

FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER SECTION 7.1 OF NATIONAL INSTRUMENT 51-102

ITEM 1 **NAME AND ADDRESS OF COMPANY**

Trenchant Capital Corp. (the "Company")
333 Bay Street, Suite 630
Toronto, ON
M5H 2R2

ITEM 2 **DATE OF MATERIAL CHANGE**

October 28, 2016

ITEM 3 **NEWS RELEASE**

News release dated October 31, 2016 was distributed through NewsFile Corp.

ITEM 4 **SUMMARY OF MATERIAL CHANGE**

Loan Agreement

The Company announced that, further to its news release of June 7, 2016, it has entered into a loan agreement (the "**Loan Agreement**") with Waiward Investments Limited Partnership (the "**Borrower**"), a limited partnership related to the Hillcore Group ("**Hillcore**"), pursuant to which a wholly-owned subsidiary of the Company (the "**Lender**") has agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option (as defined herein) is exercised in full) (the "**Waiward Loan**") to the Borrower, secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("**Waiward Steel**"), one of Canada's largest steel fabricators and erectors.

The Unit Offering

To fund the Waiward Loan, the Company has engaged Industrial Alliance Securities Inc. ("**IA**") as lead agent and sole bookrunner for a proposed best efforts marketed private placement for gross proceeds of up to \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "**Unit Offering**"). The Unit Offering will consist of the sale of a minimum of 10,000 and a maximum of 20,000 units (or 23,000 units in the event that the Over-Allotment Option is exercised in full) (the "**Units**") at a price of \$1,000 per Unit, with each Unit consisting of \$800 principal amount 9% secured convertible debentures (the "**Convertible Debentures**") and 400 common shares of the Company (the "**Unit Shares**").

Each \$1,000 Unit will consist of \$800 principal amount 9% secured Convertible Debentures and 400 Unit Shares issued at a price of \$0.50 per Unit Share. The Convertible Debentures will have a term of five years, and the outstanding principal of the Convertible Debentures will bear interest (the "**Convertible Debenture Interest**") at the rate of 9.0% per annum, payable quarterly in cash.

Commencing on the date that is one year after the date of issuance of the Convertible Debentures (the “**Unit Offering Closing Date**”), the outstanding principal amount of the Convertible Debentures may be converted, at the option of the holder, into common shares of the Company (“**Common Shares**”) at a price of \$1.25 per Common Share, provided that no more than 25% of the principal amount of any Convertible Debenture may be converted in any 180-day period.

The full proceeds of the sale of the Unit Offering will be used by the Company to fund the Waiward Loan.

The Company has entered into an engagement letter dated October 28, 2016 with IA pursuant to which IA has agreed to act as lead agent and sole bookrunner, on behalf of a syndicate of agents (collectively, the “**Agents**”) in connection with the Unit Offering with minimum aggregate gross proceeds of \$10,000,000 and maximum aggregate gross proceeds of \$20,000,000 (subject to the Over-allotment Option, described below). The Unit Offering will take place by way of a private placement, on a best efforts basis, to qualified investors in such provinces of Canada as the Agents may designate, and otherwise in those jurisdictions where the Unit Offering can lawfully be made.

The Company has also agreed to grant the Agents an option (the “**Over-Allotment Option**”), exercisable in whole or in part at any time prior to the Unit Offering Closing Date, to arrange for the purchase of up to an additional 15% of the Units sold by the Agents under, and on the same terms as, the Unit Offering, subject to the agreement of Borrower to increase the amount of the Waiward Loan by the amount of the Over-Allotment Option that is exercised. In consideration for their services, the Agents will receive a cash commission equal to 6.5% of the gross proceeds of the Unit Offering (including any proceeds received in connection with the exercise of the Over-Allotment Option) and be reimbursed for their reasonable expenses. The Agents’ commission will be paid by the Company from the proceeds of the Convertible Preferred Share Offering

The Convertible Preferred Share Offering

The Company is also undertaking a non-brokered financing of up to 5,833,333 non-voting convertible preferred shares (the “**Convertible Preferred Shares**”) at a price of \$0.60 per Convertible Preferred Share to raise gross proceeds of up to \$3,500,000, which will be used to fund the commissions payable on the Unit Offering and the working capital needs of the Company (the “**Convertible Preferred Share Offering**”), all as more particularly described in Item 5 below.

Resignation of Director

In connection with the Change of Business, Dr. John Veltheer has resigned as a director to focus on his other business interests. Dr. Veltheer has served as a director since inception of the Company in 2009. The Company wishes to thank Dr. Veltheer for his years of service to the Company and wishes him well in his future endeavors.

ITEM 5

FULL DESCRIPTION OF MATERIAL CHANGE

Please refer to Schedule “A” containing the entire contents of news release.

ITEM 6 **RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102**

N/A

ITEM 7 **OMITTED INFORMATION**

N/A

ITEM 8 **EXECUTIVE OFFICER**

Eric Boehnke
Telephone: (604) 307-4274

ITEM 9 **DATE OF REPORT**

Dated at Vancouver, BC, this 4th day of November, 2016.

SCHEDULE "A"

to Material Change Report – October 28, 2016



333 Bay Street, Suite 630, Toronto, ON, M5H 2R2 Tel: (416) 867-1569

October 31, 2016

Trading Symbol: TCC.H

**TRENCHANT ANNOUNCES
LOAN AGREEMENT AND
BROKERED PRIVATE PLACEMENT FINANCING**

October 31, 2016, Toronto, ON - Trenchant Capital Corp. (TSX.V: TCC.H) (the "Company") is pleased to announce that, further to its news release of June 7, 2016, the Company has entered into a loan agreement (the "**Loan Agreement**") dated October 28, 2016 with Waiward Investments Limited Partnership (the "**Borrower**"), a limited partnership related to the **Hillcore Group ("Hillcore")**, pursuant to which a wholly owned subsidiary of the Company (the "**Lender**") has agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option (as defined herein) is exercised in full) (the "**Waiward Loan**") to the Borrower, secured by the Borrower's indirect equity interest in **Waiward Steel Limited Partnership ("Waiward Steel")**, one of Canada's largest steel fabricators and erectors.

To fund the Waiward Loan, the Company has engaged **Industrial Alliance Securities Inc. ("IA")** as lead agent and sole bookrunner for a proposed best efforts marketed private placement for gross proceeds of up to \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "**Unit Offering**"). The Unit Offering will consist of the sale of a minimum of 10,000 and a maximum of 20,000 units (or 23,000 units in the event that the Over-Allotment Option is exercised in full) (the "**Units**") at a price of \$1,000 per Unit, with each Unit consisting of \$800 principal amount 9% secured convertible debentures (the "**Convertible Debentures**") and 400 common shares of the Company (the "**Unit Shares**").

Waiward Steel LP

In business for over 40 years, Waiward Steel is an industry-leading provider of construction, engineering and drafting services. Using a multi-disciplinary approach and managing strategic partnerships across Canada, Waiward Steel adds value to projects from conception to completion. Based in Edmonton, Alberta, Waiward Steel operates one of Canada's largest steel fabrication facilities, with over 200,000 square feet of fabrication space and the ability to produce up to 1,000 tons per week. With over 900 employees, Waiward Steel has been named one of Canada's Top 50 Best Managed Companies every year since 2005. Waiward Steel serves multiple sectors across Western Canada and around the world. For more details on Waiward Steel's operations see www.waiward.com.

The Unit Offering

Each \$1,000 Unit will consist of \$800 principal amount 9% secured Convertible Debentures and 400 Unit Shares issued at a price of \$0.50 per Unit Share. The Convertible Debentures will have a term of five years, and the outstanding principal of the Convertible Debentures will

bear interest (the “**Convertible Debenture Interest**”) at the rate of 9.0% per annum, payable quarterly in cash.

Commencing on the date that is one year after the date of issuance of the Convertible Debentures (the “**Unit Offering Closing Date**”), the outstanding principal amount of the Convertible Debentures may be converted, at the option of the holder, into common shares of the Company (“**Common Shares**”) at a price of \$1.25 per Common Share, provided that no more than 25% of the principal amount of any Convertible Debenture may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Convertible Debentures, and the Convertible Debenture Interest thereon, at any time after two years from the Closing Date by paying the Convertible Debenture holders 105% of the outstanding principal amount of the Convertible Debentures in year three, 103% of the outstanding principal amount of the Convertible Debentures in year four, and 101% of the outstanding principal amount of the Convertible Debentures in year five, plus any accrued Convertible Debenture Interest thereon.

The full proceeds of the sale of the Unit Offering will be used by the Company to fund the Waiward Loan. Closing of the Unit Offering (the “**Unit Offering Closing**”) is subject to the concurrent closing of the Convertible Preferred Share Offering (as defined herein and, together with the Unit Offering, the “**Offerings**”), the satisfaction or waiver of all conditions precedent to the making of the Waiward Loan (other than the completion of the Offerings) and the receipt of the conditional approval of the TSX Venture Exchange (the “**TSXV**”) for the Change of Business (as defined herein). The Company will pledge all of the outstanding shares of the Lender (as defined herein) to the holders of the Convertible Debentures as security for the Company’s outstanding obligations under the Convertible Debentures.

The Company has entered into an engagement letter dated October 28, 2016 with IA pursuant to which IA has agreed to act as lead agent and sole bookrunner, on behalf of a syndicate of agents (collectively, the “**Agents**”) in connection with the Unit Offering with minimum aggregate gross proceeds of \$10,000,000 and maximum aggregate gross proceeds of \$20,000,000 (subject to the Over-allotment Option, described below). The Unit Offering will take place by way of a private placement, on a best efforts basis, to qualified investors in such provinces of Canada as the Agents may designate, and otherwise in those jurisdictions where the Unit Offering can lawfully be made.

The Company has also agreed to grant the Agents an option (the “**Over-Allotment Option**”), exercisable in whole or in part at any time prior to the Unit Offering Closing Date, to arrange for the purchase of up to an additional 15% of the Units sold by the Agents under, and on the same terms as, the Unit Offering, subject to the agreement of Borrower to increase the amount of the Waiward Loan by the amount of the Over-Allotment Option that is exercised. In consideration for their services, the Agents will receive a cash commission equal to 6.5% of the gross proceeds of the Unit Offering (including any proceeds received in connection with the exercise of the Over-Allotment Option) and be reimbursed for their reasonable expenses. The Agents’ commission will be paid by the Company from the proceeds of the Convertible Preferred Share Offering

It is expected that the Unit Offering Closing Date will occur on or about November 29, 2016, subject to the satisfaction of certain conditions, including receipt of the approval of the TSXV and any other applicable regulatory approvals.

The Convertible Preferred Share Offering

The Company is also undertaking a non-brokered financing of up to 5,833,333 non-voting convertible preferred shares (the “**Convertible Preferred Shares**”) at a price of \$0.60 per Convertible Preferred Share to raise gross proceeds of up to \$3,500,000, which will be used to fund the commissions payable on the Unit Offering and the working capital needs of the Company (the “**Convertible Preferred Share Offering**”).

The Convertible Preferred Shares will be subject to special rights and restrictions, which include the right of holders to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of Convertible Preferred Shares may, commencing on the date that is one year after the date of issuance of the Convertible Preferred Shares, convert their Convertible Preferred Shares into Common Shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of Common Shares as is equal to 25% of a particular holder’s Convertible Preferred Shares. The Convertible Preferred Shares will automatically convert into Common Shares on a one for one basis on the third anniversary of the date of issuance.

Holders of Convertible Preferred Shares will not be entitled to receive notice of, attend or vote at any general meeting of the shareholders of the Company. The Convertible Preferred Shares will not be listed for trading on the TSXV or on any other stock exchange or quotation system. Closing of the Convertible Preferred Share Offering is subject to the concurrent closing of the Unit Offering, the satisfaction or waiver of all conditions precedent to the making of the Waiward Loan (other than the completion of the Offerings), and the receipt of the conditional approval of the TSXV for the Change of Business. The Convertible Preferred Share Offering is subject to a minimum of 4,166,666 of Convertible Preferred Shares being subscribed for, for minimum gross proceeds of \$2,500,000. The maximum number of Convertible Preferred Shares that will be issued is 5,833,333, for gross proceeds of \$3,500,000. The proceeds of the Convertible Preferred Share Offering will be used for (i) paying commissions on the Unit Offering (\$1,300,000, assuming all of the Units are subscribed for), (ii) fees and expenses for the Offerings, the Waiward Loan and the Change of Business (estimated at \$250,000), to fund in part the operation expenses of the Company over the next twelve months (estimated at \$400,000) and (iv) for general working capital purposes (\$550,000 assuming the minimum number of Convertible Preferred Shares are subscribed for, and \$1,550,000 assuming the maximum number of Convertible Preferred Shares are subscribed for). The Company may pay a commission or finder's fee on the sale of the Convertible Preferred Shares to eligible parties in connection with the Convertible Preferred Share Offering, subject to the approval of the TSXV and compliance with applicable securities laws.

All of the securities the Company issues under the Offerings will be subject to a hold period that expires four months and a day after the issuance thereof. None of the securities to be issued pursuant to the Offerings have been or will be registered under the United States *Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation or sale would require registration or otherwise be unlawful.

The Loan Agreement

Pursuant to the Loan Agreement the Lender has agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) to the Borrower, subject to: (i) the closing of the Offerings, and (ii) TSXV approval. The outstanding principal of the Loan will bear interest (the “**Loan Interest**”) at the rate of 15% per annum, with 10% payable quarterly in cash and 5% being added quarterly to

the outstanding principal of the Loan and payable on the maturity date, which will be five years from the date the Loan is made (the “**Loan Closing Date**”). No finder’s fees are payable in connection with the Waiward Loan.

The Company will also be issued a five-year unit purchase option entitling it to purchase up to 10% of the Borrower’s indirect holdings in Waiward Steel, with an escalating exercise price based upon the projected earnings of Waiward Steel. The actual percentage interest to be acquired is based upon the amount of funds advanced under the Loan Agreement.

The Borrower may prepay the outstanding principal of the Loan, and the Loan Interest thereon, at any time after two years from the Loan Closing Date by paying the Lender 105% of the outstanding principal amount of the Loan in year three, 103% of the outstanding principal amount of the Loan in year four, and 101% of the outstanding principal amount of the Loan in year five, plus any applicable Loan Interest thereon. Closing of the Loan is subject to the closing of the Offerings and receipt of the conditional approval of the TSXV for the Change of Business. The Loan will be secured by a pledge of the Borrower’s indirect interest in Waiward Steel.

The Loan Agreement also provides that the Lender will provide management services to the Borrower, have observer rights at board meetings of the Borrower, and have the right to appoint a nominee to the board of directors of the Borrower.

The Change of Business

The Offerings and the Loan are part of the previously announced change of business of the Company (the “**Change of Business**”) under which the Company plans to become a Tier 2 Investment Issuer on the TSXV. Please refer to the Company’s June 7, 2016 news release for additional details with respect to the proposed Change of Business.

Pursuant to the policies of the TSXV, the Change of Business requires shareholder approval. Eric Boehnke, Thomas English and John W. Legg, directors of the Company and who own, in the aggregate, 7,958,293 Common Shares, being 69% of the outstanding Common Shares, are anticipated to approve the transaction and satisfy this TSXV requirement. The Company plans to apply for a waiver of the TSXV sponsorship requirement.

Hillcore Strategic Alliance

To further its development as an Investment Issuer, the Company has entered into a strategic alliance with Hillcore that grants the Company rights of first negotiation to provide special situation debt financing to Hillcore’s pipeline of current and future private equity investments. The Company expects that such financings may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. The Company has also been granted certain back-in and tag along negotiation rights, as well as negotiation rights, for capital market transactions with respect to projects for which the Company has provided financing. HCG5 Investment Limited Partnership (“**HCG5**”), a limited partnership related to Hillcore, holds approximately 17.3% of the issued and outstanding Common Shares.

MI 61-101 Disclosure

As HCG5 holds 17.3% of the issued and outstanding Common Shares, the Loan will constitute a “related party transaction” as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), which requires that the Company, in the absence of exemptions, obtain a formal valuation for, and minority shareholder approval of, the related party transaction.

The Company is relying on the exemptions from the formal valuation and minority shareholder approval requirements set out in sections 5.5(e) and 5.7(c) of MI 61-101. The Loan and related transactions are supported, and the Company anticipates will be approved, by Eric Boehnke, a director of the Company who is not an interested party to the Loan Agreement and related transactions and who owns 4,955,793 Common Shares, representing 43.0% of the Company's issued and outstanding Common Shares.

Resignation of Director

In connection with the Change of Business, Dr. John Veltheer has resigned as a director to focus on his other business interests. Dr. Veltheer has served as a director since inception of the Company in 2009. The Company wishes to thank Dr. Veltheer for his years of service to the Company and wishes him well in his future endeavors.

About Trenchant

The Company aims to become a diversified investment and venture capital firm with a focus on providing special situation debt financing to established companies with a proven track record. The Company expects to benefit from its strategic alliance with Hillcore, a leading independent Canadian investment and advisory firm, that grants the Company rights of first negotiation to provide financing and management services to Hillcore's pipeline of current and future private equity investments.

About the Hillcore Group

Hillcore is a leading independent Canadian investment and advisory firm that invests predominantly in the life sciences, real estate, seniors living, financial, industrial and energy sectors. With offices in Toronto, Vancouver, Calgary and Montreal, Hillcore employs approximately 2,500 people throughout Canada across its various groups and portfolio companies. Entities under management by Hillcore had an asset value in excess of \$4.4 billion as of December 31, 2015.

Other Information

Completion of the transactions described herein are subject to a number of conditions, including TSXV acceptance and disinterested shareholder approval. The transactions cannot close until the required shareholder approval is obtained. There can be no assurance that these transactions will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Filing Statement to be prepared in connection with the transaction, any information released or received with respect to the Change of Business may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

There are no material facts or material changes about the Company that have not been generally disclosed.

ON BEHALF OF THE BOARD TRENCHANT CAPITAL CORP.

Per: "Eric Boehnke"
Eric Boehnke, CEO

For further information, please contact:
Trenchant Capital Corp.
Eric Boehnke, CEO

Phone: (604) 307-4274

Neither TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.

Disclaimer for Forward-Looking Information

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding the proposed Change of Business, the Loan, the Offerings and statements regarding the proposed business and operations of the Company following completion of the foregoing transactions. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors that may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: delay or failure to receive board, shareholder or regulatory approvals for the respective transactions; an inability to complete either or both of the Offerings; general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; and other risks outside of the Company's control. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except as required by applicable laws, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.