
TORRENT CAPITAL LTD.
(formerly Metallum Resources Inc.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying financial statements of Torrent Capital Ltd. (formerly Metallum Resources Inc.) (the "Company") are the responsibility of the management and Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS").

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, financial performance and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Halifax, Canada

(signed) "*Wade Dawe*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Robert Randall*"
Chief Financial Officer
Halifax, Nova Scotia

Independent Auditors' Report

To the Shareholders of Torrent Capital Ltd.:

We have audited the accompanying financial statements of Torrent Capital Ltd., which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Torrent Capital Ltd. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Mississauga, Ontario
April 26, 2018

MNP

Torrent Capital Ltd.
Statements of Financial Position
As at December 31, 2017 and 2016
(Expressed in Canadian dollars unless otherwise indicated)

	2017 \$	2016 \$
ASSETS		
Current assets		
Cash and cash equivalents	772,290	6,353,915
Sundry receivables	4,744	30,874
Prepaid expenses	2,674	-
Investments in publicly-traded securities (note 5)	7,020,725	-
Loan receivable (note 6)	-	292,312
	7,800,433	6,677,101
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	111,510	102,070
EQUITY		
Share capital (note 8)	8,119,404	8,119,404
Contributed surplus (note 9)	2,423,021	2,303,912
Deficit	(2,853,502)	(3,848,285)
	7,688,923	6,575,031
	7,800,433	6,677,101

Nature of operations (note 1)

Approved on Behalf of the Board:

"Wade Dawe"
Director

"Jim Megann"
Director

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

Torrent Capital Ltd.

Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2017 and 2016

(Expressed in Canadian dollars unless otherwise indicated)

	2017	2016
	\$	\$
REVENUE		
Interest income (note 6)	17,543	83,919
Realized gain on investments	184,076	-
Unrealized gain on investments (note 5)	1,639,681	-
	1,841,300	83,919
EXPENSES		
Consulting and wages (note 10)	232,788	68,190
Professional fees (note 10)	30,752	213,908
Directors fees (note 10)	63,205	53,500
Insurance	26,216	20,823
Stock exchange and maintenance fees	34,948	42,490
Office and administration	17,819	2,852
Travel	8,555	2,754
Rent (note 10)	12,420	6,712
Stock-based compensation	119,109	-
Loss (gain) on foreign exchange	8,393	(1,044)
	554,205	410,185
Operating income (loss) before the following	1,287,095	(326,266)
Write down of notes receivable (note 6)	292,312	-
Gain on litigation settlement – net (note 7)	-	320,000
INCOME (LOSS) BEFORE INCOME TAXES	994,783	(6,266)
Recovery of income taxes	-	-
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	994,783	(6,266)
Basic and diluted income (loss) per share	0.04	(0.00)
Weighted average number of shares outstanding	23,648,333	23,648,333

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

Torrent Capital Ltd.

Statements of Changes in Shareholders' Equity

For the years ended December 31, 2017 and 2016

(Expressed in Canadian dollars unless otherwise indicated)

	Common Shares #	Share Capital \$	Reserves \$	Deficit \$	Total \$
Balance, December 31, 2015	23,648,333	8,119,404	2,303,912	(3,842,019)	6,581,297
Net loss for the year	-	-	-	(6,266)	(6,266)
Balance, December 31, 2016	23,648,333	8,119,404	2,303,912	(3,848,285)	6,575,031
Net income for the year	-	-	-	994,783	994,783
Stock-based compensation	-	-	119,109	-	119,109
Balance, December 31, 2017	23,648,333	8,119,404	2,423,021	(2,853,502)	7,688,923

On February 1, 2017, the Company completed a one-for-three share consolidation. All references to the number of common shares have been adjusted retrospectively to reflect the Company's one-for-three share consolidation for all periods disclosed in these financial statements.

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

Torrent Capital Ltd.
Statement of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars unless otherwise indicated)

	2017	2016
	\$	\$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net income (loss) for the year	994,783	(6,266)
Items not affecting cash:		
Unrealized gain on investments	(1,639,681)	-
Stock-based compensation	119,109	-
Write-down of note receivable	292,312	-
Write down of settlement proceeds receivable and investments	-	757,305
Gain on litigation settlement	-	(1,077,305)
	(233,477)	(326,266)
Adjustments for:		
Acquisition of publicly-traded securities	(5,381,044)	-
Accrued interest on loan receivable	-	(28,670)
Sundry receivables	26,130	(3,993)
Prepaid expenses	(2,674)	11,185
Settlement proceeds received	-	320,000
Income taxes recovered	-	125,896
Accounts payable and accrued liabilities	9,440	(223,806)
	(5,348,148)	200,612
CHANGE IN CASH AND CASH EQUIVALENTS	(5,581,625)	(125,654)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,353,915	6,479,569
CASH AND CASH EQUIVALENTS, END OF YEAR	772,290	6,353,915
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest received	17,543	55,249

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

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Torrent Capital Ltd. (the "Company" or "Torrent") received final approval from the TSX Venture Exchange (the "Exchange") for its change of business from a Mining Issuer to an Investment Issuer on February 2, 2017. On a go forward basis, the Company will focus upon strategic investments in public and private company securities. Trading in the Company's shares resumed on February 6, 2017 under the symbol TORR.

The Company's corporate office is located at Suite 2001 – 1969 Upper Water Street, Purdy's Wharf II, Halifax, Nova Scotia, Canada, B3J 3R7.

As at December 31, 2017, the Company had cash and cash equivalents of \$772,290 (December 31, 2016 - \$6,353,915) and working capital of \$7,688,923 (December 31, 2016 - \$6,282,719). Management believes that it has sufficient funds to pay its ongoing administrative expenses and its liabilities for the ensuing twelve months as they normally fall due.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on April 26, 2018.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Financial Instruments

The Company's financial instruments consist of the following:

Financial Assets:	Classification:
Cash and cash equivalents	Loans and receivables
Loan receivable	Loans and receivables
Investments in publicly-traded securities	Fair value through profit and loss
Financial Liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Financial assets

Financial assets within the scope of IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") are classified as financial assets at FVTPL, loans and receivables, held-to-maturity investments, available-for-sale financial assets or financial derivatives, as appropriate.

Fair value through profit or loss – Financial assets at fair value through profit or loss ("FVTPL") are measured at fair value with changes in fair value recognized in net profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

Available-for-sale – Non-derivative financial assets not included in the above category are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of an impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in net income.

Classification

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of investments not at FVTPL, directly attributable transaction costs. The Company's financial assets include cash and cash equivalents, loan receivable, and investments in publicly traded securities.

Recognition and measurement

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.

Determination of fair values

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.

Publicly-traded investments (i.e., securities of issuers that are public companies):

- a. Securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted trading prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period.
- b. For warrants and options which are not traded on a recognized securities exchange, no market value is readily available. The warrants and options are valued at intrinsic value, which is equal to the higher of the closing trading prices at the end of the reporting period of the underlying security less the exercise price of the warrant or option and zero.

Private company investments:

- a. For private company shares which are not traded on a recognized securities exchange, no market value is readily available. The private company shares may be valued based on the pricing of a recent significant financing.

Disposition of investments

Realized gains and losses on the disposal of investments and unrealized gains and losses on securities classified as fair value through profit and loss are reflected in profit or loss on the trade date and are calculated on an average cost basis.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

Impairment

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

As of December 31, 2017, and 2016, the fair values of cash and cash equivalents and sundry receivables approximates their amortized costs due to their short-term nature.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loans receivable, where the carrying amount is reduced through the use of an allowance account. When an account or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other Financial Liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the net carrying amount on initial recognition.

As of December 31, 2017 and 2016, the fair value of accounts payable and accrued liabilities approximates their amortized cost due to their short-term nature.

De-recognition of Financial Liabilities

The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

Financial Instruments Recorded at Fair Value

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].

Investments consist of the following at December 31, 2017:

Investments	Cost \$	Level 1 Quoted Market Price \$	Level 2 Observable Market Inputs \$	Total Fair Value \$
Equities	5,381,044	6,537,100	-	6,537,100
Warrants	-	-	483,625	483,625
Total investments	5,381,400	6,537,100	483,625	7,020,725

Cash and cash equivalents

Cash in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and higher yield investment and savings accounts that are available on demand by the Company.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company had no material provisions at December 31, 2017 or December 31, 2016.

Share-Based Payment Transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted during the period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Income (Loss) Per Share

The Company presents basic and diluted income (loss) per share data for its common shares outstanding, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. As at December 31, 2017 and 2016, basic and diluted income (loss) per share were the same.

Foreign Currencies

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of reporting period exchange rates are recognized in the statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments 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. These financial statements include estimates that, by their nature, are uncertain. 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Income Taxes and Recovery of Deferred Tax Assets

The measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Stock-Based Compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statements of income (loss) and comprehensive income (loss) based on estimates of forfeiture and expected lives of the underlying stock options.

Fair Value of Investment in Securities Not Quoted in an Active Market

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position, including equities and warrants, cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Changes

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements.

- (i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and in its final form in June 2015 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 when it becomes effective. The Company has completed its assessment and there will be no significant impact on the financial statements.
- (ii) 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.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, equity settled share-based payments reserve, and deficit, which at December 31, 2017 totaled \$7,688,923 (December 31, 2016 - \$6,575,031). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2017. The Company is not subject to any capital requirements or restrictions.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

4. FINANCIAL RISK FACTORS

Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate and foreign exchange rate).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and its loan receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash at banks and on hand, short-term deposits with an original maturity of three months or less. The cash on hand and short-term deposits have been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote. As at December 31, 2017, the Company held \$79,280 (2016 - \$5,923,565) in short-term deposits.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2017, the Company had a cash balance and cash equivalents of \$772,290 (December 31, 2016 - \$6,353,915) to settle current liabilities of \$111,510 (December 31, 2016 - \$102,070). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

4. FINANCIAL RISK FACTORS (Continued)

Financial Risk (Continued)

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) **Interest Rate Risk**

The Company has cash balances, a loan receivable and no interest-bearing debt. The loan receivable bears interest at a fixed rate (Note 6). The Company regularly monitors its cash management policy.

(ii) **Foreign Exchange Risk**

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal, and therefore does not hedge its foreign exchange risk.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net income for the year ended December 31, 2017.

(ii) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents denominated in US dollar. A plus or minus 5% change in foreign exchange rates applied to the financial instruments held at the end of the reporting period would affect net loss by approximately \$3,773 (December 31, 2016 - \$4,021).

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars unless otherwise noted)

5. INVESTMENTS

	Shares #	Amount Invested \$	Market Value December 31, 2017 \$	Unrealized Gain/(Loss) year ended December 31, 2017 \$
Iron Bridge Resources Inc.	1,876,500	1,527,120	1,351,080	(176,040)
Aguia Resources Limited				
Common shares	2,814,843	1,348,242	985,195	(363,047)
Warrants	1,250,000	-	-	-
AnalytixInsight Inc.				
Common shares	2,272,500	485,614	1,249,875	764,261
Warrants	1,250,000	-	250,000	250,000
kneat.com, inc.	1,000,000	600,000	850,000	250,000
eXeBlock Technology Corporation				
Common shares (a)	925,000	155,750	869,500	713,750
Warrants	262,500	-	233,625	233,625
Pivot Technology Solutions	190,500	496,717	419,100	(77,617)
Westdome Gold Mines	125,000	254,777	263,750	8,973
DHX Media	90,000	372,824	408,600	35,776
Other public companies	365,715	140,000	140,000	-
		5,381,044	7,020,725	1,639,681

(a) Certain shares in eXeBlock Technology Corporation are subject a statutory four-month hold period and voluntary pooling. The hold period on 400,000 shares expired on February 5, 2018. These shares are also subject to a voluntary pooling agreement, under which, 25% were eligible for release on listing on November 8, 2017 and an additional 25% will be released every three months thereafter being February 8, 2018, May 8, 2018 and August 8, 2018.

6. LOAN RECEIVABLE

On November 20, 2013, the Company announced it had entered into an agreement to loan (the "Loan") \$1.5 million to 2390110 Ontario Inc. (the "Borrower"), an arm's length entity incorporated to acquire a property located at 321 University Avenue, Belleville, Ontario (the "Property"). The Borrower raised additional funds to complete the purchase of the Property.

The Loan and a finance fee (the "Finance Fee") of \$180,000, payable to the Company by the Borrower, bore interest at a rate of 2% monthly, commencing on March 31, 2014.

The Loan was secured by a mortgage on the Property, a general security granted from the Borrower in favour of the Company and a guarantee and pledge of securities by the principal of the Borrower in favour of the Company, all of which ranked pari passu with another lender of the Borrower.

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For the years ended December 31, 2017 and 2016

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6. LOAN RECEIVABLE (continued)

On February 10, 2015, the Company received repayment of \$1.715 million in settlement of this loan. 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 the net interest balance as at February 10, 2015. The Note, bearing interest at 12% per annum, matured on December 31, 2015. As at December 31, 2017, the Note remained outstanding and continues to accrue interest. For the year ended December 31, 2017, interest income of \$17,543 (December 31, 2016 - \$28,670) was recognized on the statements of income (loss) and comprehensive income (loss) in respect to the Note. The Company did not record any interest in 2017 and recorded a write-down of the note receivable in the fourth quarter.

7. 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 arms-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 it was in breach of the terms of the Arrangement Agreement between Torrent and OneUp Sports. 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 a settlement arrangement (the "Settlement Agreement"). Under the terms of the Settlement Agreement, OneUp Sports Canada will pay and issue to Torrent consideration consisting of:

1. Cash in the amount of CDN \$570,000 (received CDN \$320,000 in 2016), 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;
2. 1,562,500 class A common shares of OneUp Canada (received in April 2016); and
3. 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 (received in April 2016).

After a thorough review of OneUp Sports and in light of numerous legal actions against it, the Company determined the presence of various impairment indicators related to its investment in OneUp Sports and the outstanding settlement amount receivable. 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, effective December 31, 2016, the Company recorded an impairment charge equal to \$757,305 representing the outstanding amount receivable of \$250,000 and the value of its investment in 1,562,500 common shares and 800,000 warrants of OneUp Sports. This resulted in an overall net gain of \$320,000 based on the settlement cash received in mid-2016.

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8. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

(b) ISSUED

	Number of Shares Outstanding	\$
Balance – December 31, 2017 and 2016	23,648,333	8,119,404

On February 1, 2017, the Company completed a one-for-three share consolidation. All references to the number of common shares have been adjusted retrospectively to reflect the Company's one-for-three share consolidation for all periods disclosed in these financial statements.

(c) ESCROWED

As a result of the Company's change of business, 4,189,204 common shares held by the directors were subject to a Tier 1 Value Escrow Agreement. There was an initial release of 963,583 (23%) of the escrowed securities on February 2, 2017 and the remaining shares will be released at a rate of 1,075,207 (25.7%) every six months thereafter. As at December 31, 2017, 2,150,418 shares continue to be escrowed.

9. STOCK OPTIONS AND RESTRICTED SHARE UNITS

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants. The Company also has a restricted share unit plan, under which the Company can issue up to 800,000 shares. The restricted share plan together with the option plan shall not exceed 10% of the issued and outstanding common shares of the Company. The options can have up to a ten-year life and the vesting period is set by the Board. Options are granted at a price no lower than the market price of the common shares. The performance criteria and performance period of the restricted shares units are determined by the Board of Directors.

On June 15, 2017, the Company granted 675,000 stock options to directors, officers, employees and consultants. The options are exercisable at a price of \$0.30 per share and expire on June 15, 2022. The options will vest at a rate of 50% of the total on each of the six and twelve month anniversaries of the grant date.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. The assumptions used in the pricing model for the options issued during the year ended December 31, 2017 were as follows:

Risk free interest rate	1%
Expected volatility	100%
Expected dividend yield	-
Expected life	5 years
Weighted average fair value per option	\$0.223

Torrent Capital Ltd.

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(expressed in Canadian dollars unless otherwise noted)

9. STOCK OPTIONS AND RESTRICTED SHARE UNITS (Continued)

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the granted options is \$150,452. This amount is amortized over the vesting period and \$119,109 has been expensed during the year ended December 31, 2017.

As at December 31, 2017, 904,166 stock options were fully vested and exercisable. The following table reflects the stock options for the year ended December 31, 2017:

	Number of Stock Options Outstanding	Weighted Average Exercise Price \$
Balance - December 31, 2016 and 2015	616,666	0.32
Options granted	675,000	0.30
Options expired	(50,000)	0.48
Balance – December 31, 2017	1,241,666	0.30

The following table reflects the stock options outstanding as at December 31, 2017:

Expiry Date	Exercise Price \$	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value \$
May 24, 2018	0.30	0.4 years	433,333	71,500
November 21, 2019	0.30	1.9 years	133,333	33,720
June 15, 2022	0.30	4.5 years	675,000	150,452
	0.30	2.8 years	1,241,666	

10. RELATED PARTY TRANSACTIONS AND BALANCES

Remuneration of Directors and key management personnel of the Company was as follows:

	2017 \$	2016 \$
Director remuneration	63,205	53,500
Management service fees and rent (notes i and ii)	48,070	33,981
CFO remuneration – R. Randall	49,988	31,800
Chief Investment Officer – S. Gardner	160,000	-
Professional fees to a director	-	70,000
CEO and CFO remuneration (note i)	-	25,900
	321,263	215,181

Torrent Capital Ltd.

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10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- i) During the year ended December 31, 2017, the Company incurred management services fees of \$22,800 (year ended December 31, 2016 - \$8,250), rent of \$12,420 (year ended December 31, 2016 - \$5,175) and other fees of \$12,850 (year ended December 31, 2016 - \$nil) with Numus Financial Inc., a company owned by two directors.
- ii) During the year ended December 31, 2016, the Company expensed \$46,456 to Marrelli Support Services Inc. (“Marrelli Support”) and DSA Corporate Services Inc. (the “DSA”), together known as the “Marrelli Group” for:
 - (a) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer (until August 2016) and interim Chief Executive Officer (until May 2016) of the Company;
 - (b) Bookkeeping and office support services; and
 - (c) Regulatory filing services.

The Marrelli Group and Numus Financial were also reimbursed for out of pocket expenses.

In June 2017, the Company issued 625,000 stock options to directors and officers. The estimated fair value of these stock options was \$139,307, of which stock-based compensation of \$110,285 has been recognized in the year ended December 31, 2017.

As of December 31, 2017, related parties were owed \$72,562 (December 31, 2016 - \$18,928). These amounts are included in accounts payable and accrued liabilities.

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

Torrent Capital Ltd.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

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11. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 – 26.5%) to the effective tax rate is as follows:

	December 31, 2017 \$	December 31, 2016 \$
Income (loss) before recovery of income taxes	994,783	(6,266)
Expected income tax (recovery) expense	308,380	(1,660)
Permanent difference regarding accounting gain on investments	(254,160)	5,140
Tax rate changes and other adjustments	(94,240)	(23,330)
Capital loss on settlement of debt	36,930	-
Stock based compensation and other undeductible items	37,870	-
Change in tax benefits not recognized	(34,780)	19,850
Income tax (recovery) expense	-	-

Deferred Tax

The following table summarizes the components of deferred tax:

	December 31, 2017 \$	December 31, 2016 \$
Deferred Tax Asset		
Capital losses carried forward	175,520	-
Deferred Tax Liability		
Unrealized gains on investments	(175,520)	-
Net deferred tax	-	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the right and intent to offset.

Torrent Capital Ltd.

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11. INCOME TAXES (continued)

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized with respect to the following deductible temporary differences:

Deferred Income Tax Assets	December 31, 2017 \$	December 31, 2016 \$
Exploration and evaluation assets	322,420	398,050
Intangible asset	244,440	262,830
Marketable securities	-	507,310
Non-capital losses carried forward	772,410	384,060
Net capital losses carried forward	561,310	1,455,420

The Canadian non-capital loss carry forwards expire from 2035 to 2037. The net capital loss carry forwards may be carried forward indefinitely, but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.