

**Torrent Capital Ltd.**  
**(formerly, Metallum Resources Inc.)**  
**Management Discussion and Analysis**  
**Year ended December 31, 2016**

*This Management's Discussion and Analysis (MD&A) of Torrent Capital Ltd. ("Torrent" or the "Company"), formerly Metallum Resources Inc. is dated April 28, 2017 and provides an analysis of the financial operating results for the years ended December 31, 2016 and December 31, 2015. This MD&A should be read in conjunction with the audited annual financial statements and accompanying notes for the years ended December 31, 2016 and December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for 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 combined issuer after completion of the proposed Transaction. 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, political and social uncertainties; delay or failure to receive board, shareholder or regulatory approvals; and the results of continued development, marketing and sales 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. (formerly Metallum Resources Inc.) 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 for its Change of Business ("COB") from a Mining Issuer to an Investment Issuer. On a going forward basis, subject to necessary regulatory and shareholder approvals, the Company will focus upon strategic investments in private and public company securities.

At the Company's recent 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 to Torrent 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. 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 Philip is a director of IA Clarrington, a mutual fund company with \$15 billion of assets under management. He is also the director of 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 a AAA-rated money market fund.

## **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 will 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 (shares were received in April 2016); and
- c) 800,000 warrants exercisable for a period of two (2) years into class A common shares of OneUp Canada, at an exercise price of USD \$0.25 per share (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 amount 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 results in an overall net gain of \$320,000.

### Selected Financial Information

The following table sets out selected financial information and highlights for the last two fiscal years:

| Year ended                          | Dec 31,<br>2016<br>\$ | Dec 31,<br>2015<br>\$ |
|-------------------------------------|-----------------------|-----------------------|
| Consulting and wages                | 68,190                | 60,822                |
| Professional fees                   | 213,908               | 129,923               |
| Directors fees                      | 53,500                | 65,377                |
| Insurance                           | 20,823                | 23,148                |
| Stock exchange and maintenance fees | 42,490                | 15,868                |
| Office, administration and other    | 12,318                | 9,540                 |
| Gain on foreign exchange            | (1,044)               | (12,456)              |
| <b>Operating expenses</b>           | <b>(410,185)</b>      | <b>(292,222)</b>      |
| Gain on litigation settlement       | 320,000               | -                     |
| Interest income                     | 83,919                | 153,843               |
| Due diligence costs                 | -                     | (250,727)             |
| Gain on disposition of subsidiary   | -                     | 11,425                |
| Income tax recovery (expense)       | -                     | 126,755               |
| <b>Net loss</b>                     | <b>(6,266)</b>        | <b>(250,926)</b>      |
| Net loss per share                  | <b>(\$0.00)</b>       | <b>(\$0.01)</b>       |
| <b>Weighted average # of shares</b> | <b>23,648,333</b>     | <b>23,648,333</b>     |
| <b>Cash</b>                         | <b>6,353,915</b>      | <b>6,479,569</b>      |
| Total assets                        | 6,677,101             | 6,907,173             |
| Total liabilities                   | 102,069               | 325,876               |
| <b>Shareholders' Equity</b>         | <b>6,575,030</b>      | <b>6,581,297</b>      |

### Results of Operations for the year ended December 31, 2016

The Company reported a net loss for the year ended December 31, 2016 of \$6,266 or \$0.00 per share as compared to a net loss of \$250,926 or \$0.01 per share for the year ended December 31, 2015. 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. The Company saw a decline in interest income from \$153,843 in 2015 to \$64,682 in 2016. In February 2015, the Company received \$1.715 million as settlement for a loan receivable which bore interest at a rate of 2% per month.

The Company incurred professional fees of \$213,908 during 2016 compared to \$129,923 in 2015. The Company incurred consulting fees associated with the OneUp Sports resolution with one of its directors in the amount of \$70,000. The majority of the other professional fees were also associated with the Company's negotiated settlement of the OneUp Sports litigation. The Company also incurred professional fees and certain exchange filing and application fees associated with its COB application during the latter half of 2016. Directors' fees of \$53,500 were incurred in 2016 compared with \$65,377 in 2015. In 2015, the Company incurred \$250,727 in due diligence expenses associated with the OneUp Sports transaction.

In the year ended December 31, 2015, the Company sold its Argentinian subsidiary, Metallum S.A. to an Argentinian consortium for cash consideration of ARS80,000 (\$8,291), resulting in a net gain on disposition of \$11,425. The subsidiary held no significant assets and pursuant to the negotiated terms, all costs associated with the sale were borne by the acquirer.

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

| Quarter ended                                       | Dec 31,<br>2016<br>\$ | Sept 30,<br>2016<br>\$ | June 30,<br>2016<br>\$ | Mar 31,<br>2016<br>\$ | Dec 31,<br>2015<br>\$ | Sept 30,<br>2015<br>\$ | June 30,<br>2015<br>\$ | Mar 31,<br>2015<br>\$ |
|---|-----------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|
| <b>Operating expenses</b>                           | <b>(63,870)</b>       | (107,921)              | (110,128)              | (128,267)             | <b>(74,295)</b>       | (42,186)               | (102,914)              | (72,827)              |
| <b>Gain (Write-down) on OneUp Sports settlement</b> | <b>(757,305)</b>      | -                      | -                      | 1,077,305             | -                     | -                      | -                      | -                     |
| Interest income                                     | <b>19,237</b>         | 23,421                 | 20,128                 | 21,133                | <b>19,468</b>         | 33,705                 | 28,858                 | 71,812                |
| Due diligence costs                                 | -                     | -                      | -                      | -                     | <b>(80,481)</b>       | (45,246)               | (125,000)              |                       |
| Gain on disposition of subsidiary                   | -                     | -                      | -                      | -                     | <b>11,425</b>         | -                      | -                      | -                     |
| Income tax recovery                                 | -                     | -                      | -                      | -                     | <b>126,755</b>        | -                      | -                      | -                     |
| <b>Net (loss) earnings</b>                          | <b>(801,938)</b>      | (84,500)               | (90,000)               | 970,171               | <b>2,872</b>          | (53,727)               | (199,056)              | (1,015)               |
| Net (loss) income per share                         | <b>(\$0.034)</b>      | (\$0.004)              | (\$0.004)              | \$0.041               | <b>\$0.000</b>        | (\$0.002)              | (\$0.008)              | (\$0.000)             |
| <b>Cash</b>   | <b>6,353,915</b>      | 6,424,716              | 6,059,097              | 6,257,840             | <b>6,479,569</b>      | 6,514,506              | 6,548,946              | 6,683,842             |
| Total assets  | <b>6,677,101</b>      | 7,487,334              | 7,572,186              | 8,009,111             | <b>6,907,173</b>      | 6,794,955              | 6,831,065              | 6,962,441             |
| Total liabilities                                   | <b>102,069</b>        | 110,366                | 110,718                | 197,902               | <b>325,876</b>        | 216,530                | 198,913                | 131,233               |
| <b>Shareholders' Equity</b>                         | <b>6,575,090</b>      | 7,376,968              | 7,461,468              | 7,811,209             | <b>6,581,297</b>      | 6,578,425              | 6,632,152              | 6,831,208             |

### Results of Operations for the three months ended December 31, 2016

The Company reported a net loss for the three months ended December 31, 2016 of \$801,938 or \$0.034 per share compared to a net income of \$2,872 or \$0.000 per share in the three months ended December 31, 2015. Interest income of \$19,237 in the current quarter was comparable to interest of \$19,468 in the quarter ended December 31, 2015. In the quarter ended December 31, 2015, the Company also incurred due diligence costs of \$80,481 associated with the agreement with OneUp Sports, recorded a gain on the sale of its Argentinian subsidiary of \$11,425 and recognized an income tax recovery of \$126,755 for its loss carry-back to prior years.

In the quarter ended December 31, 2016, the Company incurred professional fees of \$17,157 compared to \$34,477 in the comparable quarter. In 2016 the Company accrued professional fees associated with its COB application while in 2015 the Company incurred certain costs associated with the OneUp Sports action. In the quarter ended December 31, 2016, the Company incurred CFO consulting fees of \$13,500 primarily associated with the Company's COB application. In the comparable quarter, the Company incurred CEO/CFO fees of \$15,000. In the current quarter, the Company also incurred management service fees of \$4,950 with Numus Financial and directors' fees of \$11,375. In the comparable quarter, the Company incurred \$18,189 in directors' fees.

### Liquidity and Capital Resources

The Company has working capital as at December 31, 2016 of \$6,282,720 (December 31, 2015 – \$6,317,655) and a cash balance of \$6,353,915 (December 31, 2015 – \$6,479,569). 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, maturing on December 31, 2015. Furthermore, the Company received an additional \$35,000

as repayment of costs associated with the transaction. As at December 31, 2016, the Note remains outstanding and continues to accrue interest.

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 recouped its income tax recovery of \$126,755 for its tax loss carrybacks recorded in 2015.

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 its implementation of its TSX Venture Exchange's approval of its 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 December 31, 2016 and April 26, 2016, the Company has 23,648,333 post consolidation common shares issued and outstanding and 616,666 post consolidation stock options outstanding with a weighted average exercise price of \$0.32 expiring between March 2017 and November 2019.

### **Transactions with Related Parties**

The Company entered into the following transactions with related parties:

- During the year ended December 31, 2016, the Company paid director fees of \$53,500 (year ended December 31, 2015 - \$63,500) 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 year ended December 31, 2016, the Company paid fees to its CFO, Rob Randall in the amount of \$31,800.
- During the nine months ended September 30, 2016, the Company expensed \$46,456 (year ended December 31, 2016 - \$93,496) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:
  - i) Robert Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer and interim Chief Executive Officer of the Company;
  - ii) Bookkeeping and office support services; and
  - iii) Regulatory filing services.
- During the year ended December 31, 2016, the Company paid management services fees of \$8,250 and rent of \$5,175 to Numus Financial, a company owned by two directors.
- As of December 31, 2016, related parties are owed \$18,928 (December 31, 2015 - \$17,873). These amounts are included in accounts payable and accrued liabilities.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, 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 for 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.

### **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.

#### **(ii) 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 Corporation's new business as an Investment Issuer will be 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 Circular 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, upon completion of the 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 the Management. Furthermore, past successes of the 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 be required to 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 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 the proposed or future exploration and other programs on the Corporation's properties. There is no assurance that any such funds will be available. Failure to obtain additional financing, if required, on a timely basis, could cause the Corporation to reduce or delay its proposed operations. The primary source of funds currently available to the Corporation is derived from the issuance of equity. While the Corporation has been successful in the past in obtaining equity financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation.

*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 annual MD&A and the accompanying 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).