that had a notable impact on the value of the portfolio. The value of Agua Resources fell by \$63,353 with an unrealized loss of \$249,475 year to date. On the upside, eXeBlock Technology Corp registered a gain of \$246,750 during the quarter. Year-to-date, the Company has a net unrealized loss on marketable securities of \$157,642, an improvement from its year-to-date loss of \$406,577 at the end of the last quarter.

Agua Resources had a weak third quarter, driven by abnormally soft trading volume during the summer months. Furthermore, soft global grain and phosphate prices continue to weigh the company's share price. During the third quarter, the price of wheat and corn fell by 12.1% and 4.1% respectively, whereas, Moroccan phosphate prices dropped 9.7%. The Company envisions a more supportive agricultural commodity market moving forward, given recent strength in the broad commodity complex, driven by strong price appreciation in both oil and copper. These two commodities tend to lead the overall commodity complex as they have historically been leading indicators for global economic growth. We foresee agricultures playing some catch up after lagging the energy and base metals complex year to date.

Agua Resources should gain traction as agricultural commodity prices stabilize and the company executes on many near term operational initiatives. During the past quarter, the company released an updated resource estimate for its flagship Tres Estradas project, which boosted the projects mine life and economic potential. Agua is due to release a bankable feasibility study in Q1 2018, which should provide to further de-risk the Tres Estradas project and fuel additional institutional interest in the story.

The Company had an unrealized gain of \$246,750 in eXeBlock Technology Corporation, a private equity investment initiated in the third quarter. eXeBlock has since commenced trading on the Canadian Securities Exchange under the symbol XBLK. The stock has performed quite strongly with solid trading volume. The excitement in the blockchain market has only begun to gather steam. We expect XBLK to do well in this emerging sector given its unique technology, experienced management team and well-defined business model.

### **Arrangement with OneUp Sports**

On July 27, 2015 and amended October 19, 2015, the Company signed a definitive arrangement agreement ("Arrangement Agreement") with 2315257 Ontario Inc. (OneUp Sports Canada), a corporation existing under the laws of Ontario, which is the holding company for its operating subsidiary OneUp Games, LLC (collectively, "OneUp Sports"). The arm's length Arrangement Agreement outlined the terms and conditions of the business combination pursuant to which OneUp Sports would complete a reverse take-over of Torrent (the "Transaction").

On December 23, 2015, the Company filed a lawsuit in the Ontario Superior Court of Justice against OneUp Sports alleging that OneUp Sports was in breach of the terms of the Arrangement Agreement. Torrent was, among other things, seeking specific performance under the Arrangement Agreement.

On March 29, 2016, the Company and OneUp Sports settled the litigation pertaining to the terms the Arrangement Agreement. Under the terms of the settlement, OneUp Sports Canada agreed to pay and issue to Torrent consideration consisting of:

- a) Cash in the amount of CDN \$570,000, to be paid in two tranches over a period not to exceed eighteen months as OneUp Canada closes current and future offerings of equity and/or debt securities (the Company received \$320,000 in August 2016);
- b) 1,562,500 class A common shares of OneUp Canada. The shares were received in April 2016; and
- c) 800,000 warrants exercisable for a period of two years into class A common shares of OneUp Canada, at an exercise price of USD \$0.25 per share. The warrants were received in April 2016.

However, after a thorough review of OneUp Sports and in light of numerous legal actions against it, the Company has determined the presence of various impairment indicators. While the Company continues to have the rights associated with its outstanding receivable and investments in common shares and warrants, there is considerable uncertainty associated with the collection of the receivable and realization of the investments. As a result, the Company has elected to fair value its outstanding amount receivable of \$250,000 and its investment in 1,562,500 common shares and 800,000 warrants at a nil value, effective December 31, 2016. This resulted in an overall net gain of \$320,000 in the year ended December 31, 2016.

## **Liquidity and Capital Resources**

The Company has working capital as at September 30, 2017 of \$1,316,002 (December 31, 2016 – \$6,575,031) and a cash balance of \$1,420,459 (December 31, 2016 – \$6,353,915). During the nine months ended September 30, 2017, the Company invested in publicly-traded securities at a cost of \$4,627,829. The Company funds its operations through equity financings, the sale of equities held for investments, financing fees earned on invested liquid resources and interest income earned on cash balances and amounts receivable.

In February 2015, the Company received payment of \$1.715 million in settlement of a \$1.5 million loan made to 2390110 Ontario Inc. In addition to interest payments of \$135,057 received during the term of the Loan, the Company received a financing fee of \$180,000 and a promissory note (“the Note”) for \$238,262, representing additional interest. The Note bears interest at a rate of 12% per annum and matured on December 31, 2015. The Company also received an additional \$35,000 as repayment of costs associated with the transaction. As at September 30, 2017, the Note remains outstanding and continues to accrue interest. The Company is reviewing the collectability of this note receivable and may record a valuation allowance in the fourth quarter.

During the quarter ended September 30, 2016, the Company received its initial installment of the OneUp settlement in the amount of \$320,000. The Company also received its income tax recovery of \$126,755 for its tax loss carrybacks recorded in 2015.

Effective late in the first quarter of 2017, the Company has commenced the implementation of its business plan as an investment issuer. During this period to the end of September 2017, the Company has invested \$4.6 million in shares of six different public companies with investments ranging from \$150,000 to \$1.5 million.

The Company has sufficient capital resources to meet its immediate obligations. The Company may need to secure additional capital and may raise additional funds should its Board deem it advisable in order to execute its strategic plan including the implementation of its TSX Venture Exchange’s approved COB. While management and the Board have been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. The timing and ability of the Company to raise additional funds will also depend on the liquidity of the financial markets.

## **Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares without par value. As of September 30, 2017, and November 27, 2017, the Company has 23,648,333 post consolidation common shares issued and outstanding and 1,241,666 post consolidation stock options outstanding.

## **Transactions with Related Parties**

The Company entered into the following transactions with related parties:

- During the nine months ended September 30, 2017, the Company paid director fees of \$45,125 with \$42,125 in the comparable period (year ended December 31, 2016 - \$53,500) to directors or companies controlled by directors. During the year ended December 31, 2016, the Company paid consulting fees of \$70,000 to a company controlled by the CEO, Wade Dawe, who is also a director.
- During the nine months ended September 30, 2017, the Company paid fees to its CFO, Rob Randall in the amount of \$42,112 (six months ended December 31, 2016 - \$31,800).
- During the nine months ended September 30, 2017, the Company paid fees to its Chief Investment Officer, Scott Gardner in the amount of \$80,000.
- During the nine months ended September 30, 2017, the Company paid management services fees, rent and other fees of \$42,112 to Numus Financial, a company owned by two directors (year ended December 31, 2016 - \$13,425).

The above noted transactions are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Critical accounting estimates used in the preparation of the financial statements that have the most significant effect on the amounts recognized in the financial statements include the Company's estimate of the value of the Company's share-based compensation and the valuation of investments in privately held companies.

The Company uses a Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparable entities in the estimate of future volatilities. Additional factors affecting share-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing of the exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and the financial objectives of the share-based instrument holders.

The method used by the Company to estimate the value of its equity investments in private companies is complex as there is no active trading market and any transfer is often subject to approval of the Company Directors. The valuation considers factors such as limited available market information, recent financings, future disclosed and/or planned listing activities, management's assumptions of expected cash flows related to the investments.

All of the Company's significant accounting policies and estimates are included in note 2 to the December 31, 2016 audited financial statements of Torrent Capital Ltd. With the Company's TSX-V approved change of business from a Mining Issuer to an Investment Issuer, the Company has also adopted the following new accounting policies associated with its new business.

### ***Financial Instruments***

Purchases and sales of investments are recognized on the transaction date. Investments are initially recognized at fair value plus transaction costs. Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments are presented in the statements of comprehensive (loss) income within net change in unrealized gains or losses on investments in the period in which they arise.

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair

value of investments based on the criteria below and reflects such valuations in the financial statements.

Securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted trading prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period.

### **Accounting standards issued but not yet applied**

The Company does not expect to early adopt the following revised standards and amendments. Accordingly, the Company expects to adopt the standards as set forth below.

#### **(i) IFRS 9, Financial instruments**

IFRS 9, *Financial Instruments* (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. The Company intends to adopt the standard on its effective date.

#### **IFRS 16, Leases**

In January 2016, the IASB issued IFRS 16, *Leases* (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

### **Risk Factors**

The Company’s business as an Investment Issuer is subject to a number of significant risk factors, and an investment in the Corporation will involve a high degree of risk. Investors should carefully consider each of such risks and all of the information in this MD&A before investing in the Corporation. The success of the Corporation will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management. The risks consist of:

*No Operating History as an Investment Issuer* - The Corporation does not have any record of operating as an Investment Issuer. As such, with the completed Change of Business, the Corporation will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Corporation will not achieve its financial objectives as estimated by Management. Furthermore, past successes of Management or the Board in other ventures do not guarantee future success.

*Risks of Competition* - The Corporation will face competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Corporation’s opportunities to acquire interests in investments that are attractive to the Corporation. The Corporation may invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If the Corporation is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

*Risks of Fluctuations in the Value of the Corporation and the Common Shares* - The net asset value of the Corporation and market value of the common shares will fluctuate with changes in the market value of the

Corporation's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Corporation's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Corporation. There can be no assurance that Shareholders will realize any gains from their investment in the Corporation and may lose their entire investment.

*Due Diligence* - The due diligence process undertaken by the Corporation in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Corporation will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Corporation may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Corporation will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

*Risks of Investment in Illiquid Securities* - There is a possibility that the Corporation will be unable to dispose of illiquid securities held in its portfolio and if the Corporation is unable to dispose of some or all of its investments at the appropriate time, a return on such investment may not be realized.

*Loss of Investment Risk* - An investment in the Corporation is speculative and may result in the loss of a substantial portion of an investor's investment. Only potential investors who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the Corporation.

*No Guaranteed Return Risk* - There is no guarantee that an investment in the Corporation will earn any positive return in the short term or long term.

*Dividends* - To date, the Corporation has not paid dividends on any of its common shares and the Corporation is not required to pay any dividends on its Common Shares in the foreseeable future. Any decision to pay dividends will be made on the basis of the Corporation's earnings, financial requirements and other conditions.

*Currency Risk* - Some of the Corporation's assets may be invested in foreign securities. Consequently, the Canadian dollar equivalent of the Corporation's net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

*Commodity Risk* - The Corporation may invest in sectors that are very sensitive to the fluctuations of commodity prices.

*Foreign Investment Risks* - Foreign investments made by the Corporation may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks.

*Equity Market Risk* - The price of the equity securities in which the Corporation may invest are influenced by the issuing corporation's outlook, market activity and regional, national and international economic conditions. When the economy is expanding, the outlook for many corporations is equally promising, and the value of their equity securities should rise in agreement. The opposite is also true. Typically, the greater

the potential reward, the greater the potential risk. For small corporations and corporations in the emerging sectors the risk and reward ratio is usually greater. Equity-related securities, which give indirect exposure to the equity value of a corporation, such as warrants and convertible securities, can also be affected by this equity risk.

*Market Disruption Risks* - War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual corporations or related groups of corporations. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Corporation and the value of the securities in its investment portfolio.

*Private Corporation Risks* - Investments in private corporations cannot be resold without a prospectus, an available prospectus exemption or an appropriate ruling under relevant securities legislation. Even if they can be sold, there may not be a market for such securities. This may impair the Corporation's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private corporations may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in private corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

*Risk of Dilution from Possible Future Offerings* - The Corporation may issue additional securities from time-to-time to raise funding for its business and such issuances may be dilutive to Shareholders.

*Financing Risks* - Additional funding may be required to complete future investment and growth opportunities. There is no assurance that any such funds will be available to the Company, on acceptable terms or an acceptable level. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on the Company's ability to grow its investment portfolio.

*Dependence upon key management* - The Corporation will depend on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Corporation's operations expand, additional general management resources will be required. The Corporation may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Corporation's operations. The Corporation currently maintains no "key man" life insurance on any members of its management or directors.

## **Management's Responsibility for Financial Information**

This interim MD&A and the accompanying interim unaudited condensed interim financial statements ("financial statements") of Torrent Capital Ltd. are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with IFRS. The financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

## **Disclosure and Internal Financial Controls**

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

- (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of

the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and

- (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Additional Information**

Additional information relating to the Company is available on the SEDAR website [www.sedar.com](http://www.sedar.com).