Torrent Capital Ltd.
Management Discussion and Analysis
Year ended December 31, 2020

This Management's Discussion and Analysis ("MD&A") of Torrent Capital Ltd. ("Torrent" or the "Company") is dated April 16, 2021 and provides an analysis of the financial operating results for the years ended December 31, 2020 and December 31, 2019. This MD&A should be read in conjunction with the audited annual financial statements and accompanying notes for the years ended December 31, 2020 and December 31, 2019 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 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 MD&A 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. 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", "projections" 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 and competitive, risks relating to investment decisions; investee company outlook and performance of the investments; the Company's 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 the Board of Directors, 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.

Company Overview

Torrent Capital Ltd. ("Torrent", or the "Company") is a publicly traded investment company & merchant bank listed under the symbol TORR on the TSX Venture Exchange ("TSXV"). Torrent invests primarily in the securities of public and private 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 (the "Board").

Torrent invests in companies that are deemed to be trading at a discount to their intrinsic value or in early-stage businesses offering a potential high return on investment. On behalf of our shareholders, Torrent allocates its capital towards a multitude of sectors and businesses at various stages of development. The Company typically maintains a concentrated portfolio of public securities and may invest in private placements, event driven opportunities, special situations and private companies with a clear liquidity window. Torrent also provides merchant banking services to select companies in conjunction with our investment mandate. Advisory services are focused on those businesses that may benefit from our extensive corporate finance and capital markets experience.

Investment Issuer Objective

Investment Strategy

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 maintain a diversified portfolio of investments. The composition of its Investment Portfolio will vary over time depending on its assessment of several factors including the performance of financial markets and credit risk.

The following are the guidelines for Torrent'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, 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 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.
- Torrent's investment time horizon varies from investment to investment and contains a mix of short, medium and longer-term investments. The Company reserves the right to increase or decrease its investment position at any time. As a matter of practice, the Company does not report on its investment activity or position changes between quarterly results.
- Upon achieving large gains or stock appreciation in any single investment, it is the Company's policy to reduce our investment position over time to ensure that no investment represents a disproportionate share of Torrent's Investment Portfolio.
- Depending on market conditions, the Company intends to fully invest its available capital, apart from working capital requirements. 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.

The Company's Management and the Board 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 initiated and maintains positions in kneat.com, inc. (TSXV: KSI), WildBrain Ltd. (TSX: WILD) (formerly DHX Media Ltd. (TSX: DHX)), Electrovaya Inc. (TSX: EFL), Sona Nanotech Inc. (CSE: SONA), Ruckify Inc., Resolute Health Corporation, a clean tech investment portfolio, a resource investment portfolio, as well as, investments in a number of other public and private companies.

Where a Director or Officer identifies themselves to be in a conflict of interest, they recuse themselves from any and all of the Company's discussions and decisions relating to a potential targeted investment. The Company also participates from time to time in investments associated with the venture capital firm Numus Financial Ltd. and its wholly owned subsidiary Numus Capital Corp., an Exempt Market Dealer, (together the "Numus Group"). If the Company invests in these associated ventures, there may be financing fees payable to Numus Capital Corp. The Numus Group is owned by the CEO, a Torrent Director and a third independent party.

kneat.com, inc. ("KSI")

KSI offers its Kneat Gx software platform ("Kneat Gx") for modeling data intensive processes for regulated industries with a focus on the Life Sciences industry (i.e. biotechnology, pharmaceutical and medical device manufacturing). Kneat Gx enables companies with complex value chains to become efficient and compliant through a digital validation process. This offers many advantages over the traditional approach, which has been manual, inefficient, and paper-based. KSI possesses a quality management system and is certified to ISO 9001:2015. In addition, it adheres to all applicable Life Sciences regulations such as all current cGMPs, GAMP5, International Conference on Harmonization ICH Q8, Q9 and Q10, EU Annex 11, FDA CFR Title 21 Part 11 governing Electronic Records and Electronic Signatures. Adhering to these regulations and guidelines is a mandatory requirement to supply this highly regulated market.

There are few competing products for the Kneat Gx software platform and sizeable barriers to entry for those looking to compete with the company. Kneat Gx has been in development for ten years and built by a team with deep domain knowledge. The founders of KSI had worked for well-known Life Science companies in project engineering, software development and research and development. This was the genesis for the Kneat Gx platform, as they recognized the inefficiencies inherent in paper-based validation lifecycle management. In addition, Kneat's target market is dominated by multinational, well-known pharmaceutical, biotech and medical device manufacturers. The sales cycle with these organizations is long and involved given the complexity, social responsibility, and business critical nature of their reporting and manufacturing processes.

Since the initial completed and tested platform rolled out in 2014, Kneat Gx is now used by some of the world's leading Life Sciences companies and KSI appears to be entering a rapid growth phase. KSI's client base is now comprised of most Tier 1 biotech and pharmaceutical companies. In a short period of time, KSI has 20 customers and its presence on manufacturing sites has grown from 15 locations to 300 locations. KSI is unable to mention their clients by name; however, analysts have speculated that the roster could include the likes of Pfizer, GSK and Johnson & Johnson, among others. For a small market cap software company to be supporting names of this caliber, especially given the business-critical element of the Kneat Gx platform, would be a huge vote of confidence for KSI and its software platform.

KSI has an enterprise value of $200 million which is modest in relation to its experienced management team, a growing Tier 1 customer base, limited debt, strong cash position, rapid stage of growth and industry leading technology. Torrent also believes that the company's value proposition is rigid during various economic cycles given the critical nature of its IP and the fact that it is exposed to well-run multi-national companies in the Healthcare Sector.

WildBrain Ltd., (formerly DHX Media Ltd.), ("WILD")
WILD is a leading children's content and brands company, recognized globally for its high-profile programs including Peanuts, Teletubbies and Strawberry Shortcake. WILD is one of the world's largest producers of children's shows and owns the world's largest independent library of children's content with 13,000 half hour programs. The company's shows are seen in more than 150 countries on over 500 telecasters and streaming platforms. Through its subsidiary, WildBrain Spark, WILD operates one of the largest networks of children's channels on YouTube, with over 145 million subscribers. WILD also licences consumer products and location-based entertainment in every major territory on its properties as well for clients and third-party content partners. Its television group owns and operates four family entertainment channels that are among the most viewed in the family entertainment segment.

WILD has been a turnaround story after making untimely and expensive acquisitions that resulted in a sizeable debt overhang, weak revenue growth and asset impairment charges. The company has been stuck in a "show me" vacuum as the market waits to see substantial traction in earnings, a moderating debt profile and attractive deals to monetize its assets. This has resulted in an underperforming share price despite the high-profile content war taking place as large companies like Amazon, Apple and Netflix compete aggressively for streaming material.

Torrent believes WILD is making a turn as its revamped management team has been taking steps to restore confidence in the market, improve cashflow and moderate its debt profile. The company has made numerous changes at the management and Board level and has rebranded itself from DHX Media to WildBrain to capitalize on its rapidly growing Subscription Video on Demand ("SVOD") WildBrain Spark division. WILD has moved its focus to a distribution model centered on streaming online instead of the more traditional television distribution model and has split the business into two divisions. WILD has announced content and distribution deals with Apple, Comcast, Netflix, and CBS All Access. The recently announced partnership with SEGA to produce a Sonic the Hedgehog series for Netflix further illustrates the company's creative pipeline and bolsters earnings visibility as WILD will share in production, distribution and licencing revenues. All of these aforementioned transactions highlight the quality of WILD's catalog, the growth potential of its streaming business and illustrate that the company is making good on its promise to realize the full value of its assets.

Torrent believes WILD has made positive adjustments towards a higher margin, higher free cash flow business and should continue to surprise the market with improved revenue and profitability as it makes additional deals to monetize its deep content catalogue. The company continues to trade at a discount to both the inherent value of its assets and its peer group, despite its much-improved prospects. WILD should continue to enjoy a rerating in the market as the company strikes additional content deals, the Spark division sees renewed growth, its debt profile continues to moderate and as the company posts consecutive quarters of improved operating performance.

Ruckify Inc. ("Ruckify" - Private)
Ruckify is a peer-to-peer ("P2P") and business-to-consumer ("B2C") online marketplace company based in Ottawa that leverages the diverse set of users and products offered on its platform. By offering a wide range of rental items and spaces, the platform can attract many participants and drive a high level of customer retention. As the user base grows, Ruckify's revenues will also grow as they take a percentage-based fee on all rental transactions, along with offering other fee-based services. Ruckify currently operates in numerous cities across Canada and the United States.

The online marketplace business model has been experiencing unprecedented growth. This expansion has been driven by improved technology and a shift in consumer behaviour. A generation ago, renting a place to stay through an application like Airbnb or shopping on Amazon from your couch was unimaginable. Today, using an e-commerce marketplace is commonplace and this trend is likely to continue as both consumers and vendors enjoy an increased level of convenience, trust, reach and price discovery.

Torrent believes that with this disruptive trend, Ruckify's business model is poised for significant growth. Ruckify's P2P online rental marketplace enables individuals to lend out their excess "stuff" for a profit, while consumers are able to access items that are not in their budget, they do not have room to store and/or are not used often enough to justify a purchase. Ruckify stores also allow individuals and businesses to have a turnkey online rental business where they have their own branding and the functionality of an online business in a one-step process.

Ruckify was founded by Bruce Linton and Steve Cody in early 2017. Mr. Linton is the Founder and former co-CEO of Canopy Growth Corp, a well-respected pioneer in the Cannabis sector. Mr. Cody is a serial-entrepreneur who has built and sold rental companies that have generated revenues in excess of $270 million. Graham Brown,the Chief Technology Officer ("CTO"), has significant experience developing and leading technology rollouts including a Chief Technology Officer position at Corel while it grew to be the largest software company in Canada.

Torrent initiated its position in Ruckify when it had a $7 million equity valuation, which was a steep discount to its current private equity valuation of $55 million. Torrent believes this valuation is still modest given the disruptive nature of Ruckify's business, the advanced stage of its technology, the team involved and the company's first mover advantage. Ruckify's efforts to scale its business has been bearing fruit and the company is well-positioned to thrive in various economic cycles. Ruckify is aiming to go public in Canada during the first half of 2021 on the Canadian Venture Exchange. Torrent expects that the company will trade well in the public market given the potential mass appeal of its unique business model.

Electrovaya Inc. ("EFL")

EFL was founded in 1996 as a research and development company focused on lithium-ion technologies and manufacturing processes. In 2000, EFL listed on the Toronto Stock Exchange and over the years has delivered projects for specialized applications in the aerospace, automotive and personal electronics segments.

In its early years, EFL developed key IP related to fundamental cell technologies through to battery systems technologies. More recently, EFL has focused on battery solutions for heavy duty applications that require superior cycle life and performance. It has developed unique, ultra-long cycle life battery systems, specially designed for materials handling electric vehicles ("MEHVs"). The company is also a supplier of specialized battery modules and systems to large Original Equipment Manufacturers.

EFL is currently focused on manufacturing lithium-ion batteries and systems for MEHVs and other electric transportation applications. Its main business is the sale of lithium-ion batteries to power MEHVs including forklifts and automated guided vehicles. Additionally, EFL sells related accessories and systems to support the use of electromotive power products in electric trucks, electric buses and other transportation applications.

In December 2019, EFL moved to a 62,000 sqare foot battery design and manufacturing facility in Mississauga, Ontario. To date, EFL has developed 25 models for the e-forklift market. The company has received purchase orders from multiple Fortune 1000 companies, including - Walmart, Mondelez, and The Raymond Corporation ("Raymond"), a Toyota Industries subsidiary. EFL batteries are powering e-forklifts in 48 locations, primarily in the USA, Canada and Mexico distributing its products into both the replacement market and the new vehicle market. EFL also develops and markets batteries and modules for energy storage and green electro-mobility vehicles. EFL recently won a contract with Sustainable Development Technology Canada to assist in developing a high voltage battery for electric buses. The e-bus market is supported by strong industry tailwinds as illustrated by the City of Oakville's recently announced commitment to phase out gas powered buses.

EFL is a compelling investment opportunity given that annual demand for lithium-ion batteries is growing at 60%+ per year. EFL has robust IP and established relationships with top-tier clients which gives it a substantial competitive advantage. EFL is currently in a rapid growth phase and recently reported positive quarterly EBITDA - a rarity for a clean tech company. EFL currently trades at 6.0x the enterprise value-based on projected 2021 revenue which is very modest given the company's superior prospects within the all-electric vehicles ("EV") sector.

Sona Nanotech Inc. ("SONA")

SONA is a Halifax-based, nanotechnology Life Sciences company that has developed two proprietary methods of manufacturing rod-shaped gold nanoparticles. Its principal business is the research and development of its proprietary technology for use in multiplex diagnostic testing platforms that will improve performance of existing tests in the market.

SONA is the manufacturer of the Gemini and Omni Gold Nanorod ("GNR") product lines. SONA is the world's first company to develop the ability to synthesize high volumes of gold nanorods without the use of the cytotoxin, cetyltrimethylammonium bromide. GNR products are ideally suited for in-vitro diagnostics test products including lateral flow assays, enzyme-linked immunosorbent assays, flow through assays and lab analyzers.

SONA is developing a COVID-19 lateral flow test based on its GNR technology that could potentially compete with existing solutions available in the market. Serological tests are susceptible to producing false positive and false negative results if a patient is suffering from any one of a variety of unrelated infections. Sona's developmental lateral flow test is aimed at identifying antigens as opposed to antibodies and is being developed to indicate a positive result only when the COVID-19 virus is present, allowing for direct and clear interpretation. The company recently declared its CE Mark status for its COVID-19 antigen test. The CE Mark declares the conformity of the Sona test with EU regulations and allows Sona to commercialize its test in Europe and potentially other territories in which the CE Mark is recognized.

SONA's technology lends itself well to the prospects of developing a saliva based COVID-19 test. In theory, such a test would be saliva-based as opposed to the very intrusive nasal pharyngeal swab tests in the market. There are currently no rapid antigen saliva tests at commercial stage in the market, which poses a significant opportunity for Sona.

SONA trades at a $100 million market cap. The Company's product portfolio of other proprietary lateral flow tests will also leverage the Company's proprietary GNRs technology's highly sensitive ability to detect various biomarkers. Given the unique characteristics of SONA's GNR-based technology to address the need for a rapid and effective COVID-19 lateral flow test and the size of that addressable market, Torrent continues to see upside for the company which remains a high risk, high reward investment.

Clean Tech Investment Portfolio (five public companies)

The ongoing challenge of climate change and sustainability is driving a secular transition towards renewable energy and considerable investment in the development of clean technology. What is often referred to as the "Green Wave", is being driven by aggressive government stimulus programs and mandates to move the world's largest economies towards net carbon neutrality along with a corresponding shift in consumer attitudes in favor of those companies promoting Environment, Social and Governance ("ESG") principals. Furthermore, the economics of numerous clean tech companies have improved considerably over the past decade, which has led to a renewed interest in the sector and strong investment inflows.

The recently published 2020 Canadian Responsible Investment Trends Report reveals that responsible investment ("RI") continues to grow rapidly in Canada. The biennial report tracks the scale, trends, and outlook for RI, which refers to investments that incorporate ESG issues into the selection and management of investments. According to the report, RI assets grew from $2.1Tn at the end of 2017 to $3.2Tn at the end of 2019. This represents a 48% increase in RI assets under management over two years. RI now accounts for 61.8% of Canadian assets under management, up from 50.6% two years earlier.

This mounting market share illustrates that Canadian investors increasingly view ESG factors as important components of investment decisions, with an overwhelming majority of 97% of respondents expecting moderate to high levels of growth in RI over the next two years. Responsible investing is a paradigm shift, as investors increasingly allocate capital towards investment funds and ETF's that have a clear ESG mandate.

Torrent has been capitalizing on heighted investment flows into the ESG space by sourcing promising opportunities in various segments of the green economy. We are focused on those companies that have sound business plans, solid IP and realistic economic assumptions, as opposed to those names that come across as science experiments with unrealistic economic assumptions. In particular, we have made investments the following cleantech subsectors: electric vehicles, lithium battery manufacturers, lithium producers, hydrogen, solar, renewable natural gas, off-grid energy and agricultural technology.

Resource Investment Portfolio (six public and two private companies)
Global policy makers have responded to the COVID-19 pandemic with unprecedented monetary and fiscal stimulus in an effort keep their economies afloat. This has resulted in historic levels of debt in the financial system and placed real yields into negative territory across the globe.

Torrent believes that inflationary pressures are mounting in the system after years of accommodative central bank activity. Headline inflation numbers remain tame, which is becoming increasingly difficult to reconcile. Asset prices, whether it is real-estate, stocks, lumber, copper or cryptocurrency are at or close to all-time highs. The continuing rally in asset prices, as the world economies are coming out of lockdowns, suggests that prices are going to continue to rise as demand for products grow. Continued asset appreciation may now be a supply and demand feature of an opening world economy.

Given mounting risks in the financial system and the corresponding threat of inflation, we have been cautiously adding gold stocks to the resource investment portfolio. Gold stocks tend to perform relatively well under these conditions and move in multi-year cycles. Torrent believes that a new gold stock bull market is imminent after the last one topped out in August 2011. The bear market of the past ten years has forced gold companies to focus on profitability, strengthening their balance sheets, and high-quality projects in secure regions. It has also led to a dearth of quality exploration companies due to a lack of risk capital in the space. The sector remains under owned and there are fewer publicly listed companies to accommodate the influx of investment capital. This should all translate into solid returns for gold stocks.

Torrent has exposure across seven individual companies that are diversified by stage of development, production profile, regional exposure, and deposit type and believes that each investee has quality assets and experienced management teams that have created significant shareholder value in the past.

Unrealized gain/(loss) on Marketable Securities

Acquisitions of investments in marketable securities are initially recognized at fair value plus transaction costs. After initial recognition, all investments are measured at fair value. The determination of fair value for publicly traded securities is based on the trading price at the end of the reporting period as quoted on a recognized securities exchange. For private companies that are not traded on a recognized exchange, no market value is readily available. The private company shares may be valued based on the pricing of a recent arms-length third party financing. Gains and losses arising from changes in the fair value of the investments are presented in the audited statements of income and comprehensive income as a net change in unrealized gains or losses on investments.

The Company fair values its Investment Portfolio at the end of each quarter based on market prices of the shares. The current quarter's income includes an unrealized gain on investments of $2,452,405 or $0.10 per share as compared to an unrealized gain on marketable securities of $2,012,161 or $0.08 per share in the comparable quarter. The annual income includes an unrealized gain on investments of $7,312,662 or $0.30 per share as compared to an unrealized gain on marketable securities of $3,656,421 or $0.15 per share in the prior year.

The Company's investment activity and fair value of the changes in the unrealized gains and losses as at December 31, 2020 and the market value as at December 31, 2019 are summarized as follows:

	Shares #	Cost of Investment $	Market Value Dec 31, 2020 $	Unrealized Gain / (Loss) Quarter ended Dec 31, 2020 $	Unrealized Gain / (Loss) Year to date Dec 31, 2020 $	Market Value Dec. 31, 2019 $
kneat.com, inc.	1,770,443	1,879,630	4,992,649	442,611	(363,624)[(a)]	5,021,050
WildBrain Ltd. (DHX Media)	2,400,000	3,707,695	4,296,000	920,914	563,986	3,092,900
Ruckify Inc.	604,976	650,000	2,419,904	677,573	677,573	1,742,331
Electrovaya Inc.	1,560,800	1,145,684	2,325,592	828,196	1,179,908	-
Sona Nanotech Inc.	238,000	61,864	875,840	(2,665,896)[(a)]	1,026,112	200,000
Resource Investment Portfolio		2,050,423	4,292,437	514,823	2,242,014	963,000
Clean Tech Investment Portfolio		1,586,988	2,988,000	1,401,012	1,401,012	-
Other securities		3,217,300	3,631,707	333,172	485,116	3,430,517
Investments sold		-	-	-	100,565	-
		14,299,584	25,822,129	2,452,405	7,312,662	14,449,798

(a) This results from the reversal of unrealized gains in prior periods.

Torrent Capital's Net Asset Value ("NAV") increased from $14.5 million ($0.60 per share) to $25.5 million ($1.06 per share) during 2020, representing an increase of 76.5% year over year. NAV increased from $22.5 million ($0.94 per share) to $25.5 million ($1.06 per share) during the fourth quarter of 2020, representing an increase of 13% quarter over quarter.

Torrent Capital had a strong 2020, with its NAV rising 76.5% compared to year end 2019. During the same period, the S&P 500 rose 18.4%, the S&P TSX Composite was up 5.6% and the S&P TSX SmallCap Index increased by 12.8%.

The investment portfolio's outperformance can be attributed to an overweight allocation towards quality companies exposed to key themes driving the market, including digital transformation, e-commerce, biotech and a timely allocation to early stage clean technology companies. Additionally, although the gold sector took a breather in the second half of the year, our allocation to resource stocks was a further boost to portfolio performance.

The past year was characterized by generational levels of economic uncertainty and tectonic shifts in the geopolitical and social landscape. It was a year defined by great surprises and unprecedented events, including a stock market that digested the largest global economic contraction in 80 years and managed to close the year at all-time highs. The S&P 500 fell 31.1% from the start of the year into the March lows, subsequently running 67.9%, to close out the year in positive territory – truly staggering.

Stock market strength has been propelled by the world's major central banks, who have gone all-in slashing already meager interest rates to zero (or negative in some cases), increasing asset purchases considerably and ramping up various programs to ensure the financial system had ample liquidity. In addition to these monetary programs, the International Monetary Fund estimates that G7 governments have rolled out at least $12 trillion in fiscal stimulus to support their shaky economies and lend support to both consumers and businesses. These policy measures, coupled with the ramping up of COVID-19 vaccinations, have restored confidence in the market that the worst may be behind us.

Moving forward though it is not difficult to craft a bearish view. Yields have been rising on inflation concerns as a multitude of assets trade at or close to all-time highs, the financial system is plagued with an ever-increasing amount of debt, equity valuations have advanced into uncharted territory and there are mounting signs of overspeculation in the market. The retail investor has played a significant role in the current rally as trading platforms like Robinhood have democratized investing for the masses. By some estimates, retail investors now account for greater than 20% of daily trading activity in the US and have funneled billions into some of the most speculative segments of the market. These include cryptocurrency plays, SPACs, cannabis companies, and FAANG stocks, which tellingly, have been the risk-on trades leading the market higher. These segments are defined by unproven business models and/or stratospheric valuations and a mass exodus from these fast money trades fuels contagion risk for the broader market.

While a correction in some high-flying sectors cannot be ruled out, on the balance, we remain optimistic as we head into the new year. Monetary and fiscal policy remains highly accommodative leading to a tremendous amount of liquidity in the system. Furthermore, consumer and business sentiment continue to improve as global economies cautiously reopen. Economic news continues to surprise to the upside, consumer spending is solid, various manufacturing indices signal expansion, corporate bond spreads have tightened and we have seen improving market breadth as cyclical plays like commodities, resource stocks, emerging markets, industrial names and bank stocks have joined the rally. There are growing inflationary pressures in the system. However, with real yields still in negative territory, history suggests that equities are poised to trend higher at least over the short term.

Torrent remains well positioned in the current environment given our bottom-up focus. The portfolio holds a concentrated core portfolio that is comprised of high conviction names within a multitude of industries. It is our view that these companies have a rigid value proposition with robust capital positions, strong end markets, seasoned management teams and sound economics or a realistic path to profitability. Accordingly, our core holdings are well suited to outperform under varying market conditions. Given that we are sector agnostic, we identify trading opportunities in a wide range of subsectors to take advantage of momentum, volatility, investment flows, industry developments, company events and mispriced securities.

kneat.com, inc. ("KSI") – Unrealized gain on the investment of $442,611 in the current quarter and an unrealized loss of $363,624 in 2020 reversing a previously recorded unrealized gain. Realized gain on investment of $733,949 (2019 - $208,196) in 2020.

KSI's share price rose by 10.6% during the fourth quarter and was up 2.9% for the year. This compares to the S&P/TSX Small Cap Index, which rose 23.5% in the fourth quarter and increased 12.9% over the course of 2020.

Despite underperforming during 2020, KSI made important progress on operational initiatives which Torrent believes sets the stage for outsized growth in the years ahead. In the fourth quarter, they announced the hiring of a Chief Technology Officer with over 30 years' experience in international software development and reported robust Q3 2020 results which illustrated 163% year over year growth in annual recurring revenue. Additionally, the Company disclosed that its SaaS platform has been chosen by another Top 10 pharma company. In 2020, KSI signed five new customers, four of which are considered Tier 1, and grew total annual revenues by 88%.

The new client signed in the fourth quarter employs over 70,000 staff across a global operation base spanning six continents. After completing a formal evaluation, KSI was selected as the preferred solution to deliver on the site's e-Validation goals. In addition, a proof-of-concept trial was concluded in late 2020 at another one of this company's sites. Stakeholders from multiple sites participated in this trial and the deployment phase will begin in early 2021. Upon successful deployment at the original site, it is expected to expand to other processes and sites globally, representing a significant growth opportunity for KSI in the years to come.

These recent wins have increased the opportunity to scale existing clients, which analysts believe now exceeds US$50 million in annual recurring revenue. The company has secured a network of top-tier pharmaceutical, biotechnology, and consumer packaged goods companies with large worldwide operations and sound fundamentals. These relationships serve to significantly de-risk the Kneat Gx offering when selling to prospects and it fosters a strong growth component given that these clients will likely scale the offering across their organizations.

WildBrain Ltd. ("WILD"), (formerly – DHX Media Ltd.) – Unrealized gain on investment of $920,914 in the current quarter and $563,986 in 2020.
WILD's stock price was up 29.0% during the fourth quarter and rose 13.4% over the course of the year. This compares to the S&P/TSX SmallCap Index, which rose 23.5% last quarter and was up 12.9% in 2020.

WILD has been in turnaround mode for a number of years, focusing on realigning the business, determining the most profitable go forward strategy, strengthening its management team and looking to monetize its attractive catalogue of content. WILD has also been focused on paying down debt and bolstering free cash flow by focusing on its higher margin business.

During 2020, the company made strides towards monetizing its assets via a strategy that it refers to as a 360º view towards its catalogue. WILD has advanced the Apple TV relationship which is a package deal that first involved a documentary and shorts with the potential for further content. This relationship represents a large audience for the company's material and enables WILD to tap into a new generation of viewers for the Peanuts brand. Additionally, Netflix licenced existing Johnny Test content and has now a signed a new deal wherein WILD will be offering new original Johnny Test content going forward. Netflix will also look to advertise on WildBrain Spark, which has substantial viewership, to steer traffic to Netflix. WILD also recently announced a co-production deal with DreamWorks on Go, Dog. Go! content representing another attractive partnership with upside potential.

WildBrain Spark's digital advertising begins to show improvement and WILD continues to implement initiatives to monetize the significant viewership consuming content on their AVOD network. WildBrain Spark has one of the largest and most engaged global audiences in the kids and family space with 62.4 billion minutes of videos watched during the last quarter, which was a 14% year of year increase. On average, the duration of each view amounted to approximately six minutes, an increase of 27% year over year. Viewership remains strong as WildBrain Spark has been trending plus 10 billion views per quarter.

WILD's financial standing is much improved given its targeted spend strategy and cost cutting initiatives. Its net debt ratio dropped to a manageable 5.7x and it now has $74 million in cash and $196 million in working capital to fund the business into the foreseeable future. WILD reported free cash flow of $61.9 million on an annual trailing basis, which is a further indication that it is becoming a better run company.

WILD currently trades at 2.5x EV/Revenue and 7.3x EV/EBITDA, which is very modest in relation to its peer group. Torrent sees upside to this valuation as various strategic initiatives continue to bear fruit. Upside could come in the form of lucrative streaming deals with premier streaming companies, further monetization of the company's IP given its 360º approach to its content, and solid brand rejuvenation to kickstart distribution and consumer product sales for quality content like Teletubbies and/or Strawberry Shortcake.

Ruckify Inc. ("Ruckify"- Private) – Unrealized gain on the investment of $677,573 in the current quarter and 2020.

Torrent initiated its position in Ruckify in 2019 at an average cost of $1.07 per share. Ruckify completed an oversubscribed private placement in December 2020 at $4.00 per share, representing a substantial unrealized gain on Torrent's investment.

Ruckify has been fine tuning the user experience on its marketplace by working with customers and updating the technology as required. The first phase of Ruckify's rollout involves marketing its ProStores to existing small-to-mid sized rental companies that do not have an online presence. The value proposition for these companies is compelling, as they can have a turnkey online rental business in one transaction. Just as Shopify provides traditional buy and sell businesses with a full online business platform, Ruckify can provide this for companies with a rental focused business model. When a rental company chooses to use Ruckify ProStores, it immediately has their own branded webpage, product insurance, order flow management, billing, payment processing, client KYC, marketing services and delivery via RuckTrucks.

During the course of 2020, the Company continued to beat its business targets with respect to sign ups, bookings and gross revenue. Ruckify is also due to launch its first strategic partnership with a well-known agriculture equipment manufacturer which will be utilizing Ruckify's technology within its vast dealer network to monetize its inventory. This is Ruckify's first large-scale enterprise client and Torrent believes that it should lead to additional growth in this area given the degree of underutilized assets across a wide range of industries.

Ruckify currently has a private equity enterprise value of $50 million, which is modest given the disruptive nature of its business model, the team involved, its technology, high profile shareholders and its first mover advantage. Ruckify is aiming to go public in Canada on the Canadian Venture Exchange in the first half of 2021. Torrent expects that the company will be well-received by the market given its first mover advantage, the scalability of its platform and the mass appeal of its ESG focused business model.

Sona Nanotech Inc. ("SONA") – Unrealized loss on investment of $2,665,896 in the current quarter, reversing previously recorded unrealized gains and an unrealized gain of $1,026,112 in 2020. Realized gain on investment of $1,086,191 in the current quarter and $5,302,796 in 2020.

SONA is a high-risk investment and its share price performance during 2020 was indicative of that. SONA was down 51% during the fourth quarter, but up 3,405% during the course of the year.

At the onset of the Pandemic in early 2020, SONA announced its intention to test and develop a COVID-19 rapid response lateral flow antigen test ("antigen test") utilizing its gold nanorod technology. SONA's COVID-19 antigen test could conceivably be administered at point-of-care, provide a rapid test result, and would be completed without the requirement of expensive equipment or a lab. At the time, there were no commercially viable tests of that nature in the market, so the promise of SONA developing a lateral flow antigen test drove its share price from $0.11 to a high of $15.20 in August of last year.

Despite what we viewed as encouraging early-stage clinical evaluation studies, SONA announced in the fourth quarter that the US FDA had "deprioritized" the approval process for SONA's COVID-19 test. The announcement led to a swift selloff of SONA shares, with the Company's share price falling by 50%. Later in the fourth quarter the company withdrew its application for an Interim Order authorization ("IO") from

Health Canada for the marketing of its rapid, COVID-19 antigen test based on feedback from Health Canada and to obtain more clinical data to augment its submission. This also contributed to a significant fall in Sona's share price. Losing regulatory momentum in the US and Canada was a severe blow to the Company, especially in light of many competing products rapidly entering the market.

At year end, SONA declared its CE Mark status for its rapid, COVID-19 antigen test. The CE Mark declares the conformity of the Sona test with EU regulations and allows Sona to commercialize its test in Europe and potentially other territories in which the CE Mark is recognized. With its CE Mark secured, the Company is able to accept orders in territories accepting a CE Mark and make corresponding manufacturing commitments from its contract manufacturer in the United Kingdom. The Company has indicated that it will report on quarterly sales volumes and will update the market as material developments occur.

The current global supply of COVID-19 tests remains insufficient to meet global demand. Going forward, testing will be important to the continued control of COVID-19 particularly in light of the COVID-19 variants which continue to spread globally. Additionally, there is room to improve existing testing methodology in the market to make testing more effective and easier to administer. SONA's technology lends itself well to the prospects of developing a saliva based COVID-19 test. In theory, such a test would be based on a saliva swab as opposed to the very intrusive nasal pharyngeal swab-based tests in the market. There are currently no rapid antigen saliva tests at commercial stage in the market, which is a significant opportunity.

SONA trades at a $100 million market cap. Given the unique characteristics of SONA's GNR based technology to address the need for a rapid and effective COVID-19 lateral flow test and the size of that addressable market, Torrent continues to see upside for the company; however, SONA remains a high risk, high reward investment.

Electrovaya Inc.("EFL") – Unrealized gain on investment of $828,196 in the current quarter and $1,179,908 in 2020.

EFL's share price rose by 65.6% during the fourth quarter and was up 727.8% for the year. This compares to the S&P/TSX Small Cap Index, which rose 23.5% in the fourth quarter and increased 12.9% over the course of 2020.

EFL had a transformative year, with 2020 revenues growing north of 200% as it scales with its quality partners. In the June quarter, the company reported its first EBITDA profitable quarter in recent years along with sales growth of 300%. As its relationship with Raymond (a Toyota Industries subsidiary) continues to deepen, we believe EFL is only scratching the surface of its addressable market.

The Company made significant progress in the validation of its battery technology in the fourth quarter. In November, it received UL2580 listing across its line of 24V and 36V forklift batteries. UL LLC ("Underwriters Laboratories" or "UL") completed multiple system level tests on EFL's batteries, including fire propagation at both ambient and elevated temperatures, and other electrical and mechanical tests. This safety certification covers more than 25 different models and is a key milestone for the Company.

Additionally, in December, the Company announced a refreshed and upgraded strategic sales supply agreement with Raymond, replacing its existing agreement. The agreement provides Raymond with exclusively distributed Raymond branded lithium-ion batteries that are UL 2580 Listed and compatible with most class I, II and III Raymond lift trucks. The battery systems utilize the latest Electrovaya NMC Ceramic lithium-ion battery technologies and provide a full integration with the Raymond vehicles.

We believe EFL is in the early stages of a rapid growth phase. It has taken many years of R&D, investment and perseverance for EFL to build its business model which is backed by solid IP. The company is penetrating the e-forklift market, a sizable one, which can provide sizable revenue growth in the near-term.

In addition to e-forklifts, the company recently won a contract with Sustainable Development Technology Canada to assist in developing a high voltage battery for electric buses.

With an enterprise value of $300 million, Torrent believes EFL represents a compelling investment opportunity with significant upside. The commercial EV market is still in its infancy stages as demand for North American produced lithium-ion batteries should only increase as the transition from lead to lithium-ion batteries accelerates. EFL's enterprise value is 6.0x projected 2021 revenue which is very modest given the company's top tier clients, considerable IP, growth profile and profitability.

Clean Tech Investment Portfolio (five public companies) Unrealized gain on investments of $1,401,012 in the current quarter and 2020.

Clean technology stocks had a record year in 2020, sharply outperforming the broad market and the traditional energy space. The First Trust Nasdaq Clean Edge ETF gained 182% in 2020, as opposed to the S&P 500 Index which rose 18.4% and the S&P 500 Energy Index which fell 34.8%.

Clean technology stocks have garnered attention in years past, however what makes today's market different than that of ten years ago, is that alternative power sources have made great strides towards economic sustainability. Aggressive investment by utilities in renewable energy has lowered the cost of clean technology and illustrated its viability at scale. Just as utilities invested in natural gas 20 years ago at the expense of coal, the same is happening today with alternative energy.

Data from the US Energy Information Administration ("EIA") shows 18% of US electricity generation came from alternative energy as of 2019, compared to 10% in 2009. Some of the large oil majors like British Petroleum are taking alternative energy seriously demonstrated by its recent announcement that it will allow oil production to decrease 40% over the next decade while investing $5 billion by 2030 in clean technology.

Until a few years ago, alternative energy prices were significantly above fossil-fuel and uneconomic in comparison. Consumers would seek alternatives when fossil-fuel prices rallied, switching back when prices normalized. While the cheapest fossil-fuel generation still beats clean energy, in areas such as solar and wind, new-generation wind and solar prices are competitive at utility scale as manufacturing and running costs have fallen. According to the International Renewable Energy Agency, over the past decade, the cost of solar panels has fallen 82% while onshore wind costs have decreased by 9%. Ongoing improvements in the cost curve and technological developments, particularly in battery storage, are turning the clean tech revolution from a dream, into reality.

The sector has also enjoyed a renewed commitment from global policy makers, which is a significant tailwind. The Democratic platform led by President Biden has ambitious targets to increase renewable energy production, including establishing national goals of 100% clean energy by 2035. Clean Energy Wire suggests Germany gets half of its energy from renewable sources. We are starting to see more and more utilities making clean energy part of their portfolio and they are all required to keep the lights on.

The clean tech sector should continue to enjoy a heighten degree of investor interest. We see ongoing opportunities in renewable energy, battery technology, green energy raw materials, electric vehicles and motors and circular economy plays.

In addition to its investment of EFL, Torrent has exposure to five other green renewable companies including both technology and clean energy investments.

Resource Investment Portfolio (six public and two private companies) – Unrealized gain on investment of $514,823 in the current quarter and an unrealized gain of $2,242,014 in 2020.
Gold and resource equities were relatively flat during the fourth quarter, with gold bullion and the MVIS Global Junior Miners both falling 0.5%. During the course of the year, however, the gold space performed strongly, with bullion prices rising 21.8% and junior mining stocks jumping 30.4%.

Gold bullion prices topped out at US$2,060/oz in August and closed out the year at US$1,900/oz. Gold and related equities have enjoyed significant investor enthusiasm in 2020 after being shunned for the past ten years. Interest in the space has been driven by a declining US$, negative global real interest rates, massive government stimulus programs and mounting economic pressures within the system. The sector cooled down somewhat towards the end of the year as inflows moderated, bullion failed to decisively break through US$2,000/oz.

Torrent continues to believe that an allocation towards gold stocks makes sense as gold bullion, and the commodity complex in general, remain on an uptrend. Global real interest rates are in negative territory and the world's major central banks continue to impose historic levels of monetary and fiscal stimulus. These policies are creating imbalances in the global economy and risk stoking hard asset inflation that has remained at bay for decades. Various asset classes have become highly correlated and are at or near all-time highs, regardless of the underlying fundamentals. Furthermore, oil, agricultural commodities, lumber and various base metals have rallied significantly. Given that these are the key inputs for a wide range of industries, it is only a matter of time before the inflation story starts grabbing headlines.

Torrent currently has exposure to eight individual precious metals companies in both the exploration and development stage and believes the exploration sector is under-valued and under-owned offering leverage to rising bullion prices. The Company is focused on those companies with quality projects in stable mining jurisdictions and management teams that have created significant shareholder value in the past. Torrent currently owns Azimut Exploration (AZM:TSXV), Antler Gold (ANTL:TSXV), Fortune Bay (FOR:TSXV), Tajiri Resources (TAJ:TSXV), (Kuya Silver (KUYA:CSE), Star Royalties (STRR:TSXV) and privately held Advent Gold and Cerrado Gold.

Selected Financial Information

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

For the year ended	**December 31, 2020 $**	**December 31, 2019 $**	**December 31, 2018 $**
Revenue			
Realized gain on investments	**7,244,237**	1,020,140	4,821,181
Unrealized gain (loss) on investments	**7,312,662**	3,656,421	(1,086,219)
	14,556,899	4,676,561	3,734,962
Expenses			
Consulting and wages	**1,217,717**	517,500	710,230
Directors fees	**98,652**	77,699	59,354
Professional fees	**50,083**	41,073	25,951
Insurance	**25,000**	25,000	25,274
Stock exchange and maintenance fees	**23,541**	22,205	30,347
Office, administration and other	**95,905**	99,187	60,340
Stock-based compensation	**91,462**	44,706	121,732
	1,602,360	827,370	1,033,228
Operating income before taxes	**12,954,539**	3,849,191	2,701,734
Current income tax	**360,000**	-	-
Deferred income tax	**1,650,000**	-	-
Net income	**10,944,539**	3,849,191	2,701,734
Net income per share	**$0.46**	$0.16	$0.11
Weighted average # of shares	**24,003,174**	23,863,310	23,663,675

Results of Operations for the years ended December 31, 2020 and 2019

In 2020, the Company reported a net income after taxes of $10,944,539 or $0.46 per share as compared to a net income of $3,849,191 or $0.16 per share in 2019. In the current year, the Company recorded net unrealized gains on its investment portfolio of $7,312,662 or $0.30 per share as compared to net unrealized gains of $3,656,421 or $0.15 per share on its investment portfolio in the prior year.

During 2020, the Company recorded the reversal of an unrealized gain of $0.4 million on its investment in KSI and unrealized gains of $0.6 million on its investment in WILD, $1.0 million on its investment in SONA, $1.2 million in its investment in EFL and $0.7 million on its investment in Ruckify. It also recorded unrealized gains of $2.4 million on its resource investment portfolio and $1.5 million on its green renewable portfolio. See the previous "*Unrealized gain/(loss) on Marketable Securities*" section for additional details on the significant unrealized gains and losses in the investment portfolio.

During 2020, the Company realized net gains on its investment portfolio of $7,244,237 or $0.30 per share as compared to realized net gains of $1,020,140 or $0.04 per share in 2019. These realized net gains/(losses) on investments are summarized as follows:

	Year ended December 31, 2020	**Year ended December 31, 2019**
	$	**$**
Sona Nanotech Inc.	**5,302,796**	-
kneat.com	**733,949**	208,196
Greenlane Renewables Inc.	**431,237**	-
Immunovaccine Inc.	**340,135**	-
Clean Tech investment portfolio - other	**252,716**	
Resource investment portfolio	**(71,966)**	(221,355)
Other marketable securities	**255,370**	172,423
Martello Technologies Corporation	**-**	1,107,386
Wildbrain Ltd.	**-**	311,414
Aguia Resources Limited	-	(557,924)
	7,244,237	1,020,140

During the current year, consulting fees of $1,217,717 (2019 - $517,500) include CEO fees of $670,000 (2019 - $180,000), CFO fees of $104,363 (2019 - $51,300), service fees paid to Numus Financial Inc. ("Numus") of $70,200 (2019 - $49,700) and $289,000 (2019 - $236,500) paid to the Chief Investment Officer. These fees include the 2020 management bonuses $725,000 (2019 - $100,000) based on 10% of realized gains on the Company's investment portfolio and a $60,000 discretionary bonus in 2019. In 2020, the Company also incurred directors' fees of $98,652 (2019 - $77,699) and D&O insurance of $25,000 in each of the last two years.

Professional fees of $50,083 were incurred in 2020 as compared to $41,703 in 2019. In 2020, the Company has accrued increased costs associated with the current year's audit and tax compliance and some additional costs associated with stock market data services. In 2020, the Company incurred stock exchange and maintenance fees of $23,541 (2019 - $22,205). These amounts include the cost of the Company's AGM which was held in June of each year. In 2020, the Company incurred administration costs of $95,905 (2019 - $99,187). These administration costs include rent of $20,400 in each of the last two years, travel costs of $5,433 (2019 - $17,807), foreign exchange loss on US$ balances of $7,984 (2019 - $1,308), a $50,000 donation to the QEII Health Sciences Centre in each of the last two years and other administrative costs of $12,088 (2019 - $9,690).

In May 2020, the Company granted 460,000 stock options, with an exercise price of $0.40 to directors, officers and a consultant of the Company. Later in the year, the Company granted 75,000 stock options, with an exercise price of $0.80 to an employee and a consultant. 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 61%, an expected life of five years based on the contractual term of the options, a risk-free rate of 0.4% with no expected dividend yield. The options vested 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, the estimated fair value of the stock option grants is $125,257, which is being amortized over the corresponding one-year vesting period. As a result, stock-based compensation of $91,462 has been recorded in 2020 with a remainder of $33,795 to be recorded in 2021. Stock-based compensation, based on similar criteria, of $44,706 was incurred in 2019.

Selected Financial Information

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

For the quarter ended	**Dec 31, 2020 $**	**Sept 30, 2020 $**	**June 30, 2020 $**	**Mar 31, 2020 $**	**Dec 31, 2019 $**	**Sept 30, 2019 $**	**June 30, 2019 $**	**Mar 31, 2019 $**
Realized gain (loss) on Investments	**1,933,377**	3,685,507	867,548	757,792	**436,463**	1,174,926	(249,884)	(341,365)
Unrealized gain (loss) on marketable securities	**2,452,405**	3,033,004	4,978,238	(3,150,985)	**2,012,161**	1,013,433	(561,430)	1,192,257
Operating expenses	**(1,051,658)**	(203,981)	(193,464)	(153,244)	**(367,928)**	(141,767)	(172,212)	(145,463)
Net income (loss) before taxes	**3,334,124**	6,514,530	5,652,322	(2,546,437)	**2,080,696**	2,046,592	(983,526)	705,429
Current income tax (expense)	**20,000**	(380,000)	-	-	-	-	-	-
Deferred income tax (expense)	**(380,000)**	(1,270,000)	-	-	-	-	-	-
Net income (loss)	**2,974,124**	4,864,530	5,652,322	(2,546,437)	**2,080,696**	2,046,592	(983,526)	705,429
Net (loss) income per share	**0.12**	0.20	0.235	(0.11)	**0.09**	0.09	(0.04)	0.03
Cash	**2,483,562**	1,769,432	1,210,356	355,635	**229,291**	222,568	237,341	298,266
Investments at fair value	**25,822,129**	22,426,285	16,578,071	11,811,590	**14,449,798**	12,160,796	10,070,976	10,931,138
Total assets	**28,347,808**	24,231,341	17,822,926	12,200,306	**14,691,304**	12,401,331	10,336,930	11,308,446
Total current liabilities	**1,200,522**	477,278	258,949	300,457	**245,018**	79,999	68,577	71,468
Deferred income taxes	**1,650,000**	1,270,000	-	-	-	-	-	-
Shareholders' Equity	**25,497,286**	22,484,063	17,563,977	11,899,849	**14,446,286**	12,321,332	10,268,353	11,236,978

Results of Operations for the quarters ended December 31, 2020 and 2019

The Company reported net income before taxes for the quarter ended December 31, 2020 of $2,974,124 or $0.12 per share as compared to a net income of $2,080,696 or $0.09 per share in the comparable quarter. The current quarter's results include an unrealized gain on marketable securities of $2,452,405 as compared to an unrealized gain of $2,012,161 in the comparable quarter.

During the quarter ended December 31, 2020, the Company recorded unrealized gains of $0.4 million on its investment in KSI, $0.9 million on its investment in WILD, $0.8 million in its investment in EFL and $0.7 million on its investment in Ruckify. It also recorded unrealized gains of $0.7 million on its resource investment portfolio and $1.5 million on its clean tech investment portfolio. The Company also recorded the reversal of an unrealized gain $2.7 million on its investment in Sona. See the "*Unrealized gain/(loss) on Marketable Securities*" section for additional details on the significant unrealized gains and losses in the investment portfolio.

In the current quarter, the Company realized net gains on its investment portfolio of $1,933,377 as compared to realized gains of $436,463 in the comparable quarter. These realized net gains on investments are summarized as follows:

	Quarter ended December 31, 2020 $	Quarter ended December 31, 2019 $
Sona Nanotech Inc.	**1,086,191**	-
Greenlane Renewables Inc.	**431,237**	-
Green renewable portfolio - other	**252,717**	
Resource investment portfolio	**48,295**	
kneat.com	-	172,353
DHX Media	-	213,666
Other - net	**114,937**	50,444
	1,933,377	436,463

During the quarter ended December 31, 2020, consulting fees of $854,833 (2018 - $252,562) including CEO fees of $557,500 (2019 - $90,000), CFO fees of $48,225 (2019 - $12,562), services fees paid to Numus of $18,550 (2019 - $15,500) and $185,500 (2019 - $134,500) paid to the Chief Investment Officer. Management bonuses are accrued in the final quarter of the year. In 2020, the management bonus included $725,000 (2019 - $100,000) based on 10% of realized gains and a discretionary bonus of $60,000 in 2019. In the current quarter, the Company also incurred Directors' fees of $25,818 (2019 - $19,425) and D&O insurance of $6,557 (2019 – $6,575). In the quarter ended December 31, 2020, the Company incurred professional fees of $28,567 (2019 - $13,562).

In the quarter ended December 31, 2020, the Company incurred stock exchange and maintenance fees of $5,536 (2019 - $5,200). In the final quarter of 2020, the Company incurred administration costs of $72,697 (2018 - $66,235). These administration costs include rent of $5,100 (2019 - $5,100), travel costs of $41 (2019 - $3,959), a $50,000 donation to the QEII Health Sciences Centre in each of the last two years and other administrative costs of $7,346 (2019 - $7,176).

The Company is amortizing the fair value of its stock options, estimated using the Black-Scholes option pricing model based on the assumptions as previously outlined, over the corresponding vesting period. As a result, stock-based compensation of $39,100 has been recorded for fourth quarter of 2020 as compared to $4,258 in the final quarter 2019.

Liquidity and Capital Resources

Year ended	December 31, 2020 $	December 31, 2019 $	December 31, 2018 $
Cash	**2,483,562**	229,291	447,097
Investments at fair value	**25,922,129**	14,449,798	10,620,779
Total assets	**28,347,808**	14,691,304	11,107,637
Total current liabilities	**1,200,522**	245,018	595,248
Deferred income taxes	**1,650,000**	-	-
Shareholders' Equity	**25,497,286**	14,446,286	10,512,389

The Company has working capital as at December 31, 2020 of $27,147,286 (December 31, 2019 – $14,446,286) and a cash balance of $2,483,562 (December 31, 2019 – $229,291). The Company funds its operations through and the proceeds on sale of its investments and equity financings, if necessary.

During the year ended December 31, 2020, the Company received proceeds on the sale of investments of $14.3 million including $1.1 million on sale of KSI shares, $2.2 million on the sales of IMV shares, and $5.7 million on the sale of SONA shares. The Company incurred investment acquisition costs of $11.1 million including $1.3 million on shares of EFL, $2.8 million on its resource investment portfolio and $2.6 million on its green renewable portfolio.

During the year ended December 31, 2019, the Company acquired investments of $8.7 million including a net investment in kneat.com of $1.1 million, a net investment in WILD of $0.1 million, the initial investment in IMV Inc. of $1.5 million, an initial investment in Ruckify Inc. of $0.65 million, an initial investment in Resolute Health of $0.6 million and net investments in its gold portfolio of $1.1 million. The Company received net proceeds from the sale of investments of $9.4 million including $2.0 million on the sale of Martello Technologies, $1.1 million on the sale of its investment in Pivot Technologies, and $1.4 million of net proceeds on the sale of Trican Well Services.

The Company has sufficient capital resources to meet its working capital obligations. The Company may need to secure additional capital and may raise additional funds should its Board deem it advisable to execute its strategic plan including the implementation and expansion of its investment strategy. 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 at December 31, 2020 and April 16, 2021, the Company had issued and outstanding 24,031,667 common shares and 1,310,000 stock options.

Transactions with Related Parties

During the years ended December 31, 2020 and 2019, the Company entered the following transactions with related parties:

- paid Director fees of $98,652 (2019 - $77,699) to Directors or companies controlled by Directors;
- paid fees to its President and CEO, Wade Dawe in the amount of $670,000 (2019 - $180,000);
- paid fees to its Chief Investment Officer, Scott Gardner in the amount of $289,000 (2019 - $236,500),
- paid fees to its CFO, Rob Randall in the amount of $104,363 (2019 - $51,300); and
- paid service fees, rent and other fees of $70,200 (2019 - $70,100) to Numus Financial, a company owned by two Directors.

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 the 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 estimates outlined below.

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 and comprehensive income based on estimates of volatility, forfeitures 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 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; where observable market data is not available, Management's judgment is required to establish fair values.

All the Company's significant accounting policies and estimates are included in note 2 to the December 31, 2020 audited financial statements of Torrent Capital Ltd.

Risk Factors

The Company's business as an Investment Issuer is subject to several 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 the information in this MD&A before investing in the Corporation. The risks consist of:

Limited Operating History as an Investment Issuer **-** The Corporation has only a short-term 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 following its Investment Policy and strategy to meet its investment objectives. If the Corporation is required to invest other than following 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 they 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. If the Corporation is unable to dispose of some or all 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 based on 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 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 polices on any members of its Management or Directors.

Covid 19 Pandemic - The outbreak of the novel strain of coronavirus, specifically identified as "SARS-CoV-2" and referred to as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

Management's Responsibility for Financial Information

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

Disclosure and Internal Financial Controls

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

(i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and

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

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

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

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

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

Additional Information
Additional information is available on the Company's website at www.torrentcapital.ca and the SEDAR website www.sedar.com.