
TORRENT CAPITAL LTD.

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
MARCH 31, 2020**

(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying financial statements of Torrent Capital Ltd. (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 financials 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.

These unaudited condensed interim financial statements have not been reviewed by the external auditors of the Company.

Halifax, Canada

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

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

Torrent Capital Ltd.
Unaudited Condensed Interim Statements of Financial Position
As at March 31, 2020 and December 31, 2019
(Expressed in Canadian dollars unless otherwise indicated)

	March 31, 2020 \$	December 31, 2019 \$
ASSETS		
Current assets		
Cash and cash equivalents	355,635	229,291
Sales tax receivable	14,024	12,215
Prepaid expenses	19,057	-
Investments at fair value (note 3)	11,811,590	14,449,798
Total Assets	12,200,306	14,691,304
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	300,457	245,018
EQUITY		
Share capital (note 4)	8,277,124	8,277,124
Contributed surplus (note 5)	2,471,739	2,471,739
Retained earnings	1,150,986	3,697,423
	11,899,849	14,446,286
Total Liabilities and Equity	12,200,306	14,691,304

Nature of Operations (note 1)

Approved on Behalf of the Board on May 14, 2020:

"Wade Dawe"
Director

"Jim Megann"
Director

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

Torrent Capital Ltd.

Unaudited Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

For the period ended March 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise indicated)

	Three months ended March 31, 2020 \$	Three months ended March 31, 2019 \$
REVENUE AND OTHER INCOME (LOSS)		
Realized gain (loss) on investments	757,792	(341,365)
Unrealized gain (loss) on investments (note 3)	(3,150,985)	1,192,257
	(2,393,193)	850,892
EXPENSES		
Consulting and wages (note 6)	114,075	88,013
Directors fees (note 6)	19,425	19,425
Professional fees	8,750	4,500
Insurance	5,943	5,890
Stock exchange and maintenance fees	2,330	3,134
Office and administration	657	1,765
Travel	288	1,279
Rent (note 6)	5,100	5,100
Stock-based compensation (note 5)	-	19,160
Gain on foreign exchange	(3,324)	(2,803)
	(153,244)	145,463
INCOME (LOSS) BEFORE INCOME TAXES	(2,546,437)	705,429
Income taxes	-	-
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(2,546,437)	705,429
Basic and diluted income (loss) per share	(0.11)	0.03
Weighted average number of shares outstanding	23,981,667	23,648,333

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

Torrent Capital Ltd.**Unaudited Condensed Interim Statements of Changes in Shareholders' Equity****For the periods ended March 31, 2020 and 2019***(Expressed in Canadian dollars unless otherwise indicated)*

	Common Shares #	Share Capital \$	Contributed Surplus \$	Retained Earnings (Deficit) \$	Total \$
Balance – December 31, 2018	23,848,333	8,203,404	2,460,753	(151,768)	10,512,389
Net income and comprehensive income for the period	-	-	-	705,429	705,429
Stock-based compensation (Note 5)	-	-	19,160	-	19,160
Balance – March 31, 2019	23,848,333	8,203,404	2,460,753	(151,768)	10,512,389
Net income and comprehensive income for the period	-	-	-	3,143,762	3,143,762
Shares issued on the exercise of stock options (Note 4)	133,334	73,720	(33,720)	-	40,000
Stock-based compensation (Note 5)	-	-	25,546	-	25,546
Balance – December 31, 2019	23,981,667	8,277,124	2,471,739	3,697,423	14,446,286
Net loss and comprehensive loss for the period	-	-	-	(2,546,437)	(2,546,437)
Balance – March 31, 2020	23,981,667	8,277,124	2,471,739	1,150,986	11,899,849

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

Torrent Capital Ltd.**Unaudited Condensed Interim Statements of Cash Flow
For the periods ended March 31, 2020 and 2019***(Expressed in Canadian dollars unless otherwise indicated)*

	Three months ended March 31, 2020 \$	Three months ended March 31, 2019 \$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net income (loss) for the quarter	(2,546,437)	705,429
Items not affecting cash:		
Realized loss (gain) on investments	(757,804)	371,365
Unrealized loss (gain) on investments	3,150,985	(1,192,257)
Stock-based compensation	-	19,160
	(153,256)	(96,303)
Adjustments for:		
Proceeds on sale of investments	1,906,151	3,285,892
Purchase of investments	(1,661,125)	(2,775,359)
Increase in sales tax receivable	(1,809)	(15,790)
Increase in prepaid expenses	(19,057)	(23,491)
Increase (decrease) in accounts payable and accrued liabilities	55,440	(523,780)
	279,600	(52,528)
DECREASE IN CASH AND CASH EQUIVALENTS	126,344	(148,831)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	229,291	447,097
CASH AND CASH EQUIVALENTS, END OF PERIOD	355,635	298,266

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(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. The Company's focus is on 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 March 31, 2020, the Company had cash and cash equivalents of \$355,635 (December 31, 2019 - \$229,291) and working capital of \$11,899,849 (December 31, 2019 - \$14,446,286). Management believes that it has sufficient resources to fund its ongoing working capital requirements for the ensuing twelve months as they normally fall due.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company prepares its unaudited condensed interim financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of Chartered Professional Accountants of Canada – Part 1 ("CPA Canada Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The unaudited condensed interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year-ended December 31, 2019.

The policies applied in these unaudited condensed interim financial statements are based on IFRS as of May 14, 2020, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year-ended December 31, 2020 could result in the restatement of these unaudited condensed interim financial statements.

Significant Accounting Policies

These unaudited condensed interim financial statements have been prepared using the same policies and methods of computation as the annual financial statements of the Company for the year-ended December 31, 2019, except as noted below. Refer to note 2, *Significant Accounting Policies*, of the Company's annual financial statements for the year-ended December 31, 2019 for information regarding the accounting policies as well as new accounting standards not yet effective. Also, refer to note 3, *Capital Management* and note 4, *Financial Risk Factors*, of the Company's annual financial statements for the year-ended December 31, 2019 for the Company's capital management objectives and its financial risk factors.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

3. INVESTMENTS

	Shares #	Cost of Investment \$	Market Value March 31, 2020 \$	Unrealized Gain (Loss) quarter ended March 31, 2020 \$	Market Value December 31, 2019 \$
kneat.com, inc.	1,686,443	1,613,805	3,136,784	(1,953,665) ^(a)	5,021,050
WildBrain Ltd (formerly DHX Media Ltd.)	2,000,000	3,118,993	1,800,000	(1,343,312)	3,092,900
Ruckify Inc.	604,976	650,000	1,742,331	-	1,742,331
Sona Nanotech Inc.	1,335,000	348,247	1,441,800	1,305,690	200,000
Gold investments portfolio		1,531,285	1,211,000	(225,653)	963,000
IMV Inc.	377,900	1,656,738	929,634	(529,744)	1,330,810
Resolute Health Corporation	300,000	570,000	570,000	-	570,000
Other marketable securities		1,263,625	980,041	(404,301)	1,529,707
		10,752,693	11,811,590	(3,150,985)	14,449,798

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

(b) Arising from the reclassification of unrealized amounts to realized during the period.

IFRS 9, Financial Instruments (“IFRS 9”)

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.

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 (i.e. unobservable inputs).

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

3. INVESTMENTS (continued)

Investments consisted of the following as at March 31, 2020:

Investments	Cost \$	Level 1 Quoted Market Price \$	Level 2 Observable Market Inputs \$	Level 3 Non-Observable Market Inputs \$	Total Fair Value \$
Equities	10,752,693	8,405,188	-	3,377,831	11,783,019
Warrants	-	-	28,571	-	28,571
Total investments	10,792,693	8,405,188	28,571	3,377,831	11,811,590

Investments consisted of the following as at December 31, 2019:

Investments	Cost \$	Level 1 Quoted Market Price \$	Level 2 Observable Market Inputs \$	Level 3 Non-Observable Market Inputs \$	Total Fair Value \$
Equities	10,239,915	11,307,843	-	3,059,098	14,366,941
Warrants	-	-	82,857	-	82,857
Total investments	10,239,915	11,307,843	82,857	3,059,098	14,449,798

During the period ended March 31, 2020, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Balance – December 31, 2019	\$ 3,059,098
Purchases	298,350
Change in unrealized gains	20,400
Balance – March 31, 2020	3,377,831

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at March 31, 2020:

Investment	Method	Inputs	Fair value change + / - 10%
Equity instruments	Private placement financing technique	Price per share of last capital raise	\$335,946

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

4. SHARE CAPITAL

(a) AUTHORIZED

Authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) ISSUED

	Number of Shares	Amount \$
Balance – December 31, 2018	23,848,333	8,203,404
Shares issued on the exercise of options	133,334	73,720
Balance – December 31, 2019 and March 31, 2020	23,981,667	8,277,124

(c) SHARES ISSUED

The Company issued 133,334 shares to two Directors on November 21, 2019 for cash proceeds of \$40,000 and a fair value of \$73,720.

5. STOCK OPTIONS AND RESTRICTED SHARE UNITS

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants of the Company. 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 of Directors. Options are granted at a price not 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 and consultants. The options are exercisable at a price of \$0.30 per share and expire on June 15, 2022. The options vested at a rate of 50% of the total on each of the six and twelve-month anniversaries of the grant date.

On December 3, 2018, the Company granted 200,000 stock options to Directors and Officers. The options are exercisable at a price of \$0.42 per share and expire on December 3, 2023. 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.

On December 3, 2018, the Company also issued 200,000 restricted share units with immediate vesting to Directors and Officers. The estimated fair value of these restricted share units was \$84,000 which was recognized as stock-based compensation during the year ended December 31, 2018.

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.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

5. STOCK OPTIONS AND RESTRICTED SHARE UNITS (Continued)

There were no options or restricted share units issued during the year ended December 31, 2019 or the quarter ended March 31, 2020. The assumptions used in the pricing model for the options issued during the years ended December 31, 2018 were as follows:

	Dec. 31, 2018
Risk free interest rate	1%
Expected volatility	75%
Expected dividend yield	-
Expected life	5 years
Weighted average fair value per option	\$0.255

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the options granted during the year ended December 31, 2018 is \$51,092 (December 31, 2017 - \$150,452). These amounts are amortized over the vesting period and \$44,706 was expensed during the year ended December 31, 2019 (year ended December 31, 2018 - \$37,732). The following table reflects the stock options continuity for the years ended December 31, 2019 and 2018:

	Number of Stock Options Outstanding	Weighted Average Exercise Price \$
Balance – December 31, 2018	958,334	0.33
Options exercised	(133,334)	0.30
Balance – December 31, 2019 and March 31, 2020	825,000	0.31

The following table reflects the stock options outstanding as at March 31, 2020:

Expiry Date	Exercise Price \$	Weighted Average Life Remaining	Options Outstanding	Options Vested	Black- Scholes Value \$
June 15, 2022	0.30	2.2 years	625,000	625,000	150,452
December 3, 2023	0.42	3.6 years	200,000	200,000	51,092
			825,000	825,000	

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

6. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Three months ended March 31, 2020 \$	Three months ended March 31, 2019 \$
CEO remuneration – W. Dawe	30,000	30,000
Chief Investment Officer – S. Gardner	34,500	33,000
CFO remuneration – R. Randall	32,025	13,613
Director remuneration	19,425	19,425
Service fees and rent (notes i)	22,650	16,500
	138,600	112,538

- i) During the period ended March 31, 2020, the Company incurred service fees of \$17,550 (year ended December 31, 2019 - \$49,700), rent and related costs of \$5,100 (year ended December 31, 2018 - \$27,745) with Numus Financial Inc., a company owned by two Directors.

As at March 31, 2020, related parties were owed \$255,306 (December 31, 2019 - \$206,278). 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 Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

7. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 31% (2018 – 31%) to the effective tax rate is as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Income before income taxes	3,849,191	2,701,734
Expected income tax expense	1,193,250	837,540
Permanent difference regarding accounting gain on investments	(714,940)	(570,170)
Stock based compensation and other non-deductible items	14,700	37,940
Change in tax benefits not recognized	(493,010)	(305,310)
Income tax (recovery) expense	-	-

Deferred Tax

The following table summarizes the components of deferred tax:

	December 31, 2019	December 31, 2018
	\$	\$
Deferred Tax Assets		
Non-capital losses carried forward	254,200	85,790
Capital losses carried forward	236,330	-
Exploration and evaluation assets	80,960	-
Intangible assets	65,540	-
Charitable donations carried forward	15,500	-
Deferred Tax Liability		
Unrealized gains on investments	(652,530)	(85,790)
Net deferred tax liability	-	-

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.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended March 31, 2020

(expressed in Canadian dollars unless otherwise noted)

7. 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, 2019 \$	December 31, 2018 \$
Exploration and evaluation assets	-	290,180
Intangible asset	-	227,320
Non-capital losses carried forward	-	219,900

The Canadian non-capital loss carry forwards expire in 2039. The remaining deductible temporary differences may be carried forward indefinitely.

8. SUBSEQUENT EVENT

Since December 31, 2019 and continuing through May 2020, the outbreak of the novel strain of coronavirus, specifically identified 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, self-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.