
TORRENT CAPITAL LTD.

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
JUNE 30, 2018**

(expressed in Canadian dollars)

August 27, 2018

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim financial statements of **Torrent Capital Ltd.** are the responsibility of management and have been approved by the Board of Directors. The unaudited condensed interim financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited condensed interim financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited condensed interim financial statements and recommended their approval by the Board of Directors.

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

(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 Statement of Financial Position
As at June 30, 2018 and December 31, 2017
(Expressed in Canadian dollars unless otherwise indicated)

	June 30, 2018	December 31, 2017
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	111,446	772,290
Sundry receivable	10,602	4,744
Prepaid expenses	15,657	2,674
Investments in publicly-traded securities (note 3)	5,802,182	7,020,725
	5,939,887	7,800,433
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	92,830	111,510
EQUITY		
Share capital (note 4)	8,119,404	8,119,404
Contributed surplus (note 5)	2,454,365	2,423,021
Deficit	(4,726,712)	(2,853,502)
	5,847,057	7,688,923
	5,939,887	7,800,433

Nature of operations (note 1)

Approved on Behalf of the Board:

"Wade Dawe"
Director

"Jim Megann"
Director

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

Torrent Capital Ltd.

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

For the periods ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise indicated)

	Three months ended June 30, 2018 \$	Three months ended June 30, 2017 \$	Six months ended June 30, 2018 \$	Six months ended June 30, 2017 \$
REVENUE AND OTHER INCOME (LOSS)				
Interest income	45	5,993	114	15,717
Realized gain on investments	184,210	-	475,281	-
Unrealized (loss) gain on investments (note 3)	(245,004)	(461,810)	(2,115,098)	(406,577)
	(60,749)	(455,817)	(1,639,703)	(390,860)
EXPENSES				
Consulting and wages (note 6)	55,762	47,819	102,600	88,681
Directors fees (note 6)	26,317	16,875	52,720	28,250
Professional fees	1,569	8,475	5,844	15,252
Insurance	6,233	6,232	12,397	13,613
Stock exchange and maintenance fees	14,231	16,733	18,968	27,374
Office and administration	1,783	8,358	3,776	9,785
Travel	-	2,610	-	5,155
Rent and related costs (note 6)	3,105	3,105	6,210	6,210
Stock-based compensation	12,537	18,807	31,344	18,807
Foreign exchange (gain) loss	(16)	3,399	(352)	4,618
	(121,521)	(132,413)	(233,507)	(217,745)
INCOME (LOSS) BEFORE INCOME TAXES	(182,270)	(588,230)	(1,873,210)	(608,605)
Income taxes	-	-	-	-
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(182,270)	(588,230)	(1,873,210)	(608,605)
Basic and diluted income (loss) per share	(0.01)	(0.025)	(0.08)	(0.026)
Weighted average number of shares outstanding	23,648,333	23,648,333	23,648,333	23,648,333

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

Torrent Capital Ltd.

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

For the periods ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise indicated)

	Common Shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2016	23,648,333	8,119,404	2,303,912	(3,848,285)	6,575,031
Net loss for the period	-	-	-	(608,605)	(608,605)
Stock-based compensation	-	-	18,807	-	18,807
Balance, June 30, 2017	23,648,333	8,119,404	2,322,719	(4,456,890)	5,985,233
Net income for the year	-	-	-	1,603,388	1,603,388
Stock-based compensation	-	-	100,302	-	100,302
Balance, December 31, 2017	23,648,333	8,119,404	2,423,021	(2,853,502)	7,688,923
Net income for the period	-	-	-	(1,873,210)	(1,873,210)
Stock-based compensation	-	-	31,344	-	31,344
Balance, June 30, 2018	23,648,333	8,119,404	2,454,365	(4,726,712)	5,847,057

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

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

Torrent Capital Ltd.
Unaudited Condensed Interim Statement of Cash Flows
For the periods ended June 30, 2018 and 2017
(Expressed in Canadian dollars unless otherwise indicated)

	Six months ended June 30, 2018 \$	Six months ended June 30, 2017 \$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the period	(1,873,210)	(608,605)
Items not affecting cash:		
Unrealized loss on investments	2,115,098	406,577
Stock-based compensation	31,344	18,807
	273,232	(183,221)
Adjustments for:		
Proceeds on sale of investments	1,138,753	-
Acquisition of publicly-traded securities	(1,580,467)	(3,625,362)
Sundry receivables	(5,858)	16,089
Prepaid expenses	(12,983)	(18,157)
Accounts payable and accrued liabilities	(18,680)	(19,459)
CHANGE IN CASH AND CASH EQUIVALENTS	(660,844)	(3,830,110)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	772,290	6,353,915
CASH AND CASH EQUIVALENTS, END OF PERIOD	111,446	2,523,805

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

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

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

As at June 30, 2018, the Company had cash and cash equivalents of \$111,446 (December 31, 2017 - \$772,290) and working capital of \$5,847,057 (December 31, 2017 - \$7,688,923). Management believes that it has sufficient funds to pay 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, 2017.

The policies applied in these unaudited condensed interim financial statements are based on IFRS as of August 27, 2018, 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, 2018 could result in the restatement of these unaudited condensed interim financial statements.

Basis of Presentation

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

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, 2017, except as noted below. Refer to note 2, *Significant Accounting Policies*, of the Company's annual financial statements for the year-ended December 31, 2017 for information regarding the accounting policies as well as new accounting standards not yet effective.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Standards

IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9 replaced IAS 39, *Financial instruments: recognition and measurement* (“IAS 39”). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company has assessed this new standard and there has been no impact to the unaudited condensed interim financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). Financial liabilities are classified in the following measurement categories: fair value through profit or loss, or amortized cost.

The following table summarizes the changes in the classification of the Company’s financial instruments upon adoption of IFRS 9. The adoption of the new classification did not result in any changes in the measurement or carrying amount of the financial instruments.

The Company’s financial instruments consist of the following:

<u>Financial Assets</u>	<u>Classification under IAS 39</u>	<u>Classification under IFRS 9</u>
Cash and cash equivalents	Loans and receivables	Amortized cost
Investments in publicly-traded securities	Fair value through profit and loss	Fair value through profit and loss
<u>Financial Liabilities</u>	<u>Classification under IAS 39</u>	<u>Classification under IFRS 9</u>
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial Assets

Within the scope of IFRS 9, financial assets are classified as financial assets at amortized costs, FVTPL or FVOCI, as appropriate.

Amortized cost

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

Fair value through profit or loss

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

Classification

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus or minus (in the case of financial assets not classified as FVTPL) directly attributable transaction costs. The Company’s financial assets include cash and cash equivalents, and investments in publicly traded securities.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Standards (continued)

IFRS 9, Financial Instruments (“IFRS 9”) (continued)

Recognition and measurement

Purchases and sales of investments are recognized on the transaction date. Investments are initially recognized at fair value plus transaction costs.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments are presented in the statements of income (loss) within net change in unrealized gains or losses on investments in the period in which they arise.

Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company’s management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements.

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

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

Private company investments:

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

Disposition of investments

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

Impairment

The carrying amounts of the Company’s cash and cash equivalents are reviewed at each reporting date to determine whether there is any indication of impairment. As of March 31, 2018, and December 31, 2017, the fair values of cash and cash equivalents and sundry receivables approximate their amortized costs due to the short-term nature.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Standards (continued)

IFRS 9, Financial Instruments (“IFRS 9”) (continued)

Impairment of financial assets

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

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

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

Financial Liabilities

Financial liabilities are classified as amortized cost.

Amortized Cost – Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

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

As of June 30, 2018, and December 31, 2017, the fair value of accounts payable and accrued liabilities approximates their amortized cost due to the short-term nature of the financial liabilities.

De-recognition of Financial Liabilities

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Standards (continued)

IFRS 9, Financial Instruments (“IFRS 9”) (continued)

Financial Instruments Recorded at Fair Value

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

Investments consist of the following at June 30, 2018:

Investments	Cost	Level 1 Quoted Market Price	Level 2 Observable Market Inputs	Total Fair Value
	\$	\$	\$	\$
Equities	6,277,599	5,746,307	-	5,746,307
Warrants	-	-	55,875	55,875
Total investments	6,277,599	5,746,307	55,875	5,802,182

Investments consist of the following at December 31, 2017:

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

Critical Accounting Estimates

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

Income Taxes and Recovery of Deferred Tax Assets and Liabilities

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical Accounting Estimates (continued)

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 unaudited condensed interim statements of income (loss) and comprehensive income (loss) based on estimates of forfeiture and expected lives of the underlying stock options.

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

Where the fair values of financial assets and financial liabilities recorded on the unaudited condensed interim 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.

3. INVESTMENTS

	Shares #	Amount Invested \$	Market Value June 30, 2018 \$	Unrealized Gain / (Loss) quarter ended June 30, 2018 \$	Unrealized Gain / (Loss) Year to date June 30, 2018 \$	Market Value Dec. 31, 2017 \$
Iron Bridge Resources Inc.	1,800,000	1,461,894	1,368,000	480,216	82,146	1,351,080
Agua Resources Limited						
Common shares	2,705,843	1,292,324	514,110	(316,640)	(415,168)	985,195
Warrants	1,250,000	-	-	-	-	-
AnalytixInsight Inc.						
Common shares	984,000	210,272	373,920	(187,077)	(600,612) ^(a)	1,249,875
Warrants	1,250,000	-	37,500	(50,000)	(212,500)	250,000
kneat.com, inc.	1,000,000	600,000	940,000	(110,000)	90,000	850,000
eXeBlock Technology Corp.						
Common shares	925,000	155,750	111,000	(111,000)	(758,500)	869,500
Warrants	262,500	-	18,375	(31,500)	(215,250)	233,625
Pivot Technology Solutions	227,500	570,229	434,525	(56,182)	(58,087)	419,100
Westdome Gold Mines	180,000	382,446	552,600	183,214	161,181	263,750
DHX Media	110,000	467,184	300,300	(118,710)	(202,660)	408,600
Martello Technologies Corp.	1,900,436	825,000	912,209	87,209	87,209	-
GAR Limited (Netcoins)	285,715	100,000	27,143	(15,714)	(72,857)	100,000
Other marketable securities		212,500	212,500	1,180	-	40,000
		6,277,599	5,802,182	(245,004)	(2,115,098)	7,020,725

(a) This includes the transfer of \$431,283 to a realized gain on the sale of 1,288,500 shares in AnalytixInsight Inc. during the period ended June 30, 2018.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(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, 2016 and 2017 and June 30, 2018	23,648,333	8,119,404

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

(c) **ESCROWED**

As a result of the Company's change of business, 4,189,204 common shares held by the directors were subject to a Tier 1 Value Escrow Agreement. There was an initial release of 963,583 (23%) of the escrowed securities on February 2, 2017 and the remaining shares will be released at a rate of 1,075,207 (25.7%) every six months thereafter. As at June 30, 2018, 1,075,207 shares continue to be escrowed. Subsequent to June 30, 2018, the remaining shares were released from escrow.

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 no lower than the market price of the common shares. The performance criteria and performance period of the restricted shares units are determined by the Board of Directors.

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

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

5. STOCK OPTIONS AND RESTRICTED SHARE UNITS (Continued)

There were no options issued during the period ended June 30, 2018. The assumptions used in the pricing model for the options issued during the year ended December 31, 2017 were as follows:

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

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the granted options is \$150,452. This amount is amortized over the vesting period and \$119,109 has been expensed during the year ended December 31, 2017 and \$33,343 has been expensed in the period ended June 30, 2018.

The following table reflects the stock options for the year ended December 31, 2017 and the quarter ended June 30, 2018:

	Number of Stock Options Outstanding	Weighted Average Exercise Price \$
Balance - December 31, 2016	616,666	0.30
Options granted	675,000	0.30
Options expired	(50,000)	0.30
Balance - December 31, 2017	1,241,666	0.30
Options expired	(433,333)	0.30
Balance – June 30, 2018	808,333	0.30

The following table reflects the stock options outstanding as at June 30, 2018:

Expiry Date	Exercise Price \$	Weighted Average Life Remaining	Options Outstanding	Options Vested	Black- Scholes Value \$
November 21, 2019	0.30	1.3 years	133,333	133,333	33,720
June 15, 2022	0.30	3.9 years	675,000	675,000	150,452
	0.30	3.4 years	808,333	808,333	

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

(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:

	Six months ended June 30, 2018 \$	Six months ended ended June 30, 2017 \$
Director remuneration	52,720	28,250
Administration fees and rent (notes i)	24,130	16,110
CFO remuneration – R. Randall	26,700	28,125
Chief Investment Officer – S. Gardner	60,000	50,000
	163,550	122,485

- i) During the six months ended June 30, 2018, the Company incurred administration fees of \$15,900 (year ended December 31, 2017 - \$22,800), rent and related costs of \$6,210 (year ended December 31, 2017 - \$12,420) and other fees of \$2,020 (year ended December 31, 2017 - \$12,850) with Numus Financial Inc., a company owned by two directors.

In June 2017, the Company issued 625,000 stock options to directors and officers. The estimated fair value of these stock options was \$139,307, of which stock-based compensation of \$31,344 has been recognized in the period ended June 30, 2018 (year ended December 31, 2017 - \$110,285).

As of June 30, 2018, related parties were owed \$53,838 (December 31, 2017 - \$72,562). 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 June 30, 2018

(expressed in Canadian dollars unless otherwise noted)

7. INCOME TAXES

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

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

Deferred Tax

The following table summarizes the components of deferred tax:

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

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2018

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

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