

**TRENCHANT CAPITAL CORP.**

(formerly Echelon Petroleum Corp.)

**Condensed Consolidated Interim Financial Statements**

**Three and Six Months Ended September 30, 2016 and 2015**

**Expressed in Canadian Dollars**

**(Unaudited-Prepared by Management)**

Trenchant Capital Corp.  
(formerly Echelon Petroleum Corp.)  
Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian Dollars)

	Note	September 30, 2016	March 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 427,249	\$ 2,053
GST receivable		1,101	4,502
<b>TOTAL ASSETS</b>		<b>\$ 428,350</b>	<b>\$ 6,555</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payables and accrued liabilities	3	\$ 24,069	\$ 160,587
<b>TOTAL LIABILITIES</b>		<b>24,069</b>	<b>160,587</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	4,111,518	3,451,518
Obligation to issue shares	4	-	4,500
Share- based payment reserve		343,158	343,158
Deficit		(4,050,395)	(3,953,208)
<b>TOTAL EQUITY</b>		<b>(404,281)</b>	<b>(154,032)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 428,350</b>	<b>\$ 6,555</b>

Trenchant Capital Corp.  
(formerly Echelon Petroleum Corp.)  
Condensed Consolidated Interim Statements of Comprehensive Loss  
(Expressed in Canadian Dollars)

	Notes	Three month periods ended		Six month periods ended	
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Expenses</b>					
Consulting and management fees	4	\$ -	\$ -	\$ -	\$ 7,954
General and administrative		362	3,939	9,986	5,439
Business development		11,190	-	32,094	-
Transfer agent and filing fees		6,531	591	11,318	1,660
Travel and promotion		-	-	-	6,579
Professional fees	4	3,000	-	43,789	-
		(21,083)	(4,530)	(97,187)	(21,632)
<b>Net and comprehensive loss for the period</b>		\$ (21,083)	\$ (4,530)	\$ (97,187)	\$ (21,632)
<b>Loss per share – basic and diluted</b>		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)

Trenchant Capital Corp.  
(formerly Echelon Petroleum Corp.)  
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)

	Share capital		Obligation to issue shares	Share-based payment reserve	Deficit	Total
	Number of shares	Amount				
<b>Balance at March 31, 2015</b>	<b>535,884</b>	<b>\$ 3,451,518</b>	<b>\$ -</b>	<b>\$ 343,158</b>	<b>\$ (3,928,808)</b>	<b>\$ (134,132)</b>
Net and comprehensive loss	-	-	-	-	(21,632)	(21,632)
<b>Balance at September 30, 2015</b>	<b>535,884</b>	<b>\$ 3,451,518</b>	<b>\$ -</b>	<b>\$ 343,158</b>	<b>\$ (3,950,440)</b>	<b>\$ (155,764)</b>
<b>Balance at March 31, 2016</b>	<b>535,884</b>	<b>\$ 3,451,518</b>	<b>\$ 4,500</b>	<b>\$ 343,158</b>	<b>\$ (3,953,208)</b>	<b>\$ (154,032)</b>
Issue of shares for debt (Note 4)	1,000,000	60,000	-	-	-	60,000
Issue of shares for cash (Note 4)	9,925,000	595,500	-	-	-	595,500
Issue of shares for obligation to issue shares (Note 4)	75,000	4,500	(4,500)	-	-	-
Net and comprehensive loss	-	-	-	-	(97,187)	(97,187)
<b>Balance at September 30, 2016</b>	<b>11,535,884</b>	<b>\$ 4,111,518</b>	<b>\$ -</b>	<b>\$ 343,158</b>	<b>\$ (4,050,395)</b>	<b>\$ 404,281</b>

See accompanying notes to the consolidated financial statements

Trenchant Capital Corp.  
(formerly Echelon Petroleum Corp.)  
Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in Canadian Dollars)

	Six month periods ended	
	September 30, 2016	September 30, 2015
<b>Operating activities</b>		
Net loss	\$ (97,187)	\$ (21,632)
GST Receivables	3,401	(750)
Accounts payables and accrued liabilities	(76,518)	22,382
<b>Net cash flows used in operating activities</b>	<b>(170,304)</b>	<b>-</b>
<b>Financing activities</b>		
Issues of shares for cash	595,500	
<b>Cash flows from financing activities</b>	<b>595,500</b>	
Increase in cash	425,196	-
Cash, beginning	2,053	1,061
<b>Cash, ending</b>	<b>\$ 427,249</b>	<b>\$ 1,061</b>

**1. Nature and continuance of operations**

Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) (the “Company”) was incorporated under the British Columbia Business Corporations Act on December 17, 2009. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”).

On May 10, 2016, the Company changed its name to Trenchant Capital Corp. and commenced trading under the symbol “TCC.H”.

On April 26, 2016, the Company announced that it is pursuing a change of business to become a Tier 2 Investment Issuer on the TSXV (Note 5).

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern is dependent upon the successful results from its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from related parties and or the private placement of common shares.

**2. Significant accounting policies and basis of preparation**

These unaudited condensed consolidated interim financial statements were authorized for issue on November 28, 2016 by the directors of the Company.

***Statement of compliance with International Financial Reporting Standards***

The condensed consolidated interim financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. Reporting, which do not include all the disclosures in the annual financial statements in accordance with IFRS. They should be read in conjunction with the Company’s consolidated financial statements for the year ended March 31, 2016. The accounting policies were consistently applied to all years presented.

***Basis of preparation***

The condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

**3. Related party transactions**

***Related party balances:***

The following amounts are due to related parties and included in accounts payable:

	September 30, 2016	March 31, 2016
Directors and officers of the Company	\$ 11,412	\$ 110,670

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

During the six months ended September 30, 2016, the Company settled a debt obligation of \$60,000 with the CEO by issuing 1,000,000 common shares at \$0.06 per share (Note 5).

***Key management personnel compensation***

	Six month periods ended	
	September 30, 2016	September 30, 2015
Consulting	\$ -	\$ 7,954
Professional	3,000	3,000
	\$ 3,000	\$ 10,954

**4. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At September 30, 2016 and 2015 there were 11,535,884 and 535,884 issued and fully paid common shares respectively.

During the six months ended September 30, 2016, the Company issued:

1. 75,000 common shares at \$.06 for an obligation to issue shares of \$4,500
2. 1,000,000 common shares at \$.06 for a debt obligation of \$60,000
3. 9,925,000 common shares at \$.06 for cash of \$595,500

**5. Subsequent Events**

On October 28, 2016, the Company signed a loan agreement with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to the Hillcore Group, in 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 is exercised in full) (the "Waiward Loan") to the Borrower, secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership.

**5. Subsequent Events (cont'd)**

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 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 and 400 common shares of the Company (the "Unit Shares"). The common shares will be issued at a price of \$0.50 per Unit Share.

In consideration for their services, IA will receive 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 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 commission payable on the Unit Offering and the working capital needs of the Company.