
TORRENT CAPITAL LTD.

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
JUNE 30, 2017**

(expressed in Canadian dollars)

August 28, 2017

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 consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated 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 consolidated financial statements and recommended their approval by the Board of Directors.

These unaudited condensed interim consolidated 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, 2017 and December 31, 2016*****(Expressed in Canadian dollars unless otherwise indicated)***

	June 30, 2017 \$	December 31, 2016 \$
ASSETS		
Current assets		
Cash and cash equivalents	2,523,805	6,353,915
Sundry receivables	14,785	30,874
Prepaid expenses	18,157	-
Investments in publicly-traded securities (note 3)	3,218,785	-
Loan receivable (note 4)	292,312	292,312
	6,067,844	6,677,101
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	82,611	102,070
EQUITY		
Share capital (note 6)	8,119,404	8,119,404
Contributed surplus (note 7)	2,322,719	2,303,912
Deficit	(4,456,890)	(3,848,285)
	5,985,233	6,575,031
	6,067,844	6,677,101

Nature of operations (note 1)**Approved on Behalf of the Board:**"Wade Dawe"**Director**"Jim Megann"**Director***The accompanying notes are an integral part of these financial statements.*

Torrent Capital Ltd.**Unaudited Condensed Interim Statement of Loss and Comprehensive Loss****For the periods ended June 30, 2017 and 2016***(Expressed in Canadian dollars unless otherwise indicated)*

	For the three months ended June 30, 2017 \$	For the three months ended June 30, 2016 \$	For the six months ended June 30, 2017 \$	For the six months ended June 30, 2016 \$
EXPENSES				
Consulting (note 8)	47,819	9,725	88,681	24,725
Directors fees (note 8)	16,875	16,362	28,250	26,750
Professional fees (note 8)	8,475	72,856	15,252	159,195
Insurance	6,232	5,530	13,613	11,416
Stock exchange and maintenance fees	16,733	4,244	27,374	11,881
Office and administration	8,358	251	9,785	363
Travel	2,610	-	5,155	-
Rent	3,105	750	6,210	1,500
Loss on foreign exchange	3,399	410	4,618	2,565
Stock-based compensation	18,807	-	18,807	-
Loss before the following	(132,413)	(110,128)	(217,745)	(238,395)
Unrealized loss on investments (note 3)	(461,810)	-	(406,577)	-
Gain on litigation settlement (note 5)	-	-	-	1,077,305
Interest income	5,993	20,128	15,717	41,261
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(588,230)	(90,000)	(608,605)	880,171
Basic and diluted income (loss) per share	(0.025)	(0.004)	(0.026)	0.037
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 financial statements.

Torrent Capital Ltd.**Unaudited Condensed Interim Statement of Changes in Shareholders' Equity****For the periods ended June 30, 2017 and 2016***(Expressed in Canadian dollars unless otherwise indicated)*

	Common Shares #	Share Capital \$	Reserves \$	Deficit \$	Total \$
Balance, December 31, 2015	23,648,333	8,119,404	2,303,912	(3,842,019)	6,581,297
Net income for the period	-	-	-	880,171	880,171
Balance, June 30, 2016	23,648,333	8,119,404	2,303,912	(2,961,848)	7,461,468
Net loss for the period				(886,437)	(886,437)
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

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

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

Torrent Capital Ltd.
Unaudited Condensed Interim Statement of Cash Flows
For the periods ended June 30, 2017 and 2016
(Expressed in Canadian dollars unless otherwise indicated)

	For the six months ended June 30, 2017 \$	For the six months ended June 30, 2016 \$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net (loss) income for the period	(608,605)	880,171
Items not affecting cash:		
Unrealized loss on investments (note 2 and 3)	406,577	-
Stock-based compensation	18,807	
Gain on litigation settlement (note 5)	-	(1,077,305)
	(183,221)	(197,134)
Net change in non-cash working capital:		
Accrued interest on loan receivable	-	(14,256)
Sundry receivables	16,089	14,890
Prepaid expenses	(18,157)	(8,815)
Accounts payable and accrued liabilities	(19,459)	(215,157)
	(204,748)	(420,472)
INVESTING ACTIVITY		
Acquisition of publicly-traded securities	(3,625,362)	-
CHANGE IN CASH AND CASH EQUIVALENTS	(3,830,110)	(420,472)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,353,915	6,479,569
CASH AND CASH EQUIVALENTS, END OF PERIOD	2,523,805	6,059,097

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

Torrent Capital Ltd.
Notes to Unaudited Condensed Interim Financial Statements
For the period ended June 30, 2017
(expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Torrent Capital Ltd. (the "Company" or "Torrent") previously carried on business involving the acquisition, exploration and development of properties for the mining of precious and base metals. On February 2, 2017, the Company received final approval from the TSX Venture Exchange (the "Exchange") for its change of business from a Mining Issuer to an Investment Issuer. 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, 2017, the Company had cash and cash equivalents of \$2,523,805 (December 31, 2016 - \$6,353,915) and working capital of \$2,474,137 (December 31, 2016 - \$6,575,031). Management believes that it has sufficient funds to pay its ongoing administrative expenses and its liabilities for the ensuing twelve months as they normally fall due.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company prepares its unaudited condensed interim consolidated 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, 2016.

The policies applied in these unaudited condensed interim financial statements are based on IFRS as of August 28, 2017, 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, 2017 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 financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year-ended December 31, 2016. Refer to note 2, *Significant Accounting Policies*, of the Company's annual financial statements for the year-ended December 31, 2016 for information on 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, 2017

(expressed in Canadian dollars unless otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

With the Company's Exchange approved change of business from a Mining Issuer to an Investment Issuer, the Company has also adopted the following new accounting policies associated with its new business.

Financial Instruments

The Company's financial instruments consist of the following:

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 comprehensive (loss) income 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.

Financial assets:

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

Disposition of investments

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2017

(expressed in Canadian dollars unless otherwise noted)

3. INVESTMENTS

	Shares	Amount	Market Value	Reporting
	#	Invested	June 30, 2017	Gain/(Loss)
		\$	\$	June 30, 2017
				\$
RMP Energy Inc.	1,876,500	1,527,120	1,144,665	(382,455)
Agua Resources Limited	1,939,843	998,242	814,120	(184,122)
AnalytixInsight Inc.	2,500,000	500,000	500,000	-
kneat.com, inc.	1,000,000	600,000	760,000	160,000
		3,625,362	3,218,785	(406,577)

4. LOAN RECEIVABLE

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

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

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

On February 10, 2015, the Company received repayment of \$1.715 million in settlement of this loan. In addition to interest payments of \$135,057 received during the term of the Loan, the Company received a financing fee of \$180,000 and a promissory note ("the Note") for \$238,262, representing the net interest balance as at February 10, 2015. The Note, bearing interest at 12% per annum, matured on December 31, 2015. As at June 30, 2017, the Note remained outstanding and continues to accrue interest. For the year ended December 31, 2016, interest income of \$28,670 (December 31, 2015 - \$74,971) was recognized on the statements of loss and comprehensive loss in respect to the Note.

5. ARRANGEMENT WITH ONEUP SPORTS

On July 27, 2015 and amended October 19, 2015, the Company signed a definitive arrangement agreement ("Arrangement Agreement") with 2315257 Ontario Inc. (OneUp Sports Canada), a corporation existing under the laws of Ontario, which is the holding company for its operating subsidiary OneUp Games, LLC (collectively, "OneUp Sports"). The arms-length Arrangement Agreement outlined the terms and conditions of the business combination pursuant to which OneUp Sports would complete a reverse take-over of Torrent (the "Transaction").

On December 23, 2015, the Company filed a lawsuit in the Ontario Superior Court of Justice against OneUp Sports alleging that it was in breach of the terms of the Arrangement Agreement between Torrent and OneUp Sports. Torrent was, among other things, seeking specific performance under the Arrangement Agreement.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2017

(expressed in Canadian dollars unless otherwise noted)

5. ARRANGEMENT WITH ONEUP SPORTS (Continued)

On March 29, 2016, the Company and OneUp Sports settled the litigation pertaining to the terms of a settlement arrangement (the "Settlement Agreement"). Under the terms of the Settlement Agreement, OneUp Sports Canada will pay and issue to Torrent consideration consisting of:

1. Cash in the amount of CDN \$570,000 (received CDN \$320,000 in 2016), to be paid in two tranches over a period not to exceed eighteen months as OneUp Canada closes current and future offerings of equity and/or debt securities;
2. 1,562,500 class A common shares of OneUp Canada (received in April 2016); and
3. 800,000 warrants exercisable for a period of two years into class A common shares of OneUp Canada, at an exercise price of USD \$0.25 per share (received in April 2016).

After a thorough review of OneUp Sports and in light of numerous legal actions against it, the Company has determined the presence of various impairment indicators related to its investment in OneUp Sports and the outstanding settlement amounts receivable. While the Company continues to have the rights associated with its outstanding amount receivable and investments in common shares and warrants, there is considerable uncertainty associated with the collection of the receivable and realization of the investments. As a result, effective December 31, 2016, the Company has recorded an impairment charge equal to \$757,305 representing the outstanding amount receivable of \$250,000 and the value of its investment in 1,562,500 common shares and 800,000 warrants of OneUp Sports. This resulted in an overall net gain of \$320,000 based on the settlement cash received in mid-2016.

6. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

(b) ISSUED

	Number of Shares Outstanding	\$
Balance – June 30, 2017 and December 31, 2016	23,648,333	8,119,404

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

(c) ESCROWED

As a result of the Company's change of business, 4,189,204 common shares held by the directors were subject to a Tier 1 Value Escrow Agreement. There was an initial release of 963,583 (23%) of the escrowed securities on February 2, 2017 and the remaining 3,222,624 (77%) shares will be released at a rate of 1,075,208 (25.7%) every six months thereafter.

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2017

(expressed in Canadian dollars unless otherwise noted)

7. STOCK OPTIONS AND RESTRICTED SHARE UNITS

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

On June 15, 2017, the Company granted 675,000 stock options to directors, officers, employees and consultants. The options are exercisable at a price of \$0.30 per share and expire on June 15, 2022. The options will vest at a rate of 50% of the total on each of the six and 12 month anniversaries of the grant date.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. The assumptions used in the pricing model for the options issued during the period ended June 30, 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 \$18,807 has been expensed during the period ended June 30, 2017.

As at June 30, 2017, 566,666 stock options were fully vested and exercisable.

The following table reflects the stock options for the period ended June 30, 2017:

	Number of Stock Options Outstanding	Weighted Average Exercise Price \$
Balance - December 31, 2016	616,666	0.32
Options granted	675,000	0.30
Options expired	(50,000)	0.48
Balance – June 30, 2017	1,241,666	0.30

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2017

(expressed in Canadian dollars unless otherwise noted)

The following table reflects the stock options outstanding as at June 30, 2017:

Expiry Date	Exercise Price \$	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value \$
May 24, 2018	0.30	0.9 years	433,333	71,500
November 21, 2019	0.30	2.4 years	133,333	33,720
June 15, 2022	0.30	5.0 years	675,000	150,452
	0.30	3.3 years	1,241,666	

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Six months ended June 30, 2017 \$	Six months ended June 30, 2016 \$
Director remuneration	28,250	26,750
Management service fees and rent (notes i and ii)	16,110	13,452
CFO remuneration – R. Randall	28,125	-
Chief Investment Officer – S. Gardner	50,000	-
Professional fees to a director	-	70,000
CEO and CFO remuneration (note i)	-	23,400
	122,485	133,602

i) During the six months ended June 30, 2016, the Company expensed \$36,852 (year ended December 31, 2016 - \$46,456) to Marrelli Support Services Inc. (“Marrelli Support”) and DSA Corporate Services Inc. (the “DSA”), together known as the “Marrelli Group” for:

- (a) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer (until August 2016) and interim Chief Executive Officer (until May 2016) of the Company;
- (b) Bookkeeping and office support services; and
- (c) Regulatory filing services.

The Marrelli Group was also reimbursed for out of pocket expenses.

ii) During the period ended June 30, 2017, the Company incurred management services fees of \$9,900 (year ended December 31, 2016 - \$8,250), rent of \$6,210 (year ended December 31, 2016 - \$5,175) and other fees of \$1,150 (year ended December 31, 2016 - \$nil) with Numus Financial Inc., a company owned by two directors.

As of June 30, 2017, related parties are owed \$29,129 (December 31, 2016 - \$18,928). These amounts are included in accounts payable and accrued liabilities.

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

Torrent Capital Ltd.

Notes to Unaudited Condensed Interim Financial Statements

For the period ended June 30, 2017

(expressed in Canadian dollars unless otherwise noted)

10. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31, 2016 and 2015 is as follows:

	December 31, 2016 \$	December 31, 2015 \$
Loss before recovery of income taxes	(6,266)	(377,681)
Expected income tax recovery	1,660	100,085
Permanent differences	(5,140)	78,553
Tax rate changes and other adjustments	23,330	859
Non-deductible expenses	-	(264,234)
Change in tax benefits not recognized	(19,850)	211,492
Income tax recovery	-	126,755

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, 2016 \$	December 31, 2015 \$
Exploration and evaluation assets	398,050	442,276
Intangible asset	262,830	290,008
Marketable securities	507,310	-
Non-capital losses carried forward	384,060	-
Net capital losses carried forward	1,455,420	2,532,729

The Canadian non-capital loss carry forwards expire in 2036. 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.