**Torrent Capital Ltd.**
**Management Discussion and Analysis**
**Period ended September 30, 2020**

*This Management's Discussion and Analysis ("MD&A") of Torrent Capital Ltd. ("Torrent" or the "Company") is dated November 13, 2020 and provides an analysis of the financial operating results for the quarters ended September 30, 2020 and September 30, 2019. This MD&A should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes for the period ended September 30, 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim condensed financial statements. This MD&A should also be read in conjunction with the audited annual financial statements and accompanying notes of Torrent Capital Ltd. for the year ended December 31, 2019, which have been prepared in accordance with IFRS for annual 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 company's website at www.torrentcapital.ca and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under the Company's profile. The common shares of the Company 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.*

## The Company's Change of Business

Torrent Capital Ltd. ("Torrent", or the "Company") previously carried on business involving the acquisition, exploration, and development of properties for the mining of precious and base metals. In early 2017, the Company received final approval from the TSX Venture Exchange ("TSXV") for its Change of Business ("COB") from a Mining Issuer to an Investment Issuer. The Company is focused on profiting from strategic investments in public and private company securities.

At the February 2, 2017 Annual General and Special Meeting, the Company received overwhelming support for its COB and other matters. In excess of 99% of voting shareholders approved the COB, the name change to Torrent Capital Ltd. and the consolidation of its common shares on a basis of one new common share for every three common shares. The Company filed articles of amendment to effect the name change and the share consolidation and both were in effect when the shares of the Company recommenced trading on February 6, 2017 under the symbol "TORR". All references to the number of common shares have been adjusted retrospectively to reflect the Company's one-for-three share consolidation for the prior periods disclosed in this MD&A.

**Investment Issuer Objective**

Torrent invests primarily in the 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").

*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)), IMV Inc. (TSX:IMV), Sona Nanotech Inc. (CSE: SONA), Ruckify Inc., Resolute Health Corporation, as well as investments in a number of other public and private companies and a Gold Stock Portfolio.

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 there are sizeable barriers to entry for those looking to compete with the company. Kneat Gx has been in development for close to ten years and built by a team with deep domain knowledge as 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 the majority of Tier 1 biotech and pharmaceutical companies. In a short period of time, KSI now has 19 customers and its presence on manufacturing sites has grown from 15 locations to upwards of 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 $150 million which is modest in relation to its experienced management team, a growing 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 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 of 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 in turnaround mode for the past two years. The company lost the confidence of the market after consistently overpromising with guidance, making untimely and expensive acquisitions and accumulating a sizeable debt overhang. The company has been stuck in a "show me" vacuum as the market wants to see substantial traction in earnings, a moderating debt profile and attractive deals to monetize its assets. This has resulted in a depressed share price and the company has had to finance into this share price weakness. The high-profile content war taking place as large companies like Amazon, Apple and Netflix compete aggressively for streaming material should be rewarding for WILD's independent library.

The company has been taking steps to restore confidence in the market, improve cashflow and moderate its debt profile.  Over the past two years the company has replaced its Chief Executive Officer twice, replaced the Chief Financial Officer and restructured its Board. The company 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 recently announced a SVOD deal with Apple, a distribution deal with Comcast, Netflix, and CBS All Access. These transactions highlight the quality of WILD's catalog and the growth potential of its streaming business.

Torrent believes WILD has made positive adjustments towards a higher margin, higher free cash flow working model with a debt reduction program. The company continues to trade at a discount to the inherent value of its assets.

***Gold Stock Portfolio (six public and three private companies)***

Gold is trading close to all-time highs and remains in an uptrend. Even before the Pandemic, the global economy was losing steam, the equity market was over extended and many sovereign balance sheets were in poor shape. Recent events have only increased gold's luster as real interest rates in the US have gone negative, the global economy is on very shaky ground, central banks have ramped up their accommodative policies and the global financial system remains saddled with unprecedented levels of debt. Even if some of the Pandemic related pressures abate, the Company believes that inflationary pressures are mounting in the system after years of reckless central bank activity. Torrent cannot help but think that the current rally in all asset classes, despite the bleak global economic outlook represents the early stages of inflation.

Gold stocks provide leverage to a strong gold market and Torrent has been increasing our exposure. Gold stocks tend to run in multi-year cycles and 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 nine 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.

***Electrovaya Inc. ("EFL")***

EFL was founded in 1996 as a research and development company focused on lithium-ion technologies and manufacturing processes. In 2000, the company 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, the company 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 MHEVs 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. They have received purchase orders from multiple Fortune 1000 companies, including - Walmart, Mondelez, and Raymond Corp (a Toyota subsidiary). EFL batteries are powering e-forklifts in 26 locations, primarily in the USA, Canada and Mexico. The company distributes its products into both the replacement market and the the new vehicle market. EFL also develops and markets cells 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 2.3x EV based on projected 2021 revenue which is very modest given the company's prospects.

***IMV Inc. ("IMV")***

IMV is a clinical stage biopharmaceutical company founded in 2000 in Dartmouth, Nova Scotia. IMV's mission is to make immunotherapy more effective, more broadly applicable and more widely available to people facing cancer and other serious illnesses. IMV is pioneering a new class of immunotherapies based on its proprietary drug delivery platform. This patented technology leverages a mechanism of action that does not release the active ingredients at the site of injection but forces an active uptake and delivery of active ingredients into immune cells and lymph nodes. This enables the programming of immune cells in vivo, with the aim of generating powerful new synthetic therapeutic capabilities.

IMV's lead candidate, DPX-Survivac, is a T-cell activating immunotherapy that combines the utility of the platform with a target, surviving a well characterized and tumor associated antigen overexpressed in more than 20 different cancers. IMV is currently assessing DPX-Survivac as a monotherapy in advanced ovarian cancer as well as a combination therapy in multiple clinical studies with Merck KGaA. IMV will be releasing new data from ongoing clinical trials in December. IMV hopes the results will further validate the efficacy of DPX-Survivac by showing that IMV patients see tumor regression and/or demonstrate continued lengthy durability beyond a year.

IMV recently announced that it intends to develop a DPX-based vaccine for COVID-19 in collaboration with well-respected experts. IMV has received $10 million in funding from the Canadian Government for the clinical development of DPX-COVID-19. IMV aims to accelerate clinical development of the vaccine by combining Phase 1 and 2 studies into a single trial which could reduce the timeline of the overall project. The Phase 1/2 trial is expected to be initiated before the end of 2020 after the completion of the preclinical safety, GLP toxicology and challenge studies that are required to advance into Phase 1/2 studies. These preclinical studies have been ongoing since mid-August 2020. IMV has entered a collaboration with a global manufacturing partner and initiated transfer and scale-up activities of DPX-COVID-19. This collaboration has the potential to bring two additional production sites in India and Europe with capacity to produce several hundred million doses of DPX-COVID-19.

Analysts suggest that DPX could be supportive of an immune response based on prior DPX Phase I studies that IMV has published for other disease indications. Screening could conclude in the next few months based on IMV's recent update and data for the SARS-CoV-2-targeted formulation may potentially be available before year end.

IMV should continue to attract significant interest in the market as it initiates its combined Phase 1/2 DPX-COVID-19 study. DPX-COVID-19 has the potential to offer a more effective vaccine, in a burgeoning vaccine market with no clear leaders at present. Furthermore, data for DPX-Survivac r/r DLBCL Phase 2 trail is due before year end which could further validate its anti-tumor efficacy.

***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 ("CTAB"). 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's COVID-19 lateral flow test could potentially compete with existing solutions available in the market or those known to be currently under development. SONA's lateral flow 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. 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 current global supply of COVID-19 tests is insufficient to meet global demand. Testing is a critical tool for countries to reopen their economies and governments and businesses across the globe are anxiously attempting to procure sufficient tests to meet increasing demand. SONA has excellent prospects in Canada where its COVID-19 lateral flow test is in the approval process.

SONA trades at a $212 million market cap. Given the highly attractive characteristics of SONA's COVID-19 lateral flow test, the global addressable market and a scarcity of tests, Torrent continues to see upside for the company. SONA remains a high risk, high reward investment.

***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 profits 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 is the Chief Technology Officer ("CTO") who has significant experience developing and leading technology rollouts. This includes a CTO 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 at a steep discount to its current private equity valuation of $34 million. Torrent believes this valuation is still modest given the disruptive nature of Ruckify's business, the advanced stage of its technology and 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 quarter of 2021 on the Canadian Venture Exchange. Torrent expects that the Company will be well-received by the market with its first mover advantage.

***Resolute Health Corporation Limited ("Resolute" – Private)***

Resolute Health Corporation Limited ("Resolute") is a private health care provider established by experienced healthcare professionals for patients suffering with snoring and Sleep Disordered Breathing, including Obstructive Sleep Apnea. Headquartered in Halifax, N.S., Resolute currently has over 40 clinics in six Canadian provinces. Resolute is committed to quality patient care and strong relationships with the medical community, responding to the ever-changing needs of the healthcare industry through leading edge technology and dedicated healthcare professionals.

Working together with physicians, Resolute is helping patients improve their health and quality of life with a treatment solution that meets their individual needs, offering life-long support to ensure continued success with management of their sleep apnea. By all indications, the demand for sleep aid solutions is significant and is expected to continue to grow. Morder Intelligence estimates that the Canadian market for respiratory devices was worth over $2 billion in 2014 and is currently close to $3 billion, representing a compound annual growth rate ("CAGR") of more than 11%.

Resolute focuses on proprietary patient practices that maximize the patient experience, promote patient-clinic interaction, and increased recurring revenue streams. Resolute is agile and can act quickly compared to multi-national competitors that do not focus solely on this industry and can be slow to recognize and capitalize on market opportunities.

Resolute's strategy for maximizing efficiencies through organic and acquisitive growth is to implement uniform systems, controls and processes while centralizing the back-office functions to reduce operating costs. In addition, Resolute expects to lower its cost of goods sold by leveraging volume discounts resulting from its increased purchasing power. Resolute is also increasing recurring revenues per patient by building and managing lifetime patient relationships.

Resolute has completed six acquisitions in the past year and a half and now operates in six provinces across Canada. Through these acquisitions and organic growth, annualized revenues have increased by over 60% on an annualized basis as at last quarterly reporting period. Systems, processes, and functions continue to be centralized with reduced costs of goods sold from purchasing power already being realized with major suppliers. Torrent believes that Resolute is an attractive investment given its unique offering in the growing Sleep Apnea segment as its health focused revenue streams tend to be recurring in nature.

**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 unaudited condensed interim statements of loss and comprehensive loss as a net change in unrealized gains or losses on investments.

The Company fair values its Investment Portfolio at the end of the quarter based on market prices of the shares. The current quarter's income includes an unrealized gain on investments of $3,033,004 or $0.13 per share as compared to an unrealized loss on marketable securities of $1,013,433 or $0.04 per share in the comparable quarter. The year to date income includes an unrealized gain on investments of $4,860,257 or $0.20 per share as compared to an unrealized gain on marketable securities of $1,644,260 or $0.07 per share in the comparable period.

The Company's investment activity and fair value of the changes in the unrealized gains and losses as at September 30, 2020 and the market value as at December 31, 2019 are summarized as follows:

| | Shares # | Cost of Investment $ | Market Value Sept. 30, 2020 $ | Unrealized Gain / (Loss) Quarter ended Sept. 30, 2020 $ | Unrealized Gain / (Loss) Year to date Sept. 30, 2020 $ | Market Value Dec. 31, 2019 $ |
|---|---|---|---|---|---|---|
| kneat.com, inc. | 1,770,443 | 1,879,630 | 4,550,039 | 1,426,983 | (806,234)[(a)] | 5,021,050 |
| Gold Investment Portfolio | | 2,743,873 | 4,471,063 | (220,259) | 1,821,823 | 963,000 |
| Sona Nanotech Inc. | 478,000 | 124,248 | 3,604,120 | 1,000,134 | 3,692,008 | 200,000 |
| WildBrain Ltd. (formerly DHX Media Ltd.) | 2,200,000 | 3,368,609 | 3,036,000 | 186,384 | (356,928) | 3,092,900 |
| Electrovaya Inc. | 1,465,000 | 981,438 | 1,333,150 | 351,712 | 351,712 | - |
| IMV Inc. | 151,400 | 655,728 | 905,372 | 312,107 | 447,004 | 1,330,810 |
| Ruckify Inc. | 604,976 | 650,000 | 1,742,331 | - | - | 1,742,331 |
| Resolute Health Corporation | 300,000 | 570,000 | 570,000 | - | - | 570,000 |
| Other securities | | 2,382,620 | 2,214,210 | (24,057) | (289,128) | 1,529,707 |
| | | 13,356,146 | 22,426,285 | 3,033,004 | 4,860,257 | 14,449,798 |

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

***Torrent Capital's Net Asset Value ("NAV") increased from $17.6 million ($0.73 per share) to $24.1 million ($0.94 per share) during the third quarter of 2020, representing an increase of 29%.***

Torrent's NAV increased by 29% during the third quarter of the year, compared to the S&P 500 which rose 8.9%, the S&P TSX Composite was up 4.7% and the S&P TSX SmallCap Index increased by 6.6%. Year to date, the value of Torrent's Investment Portfolio has risen 56%.

The year 2020 has proven one for the record books, defined by extraordinary economic uncertainty and massive shifts in the geopolitical and social landscape. The stock market has mirrored this wild ride, as evident in the massive pandemic induced sell-off in March and the subsequent rally which saw US equities reach all-time highs. The S&P 500 fell -31.1% from the start of the year into the March lows and subsequently ran 60.1% to its September peak.

The stock market was once again under pressure closing out the current quarter as COVID-19 cases accelerated and the discussion shifted away from opening the economy back to lockdowns. Furthermore, the US election was quickly approaching, leading a heightened degree of anxiety in the market given that the two candidates have drastically different economic and social platforms.

Moving forward, the Company believes that the stock market will be relatively strong coming out of the US elections. Baring a highly contested result and/or significant social unrest, the passing of the election will remove a degree of uncertainty hanging over the market. While both candidates have vastly different platforms, they both signaled a willingness to boost infrastructure spending and are biased towards accommodative government stimulus programs to help mend the economy. Given that the equity markets remain highly dependent on government spending and accommodative monetary policy, they should react positively over the short term.

With respect to the Pandemic, the initial fears encountered during the first phase of COVID-19 have been significantly tempered with a much better understanding of the disease. The mortality rate has been declining as medical professionals have learned to treat the disease and as those in high-risk group take extra care to reduce exposure. While we are heading into a second phase of the disease as cooler temperatures arrive, governments are taking a more selective approach to controls in contrast to the economic lockdowns during the first phase. This more selective approach, combined improved testing technology and advancements in vaccine development will help to facilitate a measured re-opening of the global and assist to guard those most vulnerable.

Despite the potential for a decent post-election equity market, Torrent continues to employ a relatively conservative stance with the Investment Portfolio.

The underlying fundamentals of the stock market are not as strong as the performance of headline indices suggest. Market strength has been dominated by a select group of technology names, in particular the FANG stocks, which have been heavily bought by retail investors. Stripping technology stocks out of the major indices, most markets are down on the year. Furthermore, traditional harbingers of economic growth, like banking, retail and energy stocks, have been very weak. The Company would like to see broader participation in market upside, and in particular bank stocks, before it becomes more bullish.

Accordingly, Torrent's portfolio is biased towards those companies with solid bottom-up characteristics as opposed to pure momentum plays. Torrent favors those companies that have a rigid value proposition, a robust capital position, strong end markets and a relatively clear path towards profitability. The Company has been adding to our cash position at opportune times and selectively bolstering our allocation to gold stocks which remain under owned.

Torrent is in a good position to capitalize on attractive opportunities as they arise. Our purchase of EFL in the third quarter is indicative of the kind of companies it aims to uncover in the current environment. EFL is a lithium-ion battery manufacturer that has been winning sizeable contracts with reputable counterparties like Walmart and Raymond (Toyota). The company has significant IP, an improved balance sheet and is in a rapid growth phase. The lithium-ion battery market offers massive growth potential, and unlike the majority of clean tech plays, EFL has demonstrated that it can be profitable. These are the type of companies Torrent seeks to own regardless of market volatility.

***kneat.com, inc. ("KSI") – Unrealized gain on the investment of $1,426,983 in the current quarter and an unrealized loss of $806,234 year to date, reversing previously recorded unrealized gains.***
KSI's share price rose by 46.6% during the third quarter, compared to the S&P/TSX Small Cap Index, which rose 6.6%.

Much of the strength can be attributed to KSI being oversold in the second quarter, as the market indiscriminately dumped stocks. However, the company did announce a significant tier 1 customer win in the third quarter from the consumer packaged goods (CPG) industry. This announcement served to remind the market of the quality of KSI's pipeline and the resilience of its value proposition.

The new client employs over 30,000 staff across a global operation base and manufactures a number of consumer brands in the health, personal care and household goods segments. The client selected KSI's SaaS platform to digitize its validation processes, beginning with equipment and facilities validation at several lead US sites. Torrent believes this announcement is significant as it demonstrates further sales momentum with new large clients, with KSI now having signed six tier 1 clients over the past year. More importantly, this is KSI's first client in the CPG space, which greatly expands its addressable market beyond pharma, biotech, medical devices and logistics firms serving those verticals.

These recent wins have increased the opportunity to scale existing clients, which analysts believe now exceeds US$50 million in Annual Recurring Revenue ("ARR"). The company has secured a network of top-tier pharmaceutical, biotechnology and CSG companies with large worldwide operations and sound fundamentals. These relationships serve to significantly de-risk the Kneat Gx offering when selling to prospects and they foster a strong growth component given that these clients will likely scale the offering across their organizations.

***Gold Stock Portfolio (six public and three private companies) – Unrealized loss on investment of $220,259 in the current quarter and an unrealized gain of $1,821,823 year to date.***
Gold and related equities rose during the third quarter, with gold bullion up 5.2% and the MVIS Global Junior Miners Index up 11.7%.

The gold sector continued its upward trajectory in the third quarter, with bullion prices topping out north of US$2,000/oz in August and closing out the quarter at US$1,886/oz. Gold and related equities have enjoyed significant investor enthusiasm this year after being shunned for the past ten years. Interest in the space has been driven by a declining US$, negative global real interest rates, massive government stimulus programs and mounting economic pressures in the system. The sector cooled down somewhat towards the end of the quarter as inflows moderated, bullion failed to decisively break through US$2,000/oz and the US$ found an interim bottom.

Torrent continues to believe that an allocation towards gold stocks make sense as gold bullion remains in an uptrend. Global real interest rates will remain suppressed into the foreseeable future, the global economy is fraught with risk and the financial system is plagued with over indebtedness and awash with an ever increasing amount of central bank stimulus. Despite these pressures, the headline equity indices continue to trade near all-time highs which is becoming increasingly difficult to reconcile. The value of gold in relation to the S&P 500 remains at 20 year lows, which illustrates that gold remains an underbought asset despite mounting reasons to own the metal.

Torrent has exposure across nine individual companies in both the exploration and development stage and believes that the exploration sector is under owned and offers leverage to a rising gold price. 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), Contact Gold (C:TSXV), Antler Gold (ANTL:TSXV), , Fortune Bay (FOR:TSXV), Tajiri Resources (TAJ:TSXV), Kuya Silver (KUYA:CSE) and privately held Advent Gold, Cerrado Gold, and Star Royalties.

***Sona Nanotech Inc. ("SONA") – Unrealized gain on investment of $1,000,134 in the current quarter and $3,692,008 year to date.***
SONA has had a transformative year, rising 141% during the third quarter with significant increases year to date.

At the onset of the Pandemic earlier this year, SONA announced its intention to develop a COVID-19 rapid response lateral flow antigen test ("antigen test"). SONA's COVID-19 antigen test could potentially compete with existing solutions available in the market or those known to be currently under development. SONA's lateral flow 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 moment, Abbot Laboratories is the leading competitor in the space given that its test products are approved for use in the US and other major countries. Although Abbot Labs is first to the market, they are only able to meet a small fraction of global demand, which leaves room for competing companies to capture significant market share.

SONA has announced that its rapid detection COVID-19 antigen test's laboratory validation studies resulted in a test sensitivity of 96%, test specificity of 96% and a Limit of Detection ("LOD") of 2.1 x 102 TCID50. Limited sales of the antigen tests is permitted under a 'research use only' label until full regulatory authority is granted, in relevant territories, at which time the 'research use only' label requirement would be lifted. It was also indicated that a technology transfer to its manufacturer is currently underway to produce tests to meet current and expected demand.

In late August, from its clinical evaluation study, SONA announced that its COVID-19 antigen test achieved a sensitivity of 84.6% and a specificity of 90.0%. The study collected 99 collected clinical patient samples, which included 39 positive samples and 60 negative samples, as determined by RT-PCR testing. The data from this study was used to support the Company's analytical and clinical data as part of the submission it has made to Health Canada for an IO and the FDA for an EUA approval for its rapid detection COVID-19 antigen test.

SONA is now ten weeks into the approval process with both the US FDA and Health Canada. Post quarter end, SONA announced that the US FDA had "deprioritized" the approval process for SONA's COVID-19 test. The announcement lead to a selloff of SONA shares in the market, with the company's share price falling by 50%. Clearly, SONA losing regulatory momentum in the US is less than desirable, but it is not the end of the world as the US market would have always been dominated by US companies. It is worth noting that the US FDA did not comment on the efficacy or value of the test itself, which remains highly promising given solid tests results thus far. Should SONA receive regulatory approval from Canada for commercial sales, the company's share price may re-rate higher.

***WildBrain Ltd. ("WILD"), (formerly – DHX Media Ltd.) – Unrealized gain on investment of 186,384 in the current quarter and an unrealized loss on the investment of $356,928 year to date.***
WILD's stock price was up 6.2% during the third quarter but remains down 12.1% year to date. This compares to the S&P/TSX SmallCap Index, which rose 6.6% last quarter and is off 8.5% year to date.

WILD has been in turnaround mode, focusing on realigning the business, determining the most profitable go forward strategy, getting the right people involved and looking to monetize their 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.

The key going forward is to rejuvenate growth in the company. WILD reported Q4 and fiscal 2020 results in September. Annual revenues were down 3% and fourth quarter revenues fell 15% relative to same period one year ago.  WILD needs to improve topline growth in order to get the market excited anew.

Accordingly, WILD has made strides towards monetizing its assets via a strategy that it refers to as a 360º view towards its catalogue. They have 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 has 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 continues to grow its audience, which saw viewership increase 35% to 43.9 billion views during fiscal 2020. WILD aims to fully monetize this extensive viewership by building their direct ad sales team to better access the US$4.5 billion spent annually in global kids' advertising and tap into the more traditional and very large branded segment of this market.

WILD's financial standing continues to improve as a result of its targeted spend strategy and cost cutting initiatives. Its net debt ratio dropped to 5.4x from 5.9x one year and it now has $68 million in cash and $201 million in working capital to fund the business into the foreseeable future.  WILD also saw its free cash flow profile improve substantially, with fiscal 2020 free cash flow of $27.1 million vs. $10.4 million one year ago.

WILD currently trades at 12x 2021 consensus EBITDA forecasts and 4.7x cash flow. Torrent sees upside to this  valuation as various strategic initiatives continue to bear fruit and the market begins to appreciate the potential for a leaner, better run and more profitable WILD. Furthermore, upside could come in the form of lucrative streaming deals with premier streaming companies, further monetization of the companies IP given its 360$^{0}$ approach to its content, and solid brand rejuvenation to kickstart distribution and consumer product sales for quality content like Teletubbies and/or Strawberry Shortcake.

***Electrovaya Inc.("EFL") – Unrealized gain on investment of $351,712 in the current quarter and year* to date.**
EFL's share price increased considerably during the third quarter, rising from $0.28 to $0.90, representing an appreciation of 227%.

After months of rigorous testing and validation, EFL has landed and delivered on contracts with the largest forklift manufacturer in the world, Raymond Corp (a Toyota subsidiary), along with Walmart Canada. EFL batteries are now powering e-forklifts in 26 locations across USA, Canada and Mexico. The Company estimates that the Walmart relationship could represent a $300-$450 million revenue opportunity and the Raymond contract to be multiples of this at full penetration. Walmart Canada recently announced a major $3.5 billion investment for growth and customer experience transformation and announced its intent to convert all material handling equipment to lithium-ion or hydrogen technology.

The company is having a transformative year, with annual 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%. Subsequent to its June report, EFL pre-announced its September ended quarter with expected QoQ revenue growth north of 40%.

We believe the company is in the early stages of a rapid growth phase. It has taken years of R&D, investment and perseverance for EFL to build its business model - contributing to a greener, more efficient world. The company has latched onto 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 ("EV") of $127.7 million, Torrent believes EFL represents a compelling investment opportunity with significant upside. The commercial EV market is still in its early stages and is growing quickly. Demand for North American produced lithium-ion batteries should only increase as the transition from lead to lithium-ion batteries accelerates. EFL is signaling that the future can be greener, cleaner and equally important, make economic sense for its customers.

***IMV Inc. ("IMV") – Unrealized gain on investment of $312,107 in the current quarter and $447,004 year* to date.**
IMV's share price rose 43.1% during the second quarter and is now up 58.6% year to date. This compares favorably to the Nasdaq Biotechnology Index, which was down 1.0% last quarter and up 12.9% so far this year.

IMV has been strong since announcing that the company intends to develop a DPX-based vaccine for COVID-19 in collaboration with well-respected experts. IMV's vaccine candidate, DPX-COVID-19, is a synthetic, targeted vaccine intended for the prevention of COVID-19 infection. It is composed of multiple peptides of the spike protein of the coronavirus formulated in the company's delivery platform ("DPX"). DPX-COVID-19 is being developed with the objectives of being potentially more effective than other vaccines thanks to the DPX platform's ability to activate sustained and targeted immune response. Based on previous clinical data with DPX-based immunotherapies in oncology and with other viruses, DPX-COVID-19 is expected to increase the level of protection in older and more vulnerable populations. Fully synthetic, DPX-COVID-19 has the potential for fast large-scale manufacturing compared to more conventional vaccines.

The Company's lead product, DPX-Survivac, is currently being evaluated in multiple Phase 2 studies. On the heels of IMV's recent announcement that SPiReL, a Phase 2 study of a DPX-Survivac combination regimen in patients with r/r DLBCL, met its primary efficacy endpoint, the Company presented data demonstrating deepening responses in ovarian cancer at ASCO 2020. IMV has indicated that updated data from both studies will be available later this year and it is engaging with regulators to move forward with DPX-Survivac.

***Ruckify Inc. ("Ruckify"- Private) – Unrealized gain on the investment of $1,092,331 in the prior year.***

Torrent initiated its position in Ruckify last year at an average cost of $1.07 per share. Ruckify's last round of financing was completed at $2.88 per share, which generated a substantial unrealized gain on Torrent's investment in 2019.

Ruckify is currently available in 30 cities in the United States and Canada; and has been fine tuning the user experience on the marketplace by working with customers and updating the technology as required. The first phase of Ruckify's rollout involves marketing Ruckify 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.

Moving forward, Ruckify has had to revamp its corporate strategy to adjust to emerging economic uncertainty. The company has reduced its cost profile considerably and shifted its growth strategy to capitalize on changing consumer behavior. Ruckify has often been referred to as the "Airbnb of stuff", and just as Airbnb found its legs during the 2008 recession, the Company envisions heightened demand for Ruckify's platform as individuals look to source additional income during economic uncertainty. Providing individuals the ability to make and save money through online rentals will be a substantial driver of Ruckify's growth and profitability going forward.

Ruckify currently has a private equity value of $34 million, which is modest given the disruptive nature of Ruckify's business model, the team involved, its technology, high profile shareholders and its first mover advantage. Unlike other private companies, Ruckify has never been inflated by outlandish private equity fund valuations, but rather, has raised money at prices in line with its achievements. Ruckify is aiming to go public in Canada on the Canadian Venture Exchange in the first quarter of 2021. Torrent expects that the company will be well-received by the market with its first mover advantage.

**Selected Financial Information**

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

| For the quarter ended | Sept 30, 2020 $ | June 30, 2020 $ | Mar 31, 2020 $ | Dec 31, 2019 $ | Sept 30, 2019 $ | June 30, 2019 $ | Mar 31, 2019 $ | Dec 31, 2018 $ |
|---|---|---|---|---|---|---|---|---|
| Realized gain (loss) on Investments | **3,685,507** | 867,548 | 757,792 | 436,463 | **1,174,926** | (249,884) | (341,365) | 380,723 |
| Unrealized gain (loss) on marketable securities | **3,033,004** | 4,978,238 | (3,150,985) | 2,012,161 | **1,013,433** | (561,430) | 1,192,257 | (1,252,716) |
| Operating expenses | **(203,981)** | (193,464) | (153,244) | (367,928) | **(141,767)** | (172,212) | (145,463) | (696,330) |
| Net income (loss) before taxes | **6,514,530** | 5,652,322 | (2,546,437) | 2,080,696 | **2,046,592** | (983,526) | 705,429 | (1,568,323) |
| Current income tax (expense) | **(380,000)** | - | - | - | **-** | - | - | - |
| Deferred income tax (expense) | **(1,270,000)** | - | - | - | **-** | - | - | 85,000 |
| Net income (loss) | **4,864,530** | 5,652,322 | (2,546,437) | 2,080,696 | **2,046,592** | (983,526) | 705,429 | (1,483,323) |
| Net (loss) income per share | **0.20** | 0.235 | (0.11) | 0.09 | **0.09** | (0.04) | 0.03 | (0.07) |
| Cash | **1,769,432** | 1,210,356 | 355,635 | 229,291 | **222,568** | 237,341 | 298,266 | 447,097 |
| Investments at fair value | **22,426,285** | 16,578,071 | 11,811,590 | 14,449,798 | **12,160,796** | 10,070,976 | 10,931,138 | 10,620,779 |
| Total assets | **24,231,341** | 17,822,926 | 12,200,306 | 14,691,304 | **12,401,331** | 10,336,930 | 11,308,446 | 11,107,637 |
| Total current liabilities | **477,278** | 258,949 | 300,457 | 245,018 | **79,999** | 68,577 | 71,468 | 595,248 |
| Shareholders' Equity | **22,484,063** | 17,563,977 | 11,899,849 | 14,446,286 | **12,321,332** | 10,268,353 | 11,236,978 | 10,512,389 |

**Results of Operations for the quarters ended September 30, 2020 and 2019**

The Company reported net income before taxes for the quarter ended September 30, 2020 of $6,514,530 or $0.27 per share as compared to a net income of $2,046,592 or $0.09 per share in the comparable quarter. Net income after taxes in the current quarter is $4,864,530 or $0.20 per share. The current quarter's results include an unrealized gain on marketable securities of $3,033,004 as compared to an unrealized gain of $1,013,433 in the comparable quarter. See the previous "*Unrealized gain/(loss) on Marketable Securities*" section for 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 $3,685,507 as compared to realized gains of $1,174,926 on its Investment Portfolio in the comparable quarter. The net realized gains (losses) on the Investment Portfolio are summarized as follows:

| | **Quarter ended September 30, 2020 $** | **Quarter ended September 30, 2019 $** |
|---|---|---|
| Sona Nanotech Inc. | **3,275,179** | - |
| Immunovaccine | **337,791** | - |
| Martello Technologies Corp. | **-** | 1,037,926 |
| Acasti Pharma Inc. | **-** | 97,053 |
| Other - net | **72,537** | 39,947 |
| | **3,685,507** | 1,174,926 |

During the quarter ended September 30, 2020, consulting fees of $111,196 (2019 - $86,588) including CEO fees of $37,500 (2018 - $30,000), CFO fees of $17,101 (2019 - $10,688), services fees paid to Numus Financial Inc. ("Numus") of $17,500 (2018 - $11,400) and $34,500 (2018 - $34,500) paid to the Chief Investment Officer. In the current quarter, the Company also incurred Directors' fees of $25,485 as compared to $19,425 in the comparable quarter and D&O insurance fees of $6,285 (2019- $6,302). Professional fees of $6,516 were incurred in the current quarter as compared to $7,000 in the quarter ended September 20, 2019.

The stock exchange and maintenance fees were $5,842 in the third quarter of 2020 as compared to $3,126 in the third quarter of 2019. In the current quarter, the Company incurred administration costs of $8,102 (2019 - $12,939). These administration costs include rent paid to Numus of $5,100 (2019 - $5,100), travel costs of $- (2019 - $6,187) and other miscellaneous costs of $3,002 (2019 - $1,652).

The Company is amortizing the fair value of its stock options, estimated using the Black-Scholes option pricing model, over the corresponding vesting period. In December 2018, the Company granted 200,000 stock options, with an exercise price of $0.42 per share. Based on the Black-Scholes model, the assumptions used include a volatility rate of 75%, an expected life of five years based on the contractual term of the options, a risk-free rate of return of 1% with no expected dividend yield, the estimated fair value of the stock options granted is $51,092 (per option - $0.255), which has been amortized over the corresponding vesting period.

In May 2020, the Company granted 460,000 stock options, with an exercise price of $0.40 per share. In the quarter ended September 30, 2020, the Company granted an additional 75,000 stock options, with an exercise price of $0.80 per share. Based on the Black-Scholes model, using a volatility rate of 61% and the other assumptions outlined above, the estimated fair value of these stock option grants is $94,456 (per option - $0.205), and $30,801, (per option - $0.41), respectively which will be amortized over the corresponding one-year vesting period. As a result, the Company has recorded stock-based compensation of $40,555 in the current quarter (2019 - $6,387).

**Results of Operations for the nine months ended September 30, 2020 and 2019**

The Company reported a net income before taxes for the nine months ended September 30, 2020 of $9,620,415 or $0.40 per share as compared to a net income of $1,768,495 or $0.07 per share in the nine months ended September 30, 2019. Net income after taxes in the nine months ended September 30, 2020 is $7,970,415 or $0.33 per share. The 2020 income includes an unrealized gain on marketable securities of $4,860,257 or $0.20 per share as compared to a gain of $1,644,260 or $0.07 per share in the comparable period. See the previous "*Unrealized gain/(loss) on Marketable Securities*" section for details on the significant unrealized gains and losses in the Investment Portfolio.

In the current year-to-date, the Company realized net gains on its Investment Portfolio of $5,310,860 as compared to realized gains of $583,677 on its Investment Portfolio in the comparable period. The net realized gains (losses) on the Investment Portfolio are summarized as follows:

| | **Nine months ended September 30, 2020** | **Nine months ended September 30, 2019** |
|---|---|---|
| | **$** | **$** |
| Sona Nanotech Inc. | **4,216,605** | - |
| kneat.com, inc. | **733,939** | - |
| Media Valet Inc. | **296,983** | - |
| Immunovaccine | **296,059** | |
| Martello Technologies Corp. | **-** | 1,060,519 |
| Aguia Resources Limited | - | (557,924) |
| Peyto Exploration & Development Corp. | - | (255,228) |
| Chesapeake Energy | - | (104,030) |
| Trican Well Service | - | 137,903 |
| Other - net | **(232,726)** | 302,437 |
| | **5,310,860** | 583,677 |

During the nine months ended September 30, 2020, consulting fees of $344,334 (2019 - $264,938) include CEO fees of $112,500 (2019 - $90,000), CFO fees of $56,138 (2019 - $37,738), service fees paid to Numus of $52,650 (2019 - $34,200) and $103,500 (2019 - $102,000) paid to the Chief Investment Officer. In the first three quarters of 2020, the Company also incurred Directors' fees of $72,834 as compared to $58,274 in the comparable period and D&O insurance fees of $6,285 (2019 - $6,302). The Company also incurred D&O insurance fees of $18,443 (2019 - $18,425). Professional fees of $21,516 were incurred in the first nine months of 2020 as compared to $27,400 in the first nine months of 2019. In 2019, the Company accrued increased costs associated with audit and tax compliance.

The stock exchange and maintenance fees of $1821,005 in the first nine months of 2020 compared to $17,005 in the first nine months of 2019. These amounts include the cost of the Company's AGM which was held in June of each year. In the nine months ended September 30, 2019, the Company incurred administration costs of $23,208 (2019 - $32,952). These administration costs include rent paid to Numus of $15,300 (2018 - $15,300), travel costs of $5,392 (2019 - $13,848), and other costs of $4,742 (2019 - $3,709). In 2020,the Company also recorded a foreign exchange gain of $2,226 on its US currency balances.

Based on the Black-Scholes model and the assumptions previously outlined, stock-based compensation of $52,362 has been recorded in the nine months ended September 30, 2020 as compared to $40,448 in the comparable period.

## Liquidity and Capital Resources

| Year ended | September 30, 2020 $ | December 31, 2019 $ | December 31, 2018 $ |
|---|---|---|---|
| Cash | **1,769,432** | 229,291 | 447,097 |
| Investments at fair value | **22,423,819** | 14,449,798 | 10,620,779 |
| Total assets | **24,231,341** | 14,691,304 | 11,107,637 |
| Total current liabilities | **477,278** | 245,018 | 595,248 |
| Deferred income taxes | **1,270,000** | - | - |
| Shareholders' Equity | **22,484,063** | 14,446,286 | 10,512,389 |

The Company has working capital as at September 30, 2020 of $23,754,063 (December 31, 2019 – $14,446,286) and a cash balance of $1,769,432 (December 31, 2019 – $229,291). The Company funds its operations through equity financings and the proceeds on sale of its investments.

During the period ended September 30, 2020, the Company received proceeds on the sale of investments of $9.0 million including $1.1 million on sale of KSI shares, $1.5 million on the sales of IMV shares, and $4.5 million on the sale of SONA shares. The Company incurred investment acquisition costs of $6.8 million including $1.0 million on shares of EFL and $2.85 million on its gold Investment 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 September 30, 2020 and November 12, 2020, the Company has issued and outstanding 24,031,667 common shares and 1,310,000 stock options.

## Transactions with Related Parties

During the periods ended September 30, 2020 and 2019, the Company entered the following transactions with related parties:

- paid Director fees of $72,834 (2019 - $58,274) to Directors or companies controlled by Directors.
- paid fees to its President and CEO, Wade Dawe in the amount of $112,500 (2019 - $90,000).
- paid fees to its Chief Investment Officer, Scott Gardner in the amount of $103,500 (2019 - $102,000).
- paid fees to its CFO, Rob Randall in the amount of $56,138 (2019 - $37,738).
- paid service- fees, rent and other fees of $67,950 (2019 - $49,500) 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 unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim financial statements that have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements include the estimates outlined below.

*Share-based compensation*
The Company uses a Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparable entities in the estimate of future volatilities. Additional factors affecting share-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing of the exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and the financial objectives of the share-based instrument holders.

*Determination of fair value of investments in private companies*
The method used by the Company to estimate the value of its equity investments in private companies is complex as there is no active trading market and any transfer is often subject to approval of the Company Directors. The valuation considers factors such as limited available market information, recent financings, future disclosed and/or planned listing activities, Management's assumptions of expected cash flows related to the investments.

All the Company's significant accounting policies and estimates are included in note 2 to the December 31, 2019 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 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 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. Management has established these amounts in a reasonable manner, in order to ensure that the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim financial statements; and
(ii) the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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.