

**Torrent Capital Ltd.  
Suite 2001, 1969 Upper Water Street  
Purdy's Wharf, Tower II  
Halifax, Nova Scotia  
B3J 3R7**

May 8, 2018

To whom it may concern:

Torrent Capital Ltd. is refileing its Management Discussion and Analysis to correct the date of the document to April 26, 2018.

No change was made to the document filed on April 27, 2018, other than the date.

Regards,

*(signed) Rob Randall*

Rob Randall

CFO & Corporate Secretary

**Torrent Capital Ltd.**  
**Management Discussion and Analysis**  
**Year ended December 31, 2017**

*This Management's Discussion and Analysis (MD&A) of Torrent Capital Ltd. ("Torrent" or the "Company"), formerly Metallum Resources Inc. is dated April 26, 2018 and provides an analysis of the financial operating results for the years ended December 31, 2017 and December 31, 2016. This MD&A should be read in conjunction with the audited annual financial statements and accompanying notes for the years ended December 31, 2017 and December 31, 2016 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 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.

### **Investment Issuer Objective**

Torrent invests primarily in the equity of publicly and privately held companies, with the objective of increasing shareholder return. The Company seeks to identify investments by utilizing the experience and expertise of its management team and Board of Directors. Torrent seeks 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 Portfolio**

The Company commenced its investment activities late in the first quarter of 2017 when it initiated positions in Iron Bridge Resources (TSX: IBR) (formerly, RMP Energy Inc.), Agua Resources Limited (ASX: AGR, TSXV: AGRL) and AnalytixInsight Inc. (TSXV: ALY). During the second quarter the Company added to its positions in IBR and AGR and initiated a position in Kneat.com, inc. (TSXV: KSI). 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: XBLK). In the fourth quarter, the Company added Wesdome Gold Mines Ltd. (TSX: WDO) and DHX Media Ltd. (TSX: DHX.A).

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.

### **Iron Bridge Resources**

Iron Bridge Resources ("IBR") is an Alberta based crude oil and natural gas company, engaged in the exploration, development and production of crude oil and natural gas reserves in Western Canada. The company was a turnaround story in 2017, as new management was brought in, drilling techniques were updated to reflect other successful operators in the Montney region and non-core assets were sold to put the company in a strong financial position. Iron Bridge has refocused its corporate strategy towards an emphasis on the conservative allocation of capital and an operational focus on its Elmworth property.

In 2016, IBR underwent a strategic review process to enhance shareholder value, resulting in the sale of its Ante Creek property. IBR is now focused on accelerating the development of its Elmworth core property, located in the Montney light oil fairway. The Elmworth and Gold Creek areas around IBR's properties have been the focus of significant industry activity. As one of the first companies to recognize the areas potential, IBR's acreage position was established for a fraction of the price given the increasing land values in the area.

The Company believes that IBR is an undervalued 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 IBR's revamped corporate strategy is implemented. The implementation of IBR's revamped corporate strategy, under the guidance of the new chairman and management team, may serve to unlock the intrinsic value of IBR and lead to a positive impact on the stock price as various catalysts play out.

## **Agua Resources Limited**

Agua Resources Limited (“AGR”) is a dual-listed company (Australia and Canada) 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, 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.

In a recently released bankable feasibility study (“BFS”) for Tres Estradas, AGR reports the technical and economic viability of the project as a low-cost producer of phosrock and calcite in Southern Brazil. The BFS confirms a 100MT mineral resource to support a minimum mine life of 16 years. The BFS targets annual production at 300,000 tonnes of phosrock generated an NPV (@5%) of \$300 million USD and a pre-tax IRR of 21%.

AGR reports that the location of Tres Estradas is strategically 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) Agua 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 the Tres Estradas project and its relatively advanced stage of development. There are a number of potential catalysts that may have a positive impact on the stock price: 1) obtaining a preliminary construction license for Tres Estradas; 2) the negotiation of key offtake and utility contracts; 3) further exploration upside on AGR’s adjacent properties with similar geophysical signatures; 4) environmental permitting; 5) final project financing and development; and 6) early stage exploration results from AGR’s recently staked 34,000 hectares in the Rio Grande copper belt, where copper mineralization has been identified in outcrops grading up to 4.09% copper.

## **AnalytixInsight Inc.**

In the first quarter of 2017, 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. ALY 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.

MarketWall is a fully integrated 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. The platform is superior to what is currently available as it enables large banks to consolidate its online banking and trading capabilities under one login. In addition, it offers their clients a suite of other products such as mobile payments and global remittances. MarketWall is currently being developed through a joint venture (“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. Under the JV relationship, Banca Intesa pays for all development costs associated with product and ALY shareholders maintain a 49% business interest in the Bank Intesa’s online operations. After the Banca Intesa rollout, MarketWall will be sold to other large

financial institutions looking to create or consolidate their mobile banking, trading and global remittance platforms.

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, Euclides had trailing revenues of C\$5 million and clientele that has included Best Buy, Xerox, Siemens, Hydro Quebec and Portugal Telecom.

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 of 2017, 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, biotechnology 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.

KSI has released a number of case studies that highlight the effectiveness and disruptive nature of its validation lifecycle management platform. For example, in the second half of 2017, KSI published a case study entitled "Validation Process Innovation in Molecular Diagnostics" on behalf of a pioneering molecular diagnostics company. The study highlighted substantial productivity and compliance improvements that the molecular diagnostics customer gained by transitioning its overall validation process from paper based to the Kneat GX platform, a compliant, fully electronic system. In addition, the study demonstrated KSI's ability to scale into other sectors within the life sciences industry, in this case laboratory and diagnostics.

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 51 million shares outstanding, an experienced management team with significant share ownership, limited debt and a strong cash position.

#### **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 and 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 service related companies, most of which are enjoying a period of accelerated growth. PTG has a meager market cap of \$85 million, despite annual revenue of \$1.9 billion and EBITDA of \$31 million. PTG generates upwards of \$25 million in operating cash flow per annum; this gives PTG's management a high

degree of flexibility to pay a healthy dividend (7.5% per annum), make further acquisitions, and/or repay debt.

The Company believes PTG is undervalued relative to its peer group and on a standalone basis. The Company believes that PTG is due to enjoy improved profitability as PTG's 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's technical office works from 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 interest in Bitcoin. While the Company appreciates the potential of Bitcoin and the decentralized digital currency market in general, the Company believes 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 method. 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 complete 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 as many businesses face issues due to the use of centralized systems. Decentralized applications of blockchain technology, or "DApps", can be utilized by different industries and business around the globe. Some of the applications for DApps can take the form of smart contracts, payments, clearing and settlement, smart assets, digital identity and voting, insurance contracts.

The Company believes that XBLK is well positioned within the emerging blockchain market because it specializes in the development of disruptive DApps that can be tailor made for 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", a multi-language, multi-jurisdictional platform that utilizes blockchain technology. The DApp 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 wide net. Its platform is relevant to 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 based on every transaction completed on the DApps they develop. This should lead to a relatively diversified revenue stream as the business gains traction.

XBLK last raised \$6.2M via a private placement in October 2017. XBLK commenced trading on the Canadian Securities Exchange during the fourth quarter of 2017; the share price rose substantially on significant volume with a year end price of \$0.94 per share. XBLK has subsequently sold off and now trades at \$0.25 per share, as the entire blockchain sector experienced a correction.

We believe that XBLK will continue to garner a significant degree of interest as 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, the Company anticipates that the stock will do well in relation to other companies in the emerging blockchain sector once share prices stabilize and upward momentum returns.

### **Wesdome Gold Mines Ltd.**

The Company added Wesdome Gold Mines ("WDO") to its portfolio during the fourth quarter of 2017. Wesdome is a Canadian focused gold mining company with a pipeline of projects in various stages of development. WDO's Eagle River Complex in Wawa, Ontario is currently producing gold from two mines from a central mill, the Eagle River Underground Mine and the Mishi Open pit. WDO is also actively exploring its brownfields asset, the Kiena Complex in Val d'Or, Quebec.

With bullion prices hovering around \$1,300 per ounce for an extended period of time, the Company sees little chance of a protracted slump in the sector. Well-run gold companies should have a favorable environment to add value by executing on their operational plans. Gold stocks in general have been retrenching by shedding non-core assets and drastically cutting costs after the long commodity super cycle unwind post 2010. Additionally, the sector has been getting limited interest from speculative investors in Canada, who have been focused on gaining exposure to other sectors such as the high flying cannabis and blockchain related companies.

Gold stocks tend to do well after a prolonged period of disinterest in relation to other sectors of the market. The Company anticipates against that backdrop, companies like WDO should do well. WDO meets the criteria for what the Company believes investors will look for when they return to the sector as WDO has a long track record of stable gold production growth; projects in secure jurisdictions; high grade production; competitive cash costs per ounce; and is well-capitalized, conservatively run and offers great exploration upside. Given the positive attributes, Wesdome is undervalued in relation to other producers and trades at a discount to analysts' aggregate price estimates.

The Company expects Wesdome to trend higher as interest returns to the gold sector, management delivers on its operational objectives and the stock begins to trade more in line with its peer group.

### **DHX Media Ltd.**

The Company also has a position in DHX Media Ltd. ("DHX"), a leading children's content and brands company, recognized globally for high-profile programs including Peanuts, Teletubbies, Strawberry Shortcake. DHX is one of the world's largest producers of children's shows and owns the world's largest independent library of children's content, at 13,000 half hours. It licenses its content to broadcasters and streaming companies worldwide and generates royalties from its global consumer products program. Through its subsidiary, WildBrain, DHX also operates one of the largest networks of children's channels on YouTube.

DHX fits with the Company's investment objective to find those companies that have underperformed in the market despite strong long-term industry drivers, a quality suite of underlying assets and a new management team that is initiating the necessary measures to unlock the true value of the business.

DHX has underperformed lately on what the Company would classify as short-term missteps made by management. The stock was overvalued in 2017 due to lofty management guidance, poor working capital management and acquisitions made at aggressive valuations that resulted in corresponding accumulation of debt. When the share price corrected, the debt-to-equity multiple deteriorated. As a result, the market lost confidence in the stock. The Company believes the market has now undervalued the stock and DHX is now trading at a steep discount compared to the inherent value of DHX's assets and its ability to generate future cash flow.

In the fourth quarter of 2017, DHX Media announced a strategic review to explore strategic alternatives with a focus on enhancing shareholder value. These alternatives could include, among other things, the sale of parts of the Company and/or some of its assets, a merger, business combination or other strategic transactions. Since the announcement of the strategic review, DHX has replaced its CEO, CFO and senior management team and has provided better guidance on its short term objectives to boost organic growth and free cash flow, and reduce debt. These measures are consistent with what the Company perceives as a company taking the necessary steps to unlock the true value of its assets.

DHX is forecast to generate between \$60 - \$90 million in free cash flow based on 2019 guidance, which is sufficient to cover its debt service obligations. The Company believes that this offers investors a degree of comfort as they wait for management to initiate the recently outlined strategic alternatives. DHX currently trades at roughly 8.1 times 2018 cash flow per share; this is a sizeable discount to the peer group average of 17.3 times cash flow per share. The Company anticipates this discount will decrease as DHX's management continues to streamline the business and aims to enhance shareholder value.

## Selected Financial Information

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

| <b>For the year ended</b>                           | <b>December 31,<br/>2017<br/>\$</b> | <b>December 31,<br/>2016<br/>\$</b> |
|---|-------------------------------------|-------------------------------------|
| <b>Revenue</b>                                      |                                     |                                     |
| Interest income                                     | 17,543                              | 83,919                              |
| Realized gain on investments                        | (184,076)                           | -                                   |
| Unrealized gain on investments                      | 1,639,681                           | -                                   |
|   | 1,841,300                           | 83,919                              |
| <b>Expenses</b>                                     |                                     |                                     |
| Consulting and wages                                | 232,788                             | 68,190                              |
| Professional fees                                   | 30,752                              | 213,908                             |
| Directors fees                                      | 63,205                              | 53,500                              |
| Insurance   | 26,216                              | 20,823                              |
| Stock exchange and maintenance fees                 | 34,948                              | 42,490                              |
| Office, administration and other                    | 38,794                              | 12,318                              |
| Stock-based compensation                            | 119,109                             | -                                   |
| Loss (gain) on foreign exchange                     | 8,393                               | (1,044)                             |
|   | 554,205                             | 410,185                             |
| <b>Operating income (loss) before the following</b> | <b>1,287,095</b>                    | <b>(326,266)</b>                    |
| Gain on litigation settlement                       | -                                   | 320,000                             |
| Write down of note receivable                       | (292,312)                           | -                                   |
| <b>Net income (loss)</b>                            | <b>994,783</b>                      | <b>(6,266)</b>                      |
| Net income ( loss) per share                        | \$0.04                              | (\$0.00)                            |
| <b>Weighted average # of shares</b>                 | <b>23,648,333</b>                   | <b>23,648,333</b>                   |
| <b>Cash</b>   | <b>772,290</b>                      | <b>6,353,915</b>                    |
| Investment in publicly-traded securities            | 7,020,725                           | -                                   |
| Total assets  | 7,800,433                           | 6,677,101                           |
| Total liabilities                                   | 111,510                             | 102,070                             |
| <b>Shareholders' Equity</b>                         | <b>7,688,923</b>                    | <b>6,575,031</b>                    |

## **Results of Operations for the year ended December 31, 2017**

The Company reported a net income for the year ended December 31, 2017 of \$944,783 or \$0.04 per share as compared to a net loss of \$6,266 for the year ended December 31, 2016. With the Company's increased investment activities since its COB in early February 2017, the Company has invested \$5.4 million in shares of publicly-traded securities. As at December 31, 2017, the Company has realized gains on its investment portfolio of \$184,076 consisting of net capital gains of \$168,836 and dividends of \$15,240.

The Company has recorded unrealized gains on investments of \$1.6 million (\$0.07 per share) with the fair valuing of its investment portfolio at the market close at the end of 2017. During the current quarter, the Company incurred an unrealized gain on marketable securities of \$1.8 million (see detailed summary below). The large gains during the last quarter of 2017 resulted primarily from two investments, both of which have taken back a large portion of this gain in the subsequent quarter.

During the year ended December 31, 2017, consulting fees of \$232,788 (2016 - \$68,190) include CFO fees of \$49,988 (2016 - \$31,800), management service fees paid to Numus Financial of \$22,800 (2016 - \$8,250) and \$160,000 paid to the Chief Investment Officer appointed in early 2017. In 2016, consulting fees of \$27,225 were also paid to the former CFO/interim CEO. Minimal professional fees of \$30,752 were incurred in 2017 as compared to professional fees of \$213,908 in 2016. The majority of the professional fees incurred in the prior year, including \$70,000 paid to one director, were associated with the Company's negotiated settlement of the OneUp Sports litigation. In the year ended December 31, 2017, the Company incurred directors' fees of \$63,205 (2016 - \$53,500). The Company's directors' insurance increased from \$20,823 in 2016 to \$26,216 in 2017 with the Company's COB to an Investment Issuer.

In 2017, the Company incurred stock exchange and maintenance fees of \$34,948 (2016 - \$42,490), which includes certain fees associated with the Company's COB and costs associated with its AGM held in June 2017. In the year ended December 31, 2017, the Company incurred increased administration costs of \$38,794 associated with its COB and a general increase in other business and investment activities. These administration costs include rent of \$12,400, travel costs of \$8,555 and other costs of \$17,839. In 2016, the Company was fairly inactive incurring administration costs of only \$12,318. In 2017, the Company also incurred a foreign exchange loss of \$8,393 (2016 - a forex gain of \$1,044) on US\$ denominated items measured against the Canadian dollar.

During June 2017, the Company granted 675,000 stock options, with an exercise price of \$0.30 to directors, officers and consultants of the Company. The fair value of the stock options was estimated at the grant date using the Black-Scholes option pricing model. 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% on each of the six and 12 month anniversaries of the grant date.

Based on the Black-Scholes model and the assumptions outlined above, the estimated fair value of the stock option grants is \$150,452 (per option - \$0.223), which will be amortized over the corresponding one year vesting period. As a result, stock-based compensation of \$119,109 has been recorded in 2017 with a remainder of \$31,343 to be recorded in 2018.

Interest income in 2017 declined to \$17,543 from \$83,919 in 2016. In 2016, the Company recorded interest of \$55,249 on larger cash deposits. During the current year, with the Company's COB to an Investment Issuer, the Company has invested its surplus cash in shares of publicly-traded marketable securities. While the Company continues to be entitled to interest of approximately \$28,000 per year on the outstanding note receivable, this interest was not been recorded in the current year. In the final quarter of 2017, the Company recorded a valuation allowance of \$292,312 against the full amount of the outstanding note receivable.

In 2016, the Company recorded a net gain on its investment and litigation with OneUp Sports of \$320,000 for the cash received pursuant to the settlement agreement.

### Selected Financial Information

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

| For the quarter ended                                | Dec 31,<br>2017<br>\$ | Sept 30,<br>2017<br>\$ | June 30,<br>2017<br>\$ | Mar 31,<br>2017<br>\$ | Dec 31,<br>2016<br>\$ | Sept 30,<br>2016<br>\$ | June 30,<br>2016<br>\$ | Mar 31,<br>2016<br>\$ |
|--|-----------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|
| Realized gain (loss) on investments                  | 192,735               | (8,659)                | -                      | -                     | -                     | -                      | -                      | -                     |
| Operating expenses                                   | (176,879)             | (159,581)              | (132,413)              | (85,332)              | (63,870)              | (107,921)              | (110,128)              | (128,267)             |
| Unrealized gain (loss) on marketable securities      | 1,797,323             | 248,935                | (461,810)              | 55,233                | -                     | -                      | -                      | -                     |
| Write down of note receivable                        | (292,312)             | -                      | -                      | -                     | -                     | -                      | -                      | -                     |
| Interest income                                      | 673                   | 1,153                  | 5,993                  | 9,724                 | 19,237                | 23,421                 | 20,128                 | 21,133                |
| Gain (Write-down) on OneUp Sports settlement         | -                     | -                      | -                      | -                     | (757,305)             | -                      | -                      | 1,077,305             |
| Income tax recovery                                  | -                     | -                      | -                      | -                     | -                     | -                      | -                      | -                     |
| <b>Net (loss) earnings</b>                           | <b>1,521,540</b>      | <b>81,847</b>          | <b>(588,230)</b>       | <b>(20,375)</b>       | <b>(801,938)</b>      | <b>(84,500)</b>        | <b>(90,000)</b>        | <b>970,171</b>        |
| Net (loss) income per share                          | \$0.064               | \$0.004                | (\$0.025)              | (\$0.001)             | (\$0.034)             | (\$0.004)              | (\$0.004)              | \$0.041               |
| <b>Cash</b>  | <b>772,290</b>        | <b>1,420,459</b>       | <b>2,523,805</b>       | <b>5,495,935</b>      | <b>6,353,915</b>      | <b>6,424,716</b>       | <b>6,059,097</b>       | <b>6,257,840</b>      |
| Investments in publicly-traded marketable securities | 7,020,725             | 4,470,186              | 3,218,784              | 826,222               | -                     | -                      | -                      | -                     |
| Total assets   | 7,800,433             | 6,200,751              | 6,067,844              | 6,677,989             | 6,677,101             | 7,487,334              | 7,572,186              | 8,009,111             |
| Total liabilities                                    | 111,510               | 77,251                 | 82,611                 | 123,333               | 102,069               | 110,366                | 110,718                | 197,902               |
| <b>Shareholders' Equity</b>                          | <b>7,688,923</b>      | <b>6,123,500</b>       | <b>5,985,233</b>       | <b>6,554,656</b>      | <b>6,575,031</b>      | <b>7,376,968</b>       | <b>7,461,468</b>       | <b>7,811,209</b>      |

### Results of Operations for the quarter ended December 31, 2017

The Company reported net income for the quarter ended December 31, 2017 of \$1,521,540 or \$0.064 per share as compared to a net loss of \$801,938 or \$0.034 per share in the quarter ended December 31, 2016. In the current quarter, the Company realized gains on its investment portfolio of \$192,735 consisting of net capital gains of \$182,800 and dividends of \$9,935. The current quarter's income includes an unrealized gain on marketable securities of \$1,797,323 or \$0.08 per share (see summary below).

During the current quarter, the Company incurred consulting fees of \$95,825 (quarter ended December 31, 2016 - \$18,877) including CFO fees of \$7,875, management service fees paid to Numus Financial of \$7,950 and \$80,000 paid to the Chief Investment Officer. In 2016, the Company incurred CFO consulting fees of \$13,500 primarily associated with the Company's COB application and management services fees of \$4,950 with Numus Financial. In the current quarter the Company incurred directors' fees of \$17,157 (quarter ended December 31, 2016 - \$11,375). The Company incurred minimal professional fees of \$5,750 in the fourth quarter of 2017. During the fourth quarter of 2016, the Company incurred professional fees of \$17,157 which included certain costs associated with its COB application.

The Company is amortizing the fair value of its stock options, estimated using the Black-Scholes option pricing model, over the corresponding vesting period. As a result, stock-based compensation of \$43,882 has been recorded for the final quarter 2017.

In the final quarter of 2017, the Company incurred stock exchange and maintenance fees of \$3,351 and similar fees of \$7,479 in the final quarter of 2016. In the final quarter of 2016, the Company incurred \$4,238 to its transfer agent to cover printing and mailing costs for its COB shareholders meeting. In the final quarter of 2017, the Company incurred travel costs of \$1,250 (quarter ended December 31, 2016 - \$2,754) and administration costs of \$3,989 (quarter ended December 31, 2016 - \$4,554) associated with its business and investment activities. The Company also incurred a foreign exchange gain of \$623 (quarter ended December 31, 2016 - \$2,463) in the current quarter on US\$ denominated items measured against the Canadian dollar.

In the current quarter, the Company earned interest income of \$673 on its cash deposits; down from \$19,237 in the comparable quarter. In the final quarter of 2016, the Company recorded interest of \$12,000 on much larger cash deposits and \$7,200 on its note receivable. While the Company continues to be entitled to interest on the outstanding note receivable, no interest was recorded in the 2017.

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 of 2016, after the Company's assessment of various impairment indicators, it recorded a reversal of this gain in the amount of \$757,305. Therefore, the net 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.

The Company's investment activity and fair value of the unrealized gains and losses as at December 31, 2017 are summarized as follows:

|  | Shares<br># | Amount<br>Invested<br>\$ | Market<br>Value<br>Dec 31, 2017<br>\$ | Gain/ (Loss)<br>Quarter ended<br>Dec 31, 2017<br>\$ | Gain/ (Loss)<br>YTD ended<br>Dec 31, 2017<br>\$ |
|--|-------------|--------------------------|---------------------------------------|---|---|
| Iron Bridge Resources Inc.               | 1,876,500   | 1,527,120                | 1,351,080                             | 168,885   | (176,040)                                       |
| Aguia Resources Limited                  |             |                          |                                       |   |   |
| Common shares                            | 2,814,843   | 1,348,242                | 985,195                               | (113,572)   | (363,047)                                       |
| Warrants                                 | 1,250,000   | -                        | -                                     | -   | -   |
| AnalytixInsight Inc.                     |             |                          |                                       |   |   |
| Common shares                            | 2,272,500   | 485,614                  | 1,249,875                             | 714,261   | 764,261   |
| Warrants                                 | 1,250,000   | -                        | 250,000                               | 250,000   | 250,000   |
| kneat.com, inc.                          | 1,000,000   | 600,000                  | 850,000                               | 80,000  | 250,000   |
| eXeBlock Technology Corp. <sup>(a)</sup> |             |                          |                                       |   |   |
| Common shares                            | 925,000     | 155,750                  | 869,500                               | 545,750   | 713,750   |
| Warrants                                 | 262,500     | -                        | 233,625                               | 154,875   | 233,625   |
| Pivot Technology Solutions               | 190,500     | 496,717                  | 419,100                               | (47,625)  | (77,617)  |
| Westdome Gold Mines                      | 125,000     | 254,777                  | 263,750                               | 8,973   | 8,973   |
| DHX Media                                | 90,000      | 372,824                  | 408,600                               | 35,776  | 35,776  |
| Other securities                         | -           | 140,000                  | 140,000                               | -   | -   |
|  |             | 5,381,044                | 7,020,725                             | 1,797,322   | 1,639,681                                       |

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

During the fourth quarter and year ended December 31, 2017, the investment portfolio had an unrealized gain of \$1.8 million and \$1.6 million, respectively. The unrealized gain resulted from the Company's investment in ALY with an unrealized gain of \$764,261 and XBLK with an unrealized gain of \$713,750. However, certain investments had a negative impact on the value of the overall portfolio. The value of IBR declined by \$176,040 and AGR fell by \$363,047.

IBR decreased the value of the portfolio during the year, despite a recovery of \$168,885 in the fourth quarter. The Company's original investment had an unrealized loss of \$176,040 in 2017, even with the West Texas Intermediate ("WTI") oil price rising by 12.5% during the same period.

The disconnect between the WTI oil price and oil company share price performance was systemic across the North American small cap oil and gas sector. For example, the BMO Junior Oil & Gas Index fell by 18.4% during 2017, compared to a 12.5% rise in the price of WTI oil. The disconnect can be attributed to natural gas price weakness. More importantly, the Company believes it reflects a lack of confidence in the market that the current oil rally is sustainable. With OPEC maintaining its output limits and oil price demand growth expectations, the Company believes oil prices should remain elevated into the foreseeable future. Depressed sentiment in the oil space has led to oil stocks trading at an all-time discount in relation to the price of oil. This dynamic is unsustainable and the Company expects oil stocks to rebound when the market fully appreciates the strength of global demand.

Against this backdrop, the Company envisions IBR doing well moving forward. IBR has claim to 58,000 net acres at Elmworth, where its land package is surrounded by private companies that have been rumored to be raising capital at \$10,000 - \$13,000 an acre. Given that Iron Bridge employs a market cap of roughly \$80 million, the Company believes there is tremendous embedded value if the market begins to assign a value per acre at Elmworth more in line with adjacent operators. Even if one assigns a conservative value of \$5,000 per acre to Iron Bridge's 58,000 acre Elmworth land package, it could support a company valuation north of \$290 million.

AGR had a soft fourth quarter and decreased the value of the portfolio for 2017 by an unrealized loss of \$363,047. This was driven by unexpectedly weak trading volumes after the company listed on the Canadian Venture Exchange. The Company had expected that the dual listing on the TSXV, complementing its existing ASX listing, would create a new wave of buying interest from Canadian institutional investors. This view was predicated on the understanding that there are very few small cap fertilizer companies trading in Canada, despite a historically strong institutional appetite for quality early stage fertilizer plays. This interest did not come to fruition, despite AGR executing its operational objectives. The Company believes the lack of interest in the stock can be attributed to a weak agricultural commodity market and soft global fertilizer prices. For example, over the course of 2017 the price of wheat and corn fell by 8.2% and 9.5% respectfully; whereas, Moroccan phosphate prices dropped by 22.1%. Against these unexpectedly severe commodity price declines, it is extremely difficult for a phosphate development company to gain traction in the market, even after meeting its objectives on the ground.

Torrent Capital 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. Furthermore, oil prices lead to cost push within other segments of the commodity market, as it drives up the cost curve, and eventually, spot prices. The Company expects agricultural commodities to trend higher as they play catch up with the other outperforming segments of the commodity market.

AGR should gain traction as agricultural commodity prices stabilize and the company continues to execute on its near term operational initiatives. By all indications, the stock appears to be very undervalued at current levels. AGR currently has a marketcap of roughly \$40Mil, meaning the company trades at only 0.15X NPV. In a normal market, phosphate companies at a similar stage of development would be expected to trade at a minimum of 0.50X NPV. This suggests that AGR investors should enjoy sizeable gains when the fertilizer market normalizes.

Torrent Capital's position in ALY contributed an unrealized gain of \$714,261 during the fourth quarter and \$764,261 for the year. However, ALY has given back a substantial portion of these gains in the first quarter of 2018 with its share price declining from \$0.55 per share at year end to \$0.40 per share at March 31, 2018.

By all indication, 2017 was a transformative year for ALY. The company quadrupled revenues and was profitable and cash flow positive in the third and fourth quarter for the first time in its history. ALY expanded its network of high profile clients, its underlying divisions performed well and ALY ended the year with a strong working capital position.

ALY is just hitting its stride after fine tuning its suite of products. It is well-funded and enjoying a phase of rapid growth. In addition to strength in the company's key divisions, the Company envisions the potential monetization of the Marketwall joint venture to get a lot of attention from the market. A potential spinout of MarketWall may attract a superior valuation that is not yet reflected in ALY's share price.

Despite its strong financial performance and sound prospects, the company appears to be undervalued at its \$30 million market cap. In terms of comparable transactions, TD Bank recently acquired the AI focused Fintech company Layer6 for \$100 million, despite that company having no revenue, offering a very specialized back office function and its technology remaining largely untested. ALY has a proven business model and its MarketWall application is a business critical platform with multiple front office functions that are revenue and profit accretive. In terms of multiples, ALY trades at an EV/Trailing Revenue of 6X, which is very modest for a company growing revenues and considerable embedded intellectual property.

Kneat.com, Inc ("KSI") performed well during the fourth quarter of 2017 and for the year then ended, with an unrealized gain of \$250,000. Kneat's product has been in development for many years and it is now in the early stage of the rollout, which has begun to create excitement in the market. The company has hired an international sales team to approach large, highly regulated companies, such as big pharma, and is piloting its Kneat Gx platform with companies across the life sciences sector.

KSI should continue to garner a significant amount of investor interest as it rolls out its product and continues to demonstrate the effectiveness of the platform. The sales cycle in this segment of the market is long, but the relationships are very profitable and long term in nature. KSI's value proposition is strong as it continues to demonstrate that its product is easy to use across many segments of the life sciences sector. Using the Kneat Gx platform has proven to reduce data integrity issues, increase productivity and deliver a higher compliance standard. As KSI continues to attract large, well-known organizations to install Kneat's platform across their organizations, investor confidence has grown.

Kneat recently completed a private placement for gross proceeds of \$6.2 million, issuing 7 million shares at an issue price of \$0.90 per share. The company is in a strong financial position as it looks to expand the sales and marketing functions, service existing clients and further expand the customer pipeline.

The Company had an unrealized gain of \$467,000 in XBLK during the fourth quarter of 2017 and \$713,750 for the year. However, XBLK has given back a substantial portion of these gains in the first quarter of 2018 with its share price declining from \$0.94 per share at year end to \$0.25 per share at March 31, 2018.

When XBLK commenced trading in October 2017, it benefitted from a wave of investor interest in the cryptocurrency space, and in particular, towards those companies with exposure to blockchain technology. There are differing views on the potential for blockchain technology and its ability to revolutionize various industries. Some expectations surrounding the sector have been recklessly optimistic, and others far too somber. The Company's view falls somewhere in the middle, given that we believe the industry has a long way to go before it meets the markets most bullish expectations. On the other hand, the Company believes that the sector has disruptive characteristics that are applicable to a wide range of industries, which varies from the most pessimistic view that suggests all blockchain focused companies represent an investment bubble.

The Company expects XBLK to do well when the dust settles in the blockchain space and quality companies emerge to the forefront. eXeBlock 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.

### 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 of 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, in the prior year, 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 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

| Year ended   | Dec 31,<br>2017<br>\$ | Dec 31,<br>2016<br>\$ | Dec 31,<br>2015<br>\$ |
|--|-----------------------|-----------------------|-----------------------|
| <b>Cash</b>  | 772,290               | 6,353,915             | 6,479,569             |
| Investments in publicly-traded marketable securities | 7,020,725             | -                     | -                     |
| Total assets   | 7,800,433             | 6,677,101             | 6,907,173             |
| Total liabilities                                    | 111,510               | 102,070               | 325,876               |
| <b>Shareholders' Equity</b>                          | <b>7,688,923</b>      | <b>6,575,031</b>      | <b>6,581,297</b>      |

The Company has working capital as at December 31, 2017 of \$668,197 (excluding investments) and a cash balance of \$772,290. During the year ended December 31, 2017, the Company invested in publicly-traded marketable securities at a cost of \$5,381,044. 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 December 31 2017, the Note remains outstanding and continues to accrue interest. The Company recorded a valuation allowance against the full value of the Note in the fourth quarter.

During the year ended December 31, 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 in the first quarter of 2017, the Company commenced the implementation of its business plan as an Investment Issuer. During the year to the end of December 2017, the Company has invested \$5.4 million in shares of ten different publicly-traded companies with investments ranging from \$40,000 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 December 31, 2017, and April 26, 2018, the Company has 23,648,333 common shares issued and outstanding and 1,241,666 stock options outstanding.

### **Transactions with Related Parties**

The Company entered into the following transactions with related parties:

- During the year ended December 31, 2017, the Company paid director fees of \$63,205 (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 year ended December 31, 2017, the Company paid fees to its CFO, Rob Randall in the amount of \$49,988 (six months ended December 31, 2016 - \$31,800).
- During the year ended December 31, 2017, the Company paid fees to its Chief Investment Officer, Scott Gardner in the amount of \$160,000.
- During the year ended December 31, 2017, the Company paid management services fees, rent and other fees of \$48,070 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, 2017 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 income (loss) 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.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices]; and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

## **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.

### **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. The Company has completed its assessment and there will be no significant impact on the financial statements.

### **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 MD&A and the accompanying audited 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).