

NO SECURITIES REGULATORY AUTHORITY HAS EXPRESSED AN OPINION ABOUT THESE SECURITIES AND IT IS AN OFFENCE TO CLAIM OTHERWISE.

PROSPECTUS

New Issue

April 20, 2017



Minimum Offering: \$5,000,000
Maximum Offering: \$20,000,000

9% Secured Convertible Debentures

This prospectus (this "**Prospectus**") qualifies the distribution (the "**Offering**") of a minimum of \$5,000,000 principal amount (the "**Minimum Offering**") and a maximum of \$20,000,000 principal amount (the "**Maximum Offering**") (subject to exercise of the Over-Allotment Option (as defined herein)) of 9% secured convertible debentures (each, a "**Debenture**") of Trenchant Capital Corp. (the "**Company**") at a price of \$1,000 per Debenture (the "**Offering Price**"). The Debentures bear interest at an annual rate of 9.0%, calculated quarterly and payable in arrears in equal quarterly payments as described herein. The maturity date of the Debentures will be March 31, 2022 (the "**Maturity Date**"). See "Details of the Offering".

Debenture Conversion Privilege

Commencing on the date that is one year after the Initial Closing (as defined herein), the outstanding principal amount of each Debenture may be converted, at the option of the holder, at any time prior to the close of business on the earlier of: (i) the Business Day (as defined herein) immediately preceding the Maturity Date, (ii) if called for redemption, the Business Day immediately preceding the date specified by the Company in a redemption notice of the Company, or (iii) if called for a repurchase pursuant to a Change of Control (as defined herein), on the Business Day immediately preceding the payment date, into one common share in the capital of the Company (each, a "**Share**") at a conversion price equal to the greater of: (i) 95% of the VWAP (as defined herein) for the 30 trading day period ending three Business Days prior to the applicable Conversion Notice Date (as defined herein); and (ii) \$1.00 per Share, provided that, except in connection with a redemption, unless the aggregate principal amount of Debentures held by a holder is less than \$10,000, no more than 25% of the aggregate principal amount of any Debentures held by such holder may be converted in any 180-day period (the "**Conversion Restriction**"). Assuming a minimum conversion price of \$1.00, this represents a conversion rate of 1,000 Shares per \$1,000 principal amount of Debentures, subject to adjustment in accordance with the trust indenture to be entered into between the Company and Computershare Trust Company of Canada ("**Computershare**") that will govern the terms of the Debentures (the "**Trust Indenture**").

	Price to the Public	Agents' Fee ⁽¹⁾	Proceeds to the Company ⁽²⁾
Per Debenture	\$1,000	\$65	\$935
Minimum Offering ⁽³⁾	\$5,000,000	\$325,000	\$4,675,000
Maximum Offering ⁽⁴⁾	\$20,000,000	\$1,300,000	\$18,700,000

⁽¹⁾ The Company has agreed to pay the Agents (as defined herein) a cash commission (the "**Agents' Fee**") equal to 6.5% of the gross proceeds of the Offering, however, as the entire proceeds of the Offering will be used to make the Initial Investment (as defined herein), the Agents' Fee will be paid from the proceeds of the Concurrent Financing (as defined herein). See "Plan of Distribution".

⁽²⁾ Before deducting the remaining expenses of the Offering estimated to be approximately \$250,000.

⁽³⁾ There will be no Closing (as defined herein) unless subscriptions for the Minimum Offering are received. If subscriptions for the Minimum Offering have not been received within 90 days following the date of issuance of the receipt for this Prospectus, the Offering will not continue and subscription proceeds will be returned to subscribers, without interest, set-off or deduction. Subscription proceeds will be

received by the Agents, or by any other securities dealer authorized by the Agents, and will be held by the Agents in trust until subscriptions for the Minimum Offering are received and other closing conditions of the Offering have been satisfied.

- (4) The Company has granted to the Agents an option (the “**Over-Allotment Option**”), exercisable in whole or in part, at the sole discretion of the Agents, to offer up to an additional 3,000 Debentures (the “**Over-Allotment Debentures**”), representing up to 15% of the number of Debentures sold under the Offering, at the Offering Price. The Over-Allotment Option is exercisable in whole or in part at any time up to 30 days after the final Closing, subject to the agreement of the Borrower (as defined herein) to increase the amount of the Initial Investment (as defined herein) by such amount as is equal to the gross proceeds derived from the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, Agents’ Fee and proceeds to the Company will be \$23,000,000, \$1,495,000 and \$21,505,000, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option and the issuance of the Over-Allotment Debentures upon exercise, if any, of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agents’ over-allocation position acquires those securities under this Prospectus, regardless of whether the Agents’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

Agents’ Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	\$3,000,000 principal amount of Debentures	Up to 30 days after the final Closing	\$1,000 per Debenture

Under an agency agreement (the “**Agency Agreement**”) dated April 20, 2017 among Industrial Alliance Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc. (collectively, the “**Agents**”) and the Company, the Company has appointed the Agents as its agents to offer for sale on a best efforts basis subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Agency Agreement, up to \$20,000,000 principal amount of Debentures at a price equal to \$1,000 per \$1,000 principal amount of Debenture. The Agents conditionally offer the Debentures on behalf of the Company, on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of the Company by Clark Wilson LLP and on behalf of the Agents by Stikeman Elliott LLP. See “Plan of Distribution”.

The Agents will hold all subscription funds received pending the Initial Closing (as defined herein) and any subsequent Closing (as defined herein), and will return subscription funds to the subscribers without interest, set-off or deduction if the Offering is not completed on or before the day which is 90 days after the date a receipt is issued for this Prospectus or such later date as the Company and the Agents may agree and the securities regulatory authorities may approve (subject to the filing of any required amendment to this Prospectus and the regulator issuing a receipt for such amendment). In any event, the total period of the distribution will not end more than 180 days from the date of receipt for this Prospectus.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is intended that the Initial Closing will occur on or about April 27, 2017, or such other date as may be agreed upon by the Company and the Agents, and all subsequent Closings, if any, will be completed within 90 days following the date of issuance of the receipt for this Prospectus. Subject to applicable laws, the Agents may effect transactions intended to stabilize or maintain the market price for the Shares at levels at or above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued by the Agents at any time. See “Plan of Distribution”.

At each Closing, certificates for the aggregate principal amount of the Debentures will be issued in registered form only to CDS Clearing and Depository Services Inc. (“**CDS**”) and will be deposited with CDS on the applicable Closing. No certificates evidencing the Debentures will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of the Debentures will receive only a customer confirmation from an Agent or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. Notwithstanding the foregoing, pursuant to the terms of the Trust Indenture, holders of Debentures may be required to withdraw their Debentures from CDS and to obtain a certificate representing the Debentures registered in their own name (or then name of their applicable CDS participant) prior to effecting any conversion. See “Details of the Offering”.

The Shares are listed and posted for trading on the NEX board of the TSX Venture Exchange (the “**TSXV**”) under the symbol “**TCC.H**”. On April 19, 2017, the closing price for the Shares on the TSXV was \$0.50. The Company intends to apply for approval of the TSXV for the listing of the Shares issuable on the conversion of the Debentures on the TSXV within 90 days following the Initial Closing. **There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

The Debentures will not be redeemable prior to the second anniversary of the Initial Closing (except in limited circumstances involving a Change of Control (as defined herein). See “Details of the Offering – Change of Control”). At any time after two years following the Initial Closing, the Company may, at its option, redeem, in whole or in part from time to time in accordance with the terms of the Trust Indenture, the principal amount of the Debentures at a redemption price (the “**Redemption Price**”) equal to: (i) commencing on the date which is two years and one day after the Initial Closing and ending on the date which is three years after the Initial Closing, 105% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; (ii) commencing on the date which is three years and one day after the Initial Closing and ending on the date which is four years after the Initial Closing, 103% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; and (iii) commencing on the date which is four years and one day after the Initial Closing and ending on the date which is one day prior to the Maturity Date, 101% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon. The Company will be required to provide the holders of the Debentures not more than 60 and not less than 30 days’ notice of the date fixed for redemption (the “**Redemption Date**”), and the holders will have the right to accept the repayment or convert the principal amount of the Debentures at any time prior to the Redemption Date in accordance with the terms of the Trust Indenture, provided that if a holder elects to convert their Debentures, the redemption amount shall be equal to the actual principal amount of the Debentures of such holder then outstanding and such holder will not be eligible to receive any premium in connection therewith. The Redemption Price will be paid in cash.

The proceeds of the Debentures will be used to fund the Initial Investment by 0960128 B.C. Ltd. (the “**Lender**”), a wholly-owned subsidiary of the Company, in Waiward Investments Limited Partnership (the “**Borrower**”). The Borrower is a limited partnership related to Hillcore Group and indirectly controls an 82.89% interest in Waiward Steel Limited Partnership (“**Waiward Steel**”), through its ownership of 92.11% of the outstanding units of the W.H. Limited Partnership. The Borrower has agreed to pledge these units as security for the Initial Investment by the Lender. Waiward Steel had revenues in excess of \$200,000,000 for each of 2015 and 2016. See “Business of the Company – Narrative Description of the Business – Waiward Steel”.

In the event that the Company defaults in its obligations under the Trust Indenture, the sole recourse of Computershare (on behalf of the holders of the Debentures) against the Company shall be with respect to the first priority security interest granted to Computershare in the securities of the Lender, and Computershare and the holders of the Debentures shall have no right to payment from the Company or against any of the Company’s other property or assets, except as otherwise permitted by law.

An investment in the Debentures is highly speculative and involves a high degree of risk. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Debentures.

The Debentures are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

The earnings coverage ratios in respect of the Debentures for the twelve-month period ended December 31, 2016 is less than one to one. See “Earnings Coverage”.

The head office of the Company is located at Suite 630, 33 Bay Street, Toronto, ON M5H 2R2. The Company’s registered office is located at Suite 800, 885 West Georgia Street, Vancouver, BC V6C 3H1.

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Prospectus if not otherwise defined on the cover pages hereto. Terms and abbreviations used in the financial statements of the Company and in the exhibits to this Prospectus may be defined separately and the terms and abbreviations defined below may not be used therein.

“Affiliate” means a company that is affiliated with another company as described below.

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“Agency Agreement” means the agency agreement dated April 20, 2017 between the Company and the Agents.

“Agents” means, collectively, IAS, as lead agent, together with Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc.

“Agents’ Expenses” means the Agents’ reasonable expenses and fees, including the reasonable fees of legal counsel to the Agents (up to a maximum of \$165,000, or such other amount as may be approved in writing by the Company), plus taxes and disbursements, in connection with the Offering.

“Agents’ Fee” means the cash commission to be paid by the Company to the Agents in an amount equal to 6.5% of the gross proceeds of the Offering (including gross proceeds derived from any exercise of the Over-Allotment Option).

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction (as defined in Policy 1.1 of the Manual).

“Associate” when used to indicate a relationship with a Person, means

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- (d) in the case of a Person, who is an individual:

- (i) that Person's spouse or child, or
- (ii) any relative of the Person or of his spouse who has the same residence as that Person,

but

- (e) where the TSXV determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), and the regulations thereunder, as amended from time to time.

"**BCSC**" means the British Columbia Securities Commission.

"**Board**" means the board of directors of the Company.

"**Borrower**" means Waiward Investments Limited Partnership.

"**Borrower's General Partner**" means 9254064 Canada Ltd., the general partner of the Borrower.

"**Business Day**" means a day other than Saturday or Sunday or a day on which banks are generally closed for business in the cities of Vancouver or Toronto.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Change of Business**" or "**COB**" means a transaction or series of transactions which will redirect an Issuer's resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Issuer's market value, assets or operations, or which becomes the principal enterprise of the Issuer.

"**Change of Control**" means: (i) the acquisition by any Person, or group of Persons acting jointly or in concert, of voting control or direction of an aggregate of 60% or more of the outstanding Shares, other than pursuant to conversion of the Debentures or conversion of any Convertible Preferred Shares issued in connection with the Concurrent Financing; or (ii) the sale of all or substantially all of the assets of the Company, but shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the previous holders of Shares hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale of all or substantially all of the assets, in the entity which has acquired such assets) immediately following completion of such transaction.

"**Closing**" means each closing of the sale of Debentures pursuant to this Prospectus.

"**company**", unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Company**" or "**Trenchant**" means Trenchant Capital Corp., a company incorporated under the laws of the Province of British Columbia, which is the "Issuer" in connection with the Change of Business.

"**Computershare**" means Computershare Trust Company of Canada.

“Concurrent Financing” means a concurrent financing of Convertible Preferred Shares at a price of \$0.40 per Convertible Preferred Share (or such other amount as may be determined by the Company in its sole discretion) to raise minimum gross proceeds of \$2,750,000 and maximum gross proceeds of \$3,500,000 (or such other amount as may be determined by the Company in its sole discretion), each of which shall automatically convert into Shares on a one for one basis on the third anniversary of the date of issuance.

“Control Person” means any Person that holds, or is one of a combination of Persons that holds, a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

“Conversion Notice Date” means the date a notice of conversion is delivered by a Debenture holder to the Company.

“Conversion Price” means the greater of: (i) 95% of the VWAP for the 30 trading day period ending three Business Days prior to an applicable Conversion Notice Date; and (ii) \$1.00 per Share, subject to adjustment on the occurrence of certain events.

“Conversion Restriction” means the requirement that unless a holder holds Debentures having an aggregate amount that does not exceed \$10,000, no more than 25% of the aggregate principal amount of Debentures held by such holder may be converted by such holder in any 180 day period.

“Convertible Preferred Share” means a convertible preferred share in the capital of the Company.

“Debenture” means a 9% secured convertible debenture of the Company in the principal amount of \$1,000.

“Debenture Offer” means an offer by the Company to purchase all of the Debentures then outstanding.

“Debt Service Obligations” for a particular period means a borrower’s interest expense, non-discretionary principal repayments and lease payments for that period.

“Debt Service Ratio” for a particular period means the ratio of (i) a borrower’s EBIT to (ii) that borrower’s Debt Service Obligations for that period.

“EBIT” for a particular period means earnings before interest and taxes for that period. This is a non-IFRS measure that reflects net operating income.

“EBITDA” for a particular period means earnings before interest, taxes, depreciation and amortization for that period. This is a non-IFRS measure that reflects operational profitability.

“Engagement Letter” means the engagement letter dated February 28, 2017 between Trenchant and IAS with respect to the Offering.

“Escrow Agreement” means the TSXV Form 5D value security escrow agreement to be entered into between the Company, Computershare and the holders of Escrow Shares in connection with the completion of the Transaction.

“Escrow Shares” means the Shares to be placed in escrow under the Escrow Agreement.

“Final Exchange Bulletin” means the bulletin issued by the TSXV following the closing of the Change of Business and the submission of all documents required by Policy 5.2 of the Manual, which evidences the final TSXV acceptance of the Change of Business.

“**Finance Fee**” means a fee equal to 7.0% of the amount of the Initial Investment, which is to be paid by the Borrower to the Lender and which the Lender may deduct from the drawdown of the principal amount of the Initial Investment by the Borrower.

“**Fixed Charge Coverage Ratio**” for a particular period means the ratio of (i) a borrower’s EBITDA to (ii) that borrower’s Debt Service Obligations, plus capital expenditures and income taxes, for that period.

“**HCG5**” means HCG5 Investment Limited Partnership, a limited partnership related to Hillcore Group.

“**Hillcore Group**” means Hillcore Group Ltd. and, where applicable, its Associates and Affiliates.

“**HWIL**” means Hillcore Waiward Investments Ltd.

“**IAS**” means Industrial Alliance Securities Inc.

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

“**Initial Closing**” means the first Closing, which is expected to occur on or about April 27, 2017 but, in any event, shall not be later than 90 days following the date of issuance of the receipt for this Prospectus.

“**Initial Investment**” means the loan in the minimum principal amount of \$5,000,000 and the maximum principal amount of \$23,000,000 (if the Over-Allotment Option is duly exercised in full) to be made by the Lender to the Borrower pursuant to the Loan Agreement.

“**Initial Listing Requirements**” means initial listing requirements of the TSXV as set out in Policy 2.1 of the Manual.

“**Insider**” if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a company that is an insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

“**Interest Calculation Date**” means the last day of each fiscal quarter of the Company, being March 31, June 30, September 30 and December 31.

“**Interest Payment Date**” means 20 calendar days following an applicable Interest Calculation Date, being January 20, April 20, July 20 and October 20 (or, if such a day is not a Business Day, the next Business Day).

“**Investment Committee**” means the investment committee of the Company, as appointed by the Board.

“**Investment Policy**” means the investment policy of the Company, as adopted by the Board on October 27, 2016 and amended on March 31, 2017.

“**Issuer**” has the meaning ascribed thereto in Policy 1.1 of the Manual.

“**Lender**” means 0960128 B.C. Ltd., a wholly-owned subsidiary of the Company, incorporated under the BCBCA.

“Loan Agreement” means the loan agreement dated effective March 2, 2017, as amended, between the Lender and the Borrower with respect to the Initial Investment.

“Manual” means the TSXV Corporate Finance Manual.

“Maximum Offering” means, in connection with the Offering, the issuance of a maximum of 20,000 Debentures for maximum gross proceeds of \$20,000,000 (subject to increase to 23,000 Debentures for gross proceeds of \$23,000,000 in the event that the Over-Allotment Option is duly exercised in full).

“MD&A” means Management’s Discussion and Analysis.

“Member” has the meaning ascribed thereto in Policy 1.1 of the Manual.

“MI 61-101” means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

“Minimum Offering” means, in connection with the Offering, the issuance of a minimum of 5,000 Debentures for minimum gross proceeds of \$5,000,000.

“Named Executive Officer” or **“NEO”** means:

- (a) the CEO;
- (b) the CFO;
- (c) each of the Issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000 per year; or
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Issuer at the end of the most recently completed financial year.

“Net Debt” means operating loans, long term debt (including current portions thereof) and accounts payable greater than 120 days, less cash.

“Net Debt to EBITDA Ratio” for a particular period means the ratio of (i) a borrower’s Net Debt at the end of that period to (ii) the EBITDA for that period.

“Non Arm’s Length Party” means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

“Offering” means the offering of a minimum of 5,000 Debentures and a maximum of 20,000 Debentures (or 23,000 Debentures in the event that the Over-Allotment Option is exercised in full) at a price of \$1,000 per Debenture pursuant to this Prospectus.

“Offering Price” means \$1,000 per Debenture, or such other amount as may be mutually agreed by the Company and the Agents.

“Over-Allotment Debentures” means Debentures issued on exercise of the Over-Allotment Option.

“Over-Allotment Option” means an option to be granted by the Company to the Agents in connection with the Offering, exercisable in whole or in part at any time on or before the date which is 30 days from the final Closing, to

arrange for the purchase of such number of Debentures as is equal to 15% of the Debentures sold under the Offering (prior to exercise of the Over-Allotment Option), under and on the same terms as the Offering, subject to the agreement of the Borrower to increase the amount of the Initial Investment by such amount as is equal to the gross proceeds derived from the exercise of the Over-Allotment Option.

“**Person**” is to be construed broadly and includes any individual, company, partnership, joint venture, association, trust, trustee, executor, administrator, unincorporated association, governmental entity or other entity, whether or not having legal status.

“**Pledge Agreement**” means the Pledge of Securities Agreement between the Company and Computershare to be entered into on or prior to the Initial Closing, pursuant to which Computershare is granted a first ranking security interest in the securities of the Lender on behalf of itself and the holders of the Debentures.

“**Prospectus**” means this prospectus dated April 20, 2017.

“**Redemption Date**” means the date fixed by the Company for redemption of the Debentures.

“**Redemption Price**” means the redemption price applicable with respect to a redemption of the Debentures.

“**Related Party Transaction**” has the meaning ascribed to that term in Policy 5.9 of the Manual, and includes a related party transaction that is determined by the TSXV, to be a Related Party Transaction. The TSXV may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arms Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, which is available at www.sedar.com.

“**Share**” means a common share in the capital of the Company.

“**Shareholders**” means the holders of Shares from time to time.

“**Significantly Concentrated Debt Investment**” means each loan by the Company which constitutes greater than 25% of the total of all loans made by the Company, on a consolidated basis.

“**Stock Option Plan**” means the incentive stock option plan of the Company dated March 3, 2010.

“**Strategic Alliance Agreement**” means the letter agreement dated April 25, 2016 between Trenchant and Hillcore Group.

“**Tax Act**” means the *Income Tax Act* (Canada), and the regulations thereunder.

“**Transaction**” means, collectively, the Change of Business, the Initial Investment and the Offering, and all transactions related thereto.

“**Trust Indenture**” means the trust indenture between Trenchant and Computershare with respect to the Debentures, to be entered into on or prior to the Initial Closing.

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” or the “**Exchange**” means the TSX Venture Exchange Inc.

“**VWAP**” means the volume weighted average trading price of the Shares on the TSXV (or such other stock exchange as the Shares are principally traded at the applicable time) for an applicable period (which must be calculated utilizing days in which the Shares actually trade).

“**Waiward Holdings GP**” means 9254072 Canada Ltd., the general partner of WHLP.

“**Waiward Steel GP**” means Waiward Steel GP Corp., the general partner of WSLP.

“**WHLP**” means W. H. Limited Partnership.

“**WHLP Units**” means all of the units in WHLP owned by the Borrower issued and outstanding from time to time.

“**WSLP**” or “**Waiward Steel**” means Waiward Steel Limited Partnership.

“**WSLP Units**” means all of the units in WSLP issued and outstanding from time to time indirectly owned by the Borrower through its proportionate ownership of WHLP.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND FORWARD-LOOKING FINANCIAL INFORMATION

Certain statements in this Prospectus may constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievement or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such statements can be identified by the use of words such as “may”, “will”, “expect”, “should”, “believe”, “intend”, “plan”, “anticipate”, “potential” and other similar terminology. These forward-looking statements reflect current expectations of management regarding future events and speak only as of the date of this Prospectus. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this Prospectus are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made of the date of this Prospectus and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, neither the Company nor the Agents assume any obligation to update or revise them to reflect the new events or circumstances. Forward-looking statements in this Prospectus include, but are not limited to, statements with respect to:

- the proposed Change of Business;
- the timing of any Closing;
- expectations as to future operations of the Company;
- the Company’s anticipated financial performance following completion of the Transaction;
- the Company’s expectations regarding the ability of the Borrower to service the Initial Investment and the sufficiency of the security with respect to same;
- future development and growth prospects;
- the Company’s investment approach, objectives and strategy;
- the Company’s expectations regarding the performance of certain sectors;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- the ability of the Company to obtain future financing on acceptable terms or at all; and
- other statements under the heading “*Management’s Discussion and Analysis*”.

These forward-looking statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including management’s experience and perceptions of historical trends, current market conditions and expected future developments, the expected completion of the Transaction, the timing and amount of capital and other expenditures, and other factors believed to be reasonable in the circumstances.

By their nature, forward-looking statements are subject to inherent risks and uncertainties which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the control of the Company, could cause actual results to differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors that could influence actual results include, but are not limited to: the TSXV not approving the Transaction; the Company's lack of operating history as an investment company; the fact that the sole recourse of Computershare (on behalf of the holders of Debentures) against the Company shall be with respect to the first priority security interest granted to Computershare in the securities of the Lender, and Computershare and the holders of the Debentures shall have no right to payment from the Company or against any of the Company's other property or assets, except as otherwise permitted by law; portfolio exposure risks and sensitivity to macro-economic conditions; the availability of sources of income to generate cash flow and revenue; risks relating to investments in private issuers and illiquid securities; the volatility of the Share price; risks relating to the trading price of the Shares relative to net asset value; risks relating to available investment opportunities and competition for investments; risks relating to the potential concentration of investments; the Company's dependence on management, directors and the members of the Investment Committee; risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; potential transaction and legal risks; and risks related to the Initial Investment, as more particularly described under the heading "Risk Factors".

Readers are cautioned that the foregoing list of factors is not exhaustive and that other factors may emerge from time to time. It is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the Borrower, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this Prospectus are based upon what management of the Company currently believe to be reasonable assumptions, actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur. The forward-looking statements contained herein are made as of the date of this Prospectus and, other than as specifically required by law, the Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

This Prospectus may also contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by the management of Waiward Steel to provide an outlook of the activities and results of Waiward Steel and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions. The actual results of operations of Waiward Steel and the resulting financial results may vary from the amounts set forth herein, and such variation may be material. The Company's management believes that the FOFI has been prepared on a reasonable basis. Any FOFI in this Prospectus is made as of the date specified on the title page and is based upon the information available to the Company as of that date.

NON-IFRS MEASURES

This Prospectus contains references to certain financial measures that are not determined in accordance with IFRS. Such non-IFRS financial measures include "EBITDA" and "EBIT". These non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. These non-IFRS financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities and other measures of financial performance as determined in accordance with IFRS, but the Company believes these non-IFRS financial measures are useful in

providing relative performance and measuring change. Definitions of non-IFRS financial measures used by the Company are found under the heading “Glossary of Terms” in this Prospectus.

MARKETING MATERIALS

Any template version of any marketing materials used by the Agents in connection with the Offering does not form a part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed under the Company’s profile on SEDAR at www.sedar.com before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference in this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Dale Matheson Carr-Hilton Labonte LLP, independent auditors of the Company, and Stikeman Elliott LLP, counsel for the Agents, based on the provisions of the Tax Act in force on the date hereof, the Debentures and the Shares issuable on the conversion, redemption or repayment at maturity of the Debentures will be qualified investments at the time of acquisition thereof for a trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered disability savings plans, registered education savings plans, deferred profit sharing plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm’s length with the Company, has made a contribution) and tax-free savings accounts (“TFSA”) (each, a “Deferred Plan”), provided that, at the time of the acquisition by the Deferred Plan, the Common Shares are listed on a “designated stock exchange” (as defined in the Tax Act and which currently includes Tiers 1 and 2 of the TSXV but not the NEX board), or the Company is a “public corporation” (as defined in the Tax Act). The Company will become a “public corporation” at a particular time if at that time a class of shares of its capital stock is listed on a designated stock exchange (which does not include the NEX board) in Canada or the Company has elected to be a public corporation under certain conditions as provided in the Tax Act. The Company expects to be a “public corporation” upon completion of the Initial Investment, which will result in a Change of Business of the Company from a resource issuer to an investment issuer.

Notwithstanding the foregoing, if the Debentures or Shares, as the case may be, are a “prohibited investment” for purposes of a TFSA, an RRSP or a RRIF, the holder of such TFSA or the annuitant of such RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Debentures and Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided that the holder or annuitant thereof, as the case may be, deals at arm’s length with the Company, for purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Shares will not be a “prohibited investment” if the Shares are “excluded property” (as defined in the Tax Act) for such TFSA, RRSP or RRIF.

Prospective holders who intend to hold Debentures or Shares in a Deferred Plan should consult their own tax advisors.

SUMMARY OF PROSPECTUS

This summary is qualified by, and should be read in conjunction with, the detailed information contained elsewhere in this Prospectus and in the Trust Indenture.

The Company

Company: Trenchant Capital Corp.

Business of the Company: The Company was incorporated under the BCBCA on December 17, 2009 and the Shares were listed on the TSXV on August 27, 2010, with the Company classified as a Capital Pool Company (as defined in Policy 2.4 of the Manual). On May 4, 2011, the Company completed its Qualifying Transaction (as defined in Policy 2.4 of the Manual), resulting in the Company being classified as a resource issuer. Until 2015, the Company was engaged in the acquisition, exploration and development of natural resource properties. The Company currently has no active business. See "Business of the Company – General Development of the Business".

The Offering

Offering: The Offering consists of a minimum of 5,000 Debentures and a maximum of 20,000 Debentures at a price of \$1,000 per Debenture, for minimum gross proceeds of \$5,000,000 and maximum proceeds of \$20,000,000, subject to the Over-Allotment Option. See "Plan of Distribution".

Price: \$1,000 per Debenture.

Agents: IAS has been appointed as lead agent, together with Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc., to conduct the Offering on a commercially reasonable efforts basis. The Agents will be paid the Agents' Fee from the sale of the Debentures sold pursuant to Offering. See "Plan of Distribution".

Over-Allotment Option: The Company has granted the Agents the Over-Allotment Option to purchase up to an additional 3,000 Over-Allotment Debentures at a price of \$1,000 per Debenture on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of the Agents, at any time up until 30 days after the final Closing, for the purposes of covering the Agent's over-allocation position, if any, and for market stabilization purposes.

Conditions: If the Minimum Offering is not met, the Offering will be discontinued and the Agents will return all amounts received pursuant to the Offering to investors without interest or deduction. See "Plan of Distribution".

Concurrent Financing: The Company is also undertaking the Concurrent Financing of Convertible Preferred Shares, on a private placement basis, to raise minimum gross proceeds of \$2,750,000 and maximum gross proceeds of \$3,500,000 (or such other amount as may be determined by the Company in its sole discretion).

Use of Proceeds: All of the proceeds of the Offering, being \$5,000,000 in the event of the Minimum Offering and \$20,000,000 in the event of the Maximum Offering (or \$1,495,000 in the event the Over-Allotment Option is exercised in full), will be used to make the Initial Investment. The Agents' Fee and the Agents' Expenses in connection with the Offering, as well as the remaining expenses of the Offering, will be paid from the

proceeds of the Concurrent Financing. The Agents' Fee will be \$325,000 in the event of the Minimum Offering and \$1,300,000 in the event of the Maximum Offering (or \$1,495,000 in the event the Over-Allotment Option is exercised in full). The remaining expenses of the Offering are estimated to be approximately \$250,000. See "Use of Proceeds".

Listing: The Shares currently trade on the NEX board of the TSXV. The Company intends to apply for approval of the TSXV for the listing of the Shares issuable on the conversion of the Debentures on the TSXV, effective within 90 days following the Initial Closing. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV. See "Plan of Distribution".

Risk Factors: The risks, uncertainties and other factors that could influence actual results include, but are not limited to: the TSXV not approving the Transaction; the Company's lack of operating history as an investment company; portfolio exposure risks and sensitivity to macro-economic conditions; the availability of sources of income to generate cash flow and revenue; risks relating to investments in private issuers and illiquid securities; the volatility of the Share price; risks relating to the trading price of the Shares relative to net asset value; risks relating to available investment opportunities and competition for investments; risks relating to the potential concentration of investments; the Company's dependence on management, directors and members of the Investment Committee; risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; potential transaction and legal risks; and risks related to the Initial Investment. See "Risk Factors".

The Debentures

Maturity: The Maturity Date will be March 31, 2022.

Interest: The Debentures shall bear interest from the date of issue at the rate of 9.0% per annum, based on a 365 day year, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. Interest shall be calculated quarterly on each Interest Calculation Date (being March 31, June 30, September 30 and December 31), and will be paid in arrears in equal quarterly payments following the applicable Closing (with the exception of any first interest payment, which will include interest from and including the applicable Closing to the next Interest Calculation Date, and the last interest payment, which will include interest from January 1, 2022 to but excluding the Maturity Date and will be payable on the Maturity Date, if not redeemed or converted prior to the Maturity Date), in cash, on the applicable Interest Payment Date (being January 20, April 20, July 20 or October 20, with the exception of the last interest payment), to holders of record as at the close of business on the applicable Interest Calculation Date (or as at the close of business on the Business Day prior to the Maturity Date in the case of the last interest payment).

Conversion: Commencing on the date that is one year after the Initial Closing, the Debentures will be convertible into fully paid and non-assessable Shares at the option of the holder thereof at any time prior to the close of business on the earlier of: (i) the Business Day immediately preceding the Maturity Date, (ii) the Business Day immediately preceding the Redemption Date if the Debentures are called for redemption by the Company, or (iii) if called for a repurchase pursuant to a Change of Control, on the Business Day immediately preceding the payment date, in each case at the Conversion Price, which

will be equal to the greater of: (i) 95% of the VWAP of the Shares for the 30 trading day period ending three Business Days prior to the applicable conversion date; and (ii) \$1.00 per Share, provided that, except in the case of a redemption, unless the aggregate principal amount of Debentures held by a holder is less than \$10,000, no more than 25% of the aggregate principal amount of any Debentures held by such holder may be converted in any 180-day period. Assuming a minimum conversion price of \$1.00, this represents a conversion rate of 1,000 Shares per \$1,000 principal amount of Debentures, subject to adjustment upon the occurrence of certain events, including, but not limited to: share consolidations, share splits, spin-off events, rights issues or reorganizations, as provided in the Trust Indenture. Pursuant to the terms of the Trust Indenture, holders of Debentures may be required to withdraw their Debentures from CDS and to obtain a certificate representing the Debentures registered in their own name (or then name of their applicable CDS participant) prior to effecting any conversion.

Redemption:

The Debentures will not be redeemable prior to the second anniversary of the Initial Closing (except in limited circumstances involving a Change of Control). At any time after two years from the Initial Closing, the Company may, at its option, redeem in whole or in part from time to time, the principal amount of the Debentures at the Redemption Price, which will be: (i) commencing on the date which is two years and one day after the Initial Closing and ending on the date which is three years after the Initial Closing, 105% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; (ii) commencing on the date which is three years and one day after the Initial Closing and ending on the date which is four years after the Initial Closing, 103% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; and (iii) commencing on the date which is four years and one day after the Initial Closing and ending on the date which is one day prior to the Maturity Date, 101% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon. The holders will have the right to accept the repayment or convert the principal amount of the Debentures at any time prior to the Redemption Date in accordance with the terms of the Trust Indenture, provided that if a holder elects to convert their Debentures, the redemption amount shall be equal to the actual principal amount of the Debentures of such holder then outstanding and such holder will not be eligible to receive any premium in connection therewith. The Redemption Price will be paid in cash.

Change of Control:

Within 30 days following the occurrence of a Change of Control, the Company shall be required to make a Debenture Offer at a purchase price equal to 101% of the principal amount of the Debentures plus accrued and unpaid interest thereon up to, but excluding, the Change of Control purchase date.

Additionally, if a Change of Control occurs in which 10% or more of the consideration for the Shares in the transaction or transactions constituting the Change of Control consists of: (i) cash, other than cash payments for fractional Shares and cash payments made in respect of dissenter's appraisal rights; (ii) equity securities that are not traded or intended to be traded immediately following such transaction(s) on a recognized stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transaction(s) on a recognized stock exchange, then, subject to regulatory approvals, during the period beginning 10 trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Shares they would otherwise be entitled to receive, an additional number of Shares per \$1,000 principal amount of Debentures as set forth in the Trust Indenture.

Security:

The Debentures will be secured solely by the Pledge Agreement. Under the Pledge Agreement, Computershare, as agent for the holders of the Debentures, has been granted a first priority security interest in the securities of the Lender. Following and during the continuance of an Event of Default (as defined in the Trust Indenture), Computershare will have the rights described in the Pledge Agreement. In the event that the Company defaults in its obligations under the Trust Indenture, the sole recourse of Computershare (on behalf of the holders of the Debentures) against the Company shall be with respect to the first priority security interest granted to Computershare in the securities of the Lender, and Computershare and the holders of the Debentures shall have no right to payment from the Company or against any of the Company's other property or assets, except as otherwise permitted by law.

Summary of Financial Information:

	Nine Months Ended December 31		Year Ended March 31, 2016 (Audited) (\$)	Year Ended March 31, 2015 (Audited) (\$)	Year Ended March 31, 2014 (Audited) (\$)
	2016 (unaudited) (\$)	2015 (unaudited) (\$)			
Total revenues	-	-	-	-	1,371
Total expenses	(101,165)	(31,332)	(58,232)	(127,809)	(473,628)
Other items	-	-	33,832	252,437	(1,620,802)
Net and comprehensive (loss) income for the period	(101,165)	(31,332)	(24,400)	\$124,628	(2,093,059)
Earnings (loss) per share - basic and diluted	(0.01)	(0.06)	(0.05)	0.23	(0.71)
Total assets	488,218	3,469	6,555	1,868	29,161
Total liabilities	87,915	168,933	160,587	136,000	287,921
Shareholder's equity (deficit)	400,303	(165,464)	(154,032)	(134,132)	(258,760)

CORPORATE STRUCTURE

Name and Incorporation

The Company was incorporated under the BCBCA on December 17, 2009. The head office and principal business office of the Company is located at 333 Bay Street, Suite 630, Toronto Ontario M5H 2R2, and its registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

The Company has one wholly-owned subsidiary, being the Lender, a company incorporated under the BCBCA, which is currently inactive and is expected to be utilized by the Company solely for the purpose of making the Initial Investment.

BUSINESS OF THE COMPANY

General Development of the Business

The Company was formed on December 17, 2009 under the name "Rara Terra Capital Corp.". The Shares were listed for trading on the TSXV in August 2010. The Company was initially a Capital Pool Company (as defined in the Manual) and completed its Qualifying Transaction (as defined in the Manual) in 2011, by way of the acquisition of certain mineral claims, thus becoming a Resource Issuer (as defined in the Manual). In connection therewith, the Company changed its name to "Rara Terra Minerals Corp.", effective May 4, 2011. In 2012, the Company acquired interests in certain oil and gas properties located in Trego County, Kansas, and, in connection therewith, changed

its name to “Echelon Petroleum Corp.”, effective May 3, 2013. In 2014, the Company disposed of its oil and gas interests and the Company’s remaining mineral claims expired in 2015.

In August 2015, the BCSC issued a cease trade order against the Company for failure to file its annual audited financial statements and MD&A for the year ended March 31, 2015, and trading in the Shares was halted by the TSXV. In November 2015, the Company’s listing was transferred to the NEX board of the TSXV. In January 2016, the BCSC issued a partial revocation order in respect of the cease trade order, pursuant to which the Company was permitted to undertake a \$600,000 private placement, in order to enable the Company to complete its delinquent filings, as well as a debt settlement (see “Prior Sales” for details of the private placement and a debt settlement). The BCSC revoked the cease trade order on April 25, 2016, when the outstanding filings were completed, and the TSXV reinstated trading in the Shares on the NEX on May 3, 2016.

On May 10, 2016, the Company changed its name from “Echelon Petroleum Corp.” to “Trenchant Capital Corp.” to facilitate the proposed Change of Business from Resource Issuer to Investment Issuer.

Hillcore Strategic Alliance

On April 25, 2016, the Company entered into the Strategic Alliance Agreement with Hillcore Group. Hillcore Group 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 Group employs approximately 2,500 people throughout Canada across its various groups and portfolio companies.

Since 2005, Hillcore Group has completed acquisitions, directly or indirectly through investment funds, with an aggregate asset value in excess of \$7.2 billion, including \$710 million in 2015 alone. Entities under management by Hillcore Group had an asset value in excess of \$4.4 billion as of December 31, 2015.

Hillcore Group is a non-traditional private equity firm that invests its own money and is industry agnostic/opportunity-driven, with no forced distribution.

Pursuant to the terms of the Strategic Alliance Agreement, Hillcore Group has agreed to grant Trenchant an exclusive first right to: (i) review Hillcore Group’s initial due diligence on potential business targets, and (ii) negotiate with Hillcore Group the participation by Trenchant in Hillcore Group’s acquisition of business targets, primarily by way of Special Situation Debt (as defined in the Strategic Alliance Agreement), which may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. Trenchant 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 Trenchant has provided financing. HCG5, a limited partnership related to Hillcore Group, holds approximately 17.3% of the issued and outstanding Shares.

On June 6, 2016, the Company executed a non-binding term sheet with Hillcore Group pursuant to which the Company proposed to loan up to \$20,000,000 to Hillcore Group or one of its portfolio companies. On June 7, 2016, the Company announced that it was pursuing a Change of Business to become a Tier 2 Investment Issuer on the TSXV, focused on providing special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth, and that it would be undertaking a series of financings to fund the Initial Investment and the Change of Business.

Narrative Description of the Business

Reasons for the Change of Business

Due to the current state of the natural resource exploration and development market, and given the expertise of the members of the Board, the Board believes the best path forward for the Company is as an Investment Issuer, focused on providing special situation debt financing to established companies with a solid track record of earnings

and demonstrated potential for future growth. For these reasons, the Board has proposed that the Company complete the Change of Business.

Description of the Proposed Business

As an investment issuer, the Company plans to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth. The Company also plans to generate shareholder equity by taking and where prudent, exercising, equity purchase rights in portfolio companies, and by participating in potential going-public transactions or other liquidity events in portfolio companies.

The Company will seek to preserve capital and limit downside risk through securely structuring its investments. The Company plans to work closely with management of portfolio companies, either by securing board observation rights and/or board appointment rights, or management service arrangements. Barring special circumstances, the Company will be limited to investing not more than 30% of its equity capital in any one particular investment.

The Company will seek to make investments in companies where historical financial and product performance can be used as the primary gauge of risk. Investment due diligence is expected to be focused on tangible, measurable results rather than forward looking estimates more common in venture capital investments.

Like other investment companies, the Company expects to have a highly scalable business model where a small investment team can drive large numbers of transactions. As such, the Company expects to continue to operate with a small Board and limited management team.

Market

The Company intends to seek investments in private companies with a history of stable cash flow. Companies within the Company's target market are typically looking for growth capital or succession liquidity. Although well established with a long track record of operation, many potential investee companies fail to qualify for the investment criteria of existing capital providers due to a variety of factors, including that:

- traditional private equity institutional investors, an important source of growth capital, tend to invest in larger enterprises with stronger established cash flows;
- traditional venture capital investors tend to seek very high growth companies with potential for high multiple (greater than 10X) returns, and companies with this characteristic represent a small percentage of the total market; and
- traditional lenders such as banks are highly risk-averse and provide only limited capital to companies in the Company's target market, with terms designed to protect their investment through profitability covenants, which is often counter-productive to investee company growth.

As a result, the Company perceives that there is a niche in the capital sector for investment companies that seek to make investments of the type the Company intends to pursue.

Investment Policy

As required by the TSXV's listing requirements for an Investment Issuer, the Company has adopted the Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the Company's investment objectives and strategy based on the fundamental principles set out below, as well as disclosure obligations for any Significantly Concentrated Debt Investment.

The Investment Policy provides that the Company will: (a) seek to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth (outside of the resource extraction and resource exploration sectors), (b) generate shareholder equity by taking and where prudent, exercising, equity purchase rights in portfolio companies, (c) participate in potential going-public transactions or other liquidity events in portfolio companies, and (d) seek to preserve capital and limit downside risk through securely structuring its investments. The Company plans to work closely with management of portfolio companies, either by securing board observation rights and/or board appointment rights, or management service arrangements. Barring special circumstances, the Company will be limited to investing not more than 30% of its equity capital in any one particular investment.

The Investment Policy provides the Company with broad discretion with respect to the form of investments made. The Company may employ a wide range of investment instruments, including: equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrants, options, and other hybrid instruments. The Company may acquire limited partnership interests, joint venture or real property interests. Where appropriate the Company may act as a third party advisor with respect to opportunities with target or other companies in exchange for a fee. The Investment Policy shall not permit the Company to invest in physical commodities, derivatives, "short" sales, substantial "passive" equity positions or other similar transactions. Notwithstanding the foregoing, the Company may authorize investments outside of these structures for the benefit of the Company and its shareholders.

The Company is committed to providing investors with sufficient disclosure about its investments to enable investors to evaluate the performance, operations and risks thereof. In particular, if the Company has any Significantly Concentrated Debt Investment, the Investment Policy requires the Company to:

- confirm the sufficiency of each borrower's cash flow to service its debts, and the adequacy of the security package provided by such borrower, and to disclose in the Company's MD&A whether the Company considers such borrower's cash flow and pledged collateral are sufficient and adequate;
- disclose in the Company's MD&A the following key ratios on a comparative basis, which the Company considers to be the essential information required by a prudent debt investor:
 - Debt Service Ratio,
 - Fixed Charge Coverage Ratio, and
 - Net Debt to EBITDA Ratio;
- disclose in the Company's MD&A the approximate percentage increases and decreases, on a comparative basis, in a borrower's revenue and earnings; and
- disclose any material changes or facts in the business or affairs of a borrower that would have a material adverse impact on a borrower's cash flow or pledged collateral.

The Company will establish the Investment Committee to monitor its investment portfolio on an ongoing basis and to review the status of its investments at least once a month or on an as-needed basis. The Investment Committee will be subject to the direction of the Board, and will consist of at least three members, including two members of the Board. The members of the Investment Committee will be appointed by the Board, and may be removed or replaced by the Board. Each member of the Investment Committee shall be financially literate. Initially, it is expected that the members of the Investment Committee will include directors and/or officers of the Company; however, the Company may also utilize, or appoint to the Investment Committee, qualified independent financial or technical consultants approved by the Board to assist the Investment Committee in making its investment decisions. Nominees to the Investment Committee shall be recommended by the Board.

The members of the Investment Committee shall be appointed annually by the Board at the first Board meeting subsequent to the annual meeting of shareholders or on such other date as the Board shall determine. Members of the Investment Committee may be removed or replaced by the Board. Officers of the Company may be members of the Investment Committee. Each member of the Investment Committee shall be financially literate.

On completion of the Change of Business, the Investment Committee shall be comprised of Eric Boehnke, Chief Executive Officer, Thomas English, director, and John Legg, director.

Concurrent Financing

The Company is undertaking the Concurrent Financing of a minimum of 6,875,000 Convertible Preferred Shares and a maximum of 8,750,000 Convertible Preferred Shares, at a price of \$0.40 per Convertible Preferred Share, for minimum gross proceeds of \$2,750,000 and maximum gross proceeds of \$3,500,000 (or such other number of Convertible Preferred Shares and at such price as may be determined by the Board in its sole discretion). The proceeds of the Concurrent Financing are expected to be used to pay the Agents' Fee, other costs related to the completion of the Offering and the Change of Business, and to fund the working capital needs of the Company, including payment for due diligence expenses incurred in connection with the evaluation of other potential investment opportunities.

The Convertible Preferred Shares will be subject to special rights and restrictions, which include the right to receive annual preferential, non-cumulative dividends at a fixed rate of 8% per annum. The holders of Convertible Preferred Shares may, at any time commencing on the date that is one year after the date of closing of the Concurrent Financing, convert their Convertible Preferred Shares, without the payment of any additional consideration, into Common Shares on a one for one basis (subject to adjustment), subject to a maximum conversion limit in any 180 day period of 25% of the number of Convertible Preferred Shares that the holder initially held on the closing of the Concurrent Financing. The Convertible Preferred Shares will automatically convert into Common Shares on a one for one basis (subject to adjustment) on the third anniversary of the closing of the Concurrent Financing.

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 cannot be retracted or redeemed, and in the event of any liquidation, dissolution or winding up of the Company, holders of Convertible Preferred Shares will be treated ratably with the holders of Common Shares. (on an as-converted to Common Shares basis)

The Convertible Preferred Shares will not be listed for trading on the TSXV or on any other stock exchange or quotation system. All of the securities the Company issued under the Concurrent Financing will be subject to a hold period that expires four months and a day after issuance of the Convertible Preferred Shares.

Closing of the Concurrent Financing is subject to the concurrent closing of the Offering, the satisfaction or waiver of all conditions precedent to the making of the Initial Investment (other than the completion of the Offering and the Concurrent Financing), and the receipt of the conditional approval of the TSXV.

The Initial Investment

Pursuant to the terms of the Loan Agreement, the Lender has agreed to make its Initial Investment, in the minimum principal amount of \$5,000,000 and the maximum principal amount of \$20,000,000 (or \$23,000,000 in the event that the Borrower consents and the Over-Allotment Option is duly exercised in full) to the Borrower, subject to the terms and conditions set out therein, including completion of the Offering and the approval of the TSXV for the Change of Business. The Initial Investment is to be drawn down by the Borrower in one or more drawdowns, with the initial drawdown to be drawn down on or prior to May 15, 2017 and to be in an amount not less than \$5,000,000 and subsequent drawdowns to be in an amount not less than \$2,000,000, with the final drawdown to be drawn down on or prior to September 30, 2017. The Borrower intends to use the proceeds of the Initial Investment for debt repayment, distributions, operating expenses and general working capital purposes.

The Borrower is a limited partnership related to Hillcore Group and indirectly controls an 82.89% interest in Waiward Steel. The Borrower has agreed to pledge the WHLP Units, representing 92.11% of the outstanding units in the capital of WHLP, as security for the Initial Investment.

The Company has undertaken to the TSXV to make a second investment within one year of the TSXV's final bulletin accepting the COB.

Waiward Steel

Hillcore Group acquired Waiward Steel in April 2015. Waiward Steel is a diversified construction, engineering and drafting services company based in Edmonton, Alberta that has been in business for over 45 years. 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 600 employees, Waiward Steel has been named one of Canada's *Top 50 Best Managed Companies* every year since 2005 and serves multiple sectors across Western Canada and around the world.

As a result of its solid reputation, strong relationships and breadth of services, Waiward Steel has garnered a client base that boasts the industry's leading customers including:

- SNC Lavalin
- Siemens
- Canadian Natural Gas
- Encana
- Shell
- Ledcor
- ATCO Group
- Suncor
- Worley Parsons
- TransCanada
- Krupp Canada
- PCL Construction
- Fluor
- Enbridge

Waiward Steel has three primary operating divisions, being engineering and drafting, steel fabrication and construction.

Engineering and Drafting

Waiward Steel's full-service engineering and drafting division provides services that include:

- connection design;
- 3D modelling;
- cutting and drilling requirements;
- shop, erection and anchor bolt layout drawings; and
- specialized reporting.

Waiward Steel provides full service engineering and drafting services to different sectors, including:

- Industrial: Petro-chemical and oil-sands projects;
- Mining: Both open cast and underground facilities;
- Infrastructure: Including road and river bridges;
- Commercial: Stadiums, hotels, office towers and malls; and
- Institutional: Hospitals, clinics and corrections facilities.

Steel Fabrication

Waiward Steel has one of Canada's largest fabrication facilities, with 216,000 sq. ft. of fabrication space on 16 acres of land, and can produce up to 1,000 tonnes per week. Its fabrication services include:

- structural steel fabrication and erection;
- heavy plate work;

- large span truss;
- industrial process equipment fabrication;
- material handling equipment; and
- material processing/shop detailing.

Waiward Steel's fabrication facility is equipped with automated detail equipment and robotic welding equipment that pull information directly from its drafting models, allowing for increased welding precision and efficiency.

Waiward Steel manages strategic partnerships with a select group of fabricators across Canada. This access to capacity gives it the ability to address changes in project scope and schedule.

In addition, Waiward Steel has a 36,000 sq. ft. onsite blasting and painting operation that can easily handle any project coating requirements.

Construction

Waiward Steel's construction division wholly manages construction projects on behalf of its clients. Waiward Steel's construction expertise is primarily focused around the erection and installation of structural steel and equipment.

Waiward Steel's construction services include:

- Structural Steel Erection;
- General Construction Services – including civil services, steel erection, building envelope, painting, mechanical, electrical and scaffolding;
- Pipe Fabrication and Installation;
- Equipment Installation;
- Onsite Construction Services/MRO Work – Waiward Steel maintains a year-round presence on some of its clients' sites, performing onsite maintenance, repair, overhaul and shutdown work in the operating portions of their plants. This service provides clients with direct access to Waiward Steel's staff, engineering and drafting services, procurement power, inventory and erection/installation crews, helping to reduce operational costs and downtime while successfully completing capital projects; and
- Modular and Pre-Construction Assembly – Waiward Steel devises solutions to complete erection, assembly and installation work to produce cost and time savings, reduced risk and increased levels of safety and quality.

Waiward Steel – Management

Jean-Marc Bougie, Chairman of the Board

Mr. Bougie is chairman of Waiward Steel and CEO of Hillcore Group, where he oversees operations, team building, asset management and the strategic direction of the company. Prior to joining Hillcore Group, he was Managing Director in RBC Capital Markets' Investment banking group. Mr. Bougie holds a Bachelor of Commerce degree from Concordia University and a Masters in Finance degree from the London Business School.

Terry Degner, President

Mr. Degner is President of Waiward Steel and has been with the company since 2001. He is the son of the previous owner and has held various positions within the organization. Mr. Degner holds a Bachelor of Commerce degree from the University of Alberta. Prior to joining Waiward Steel, he spent 6 years as an investment advisor in the Edmonton area.

Jim Kanerva, Chief Operations Officer

Mr. Kanerva is Chief Operations Officer of Waiward Steel. He has been with Waiward Steel since 1994 and was promoted to Chief Operations Officer in 2010. He holds a Bachelors Degree in Mechanical Engineering and a Masters of Engineering Degree in Engineering Management from the University of Alberta. He is currently working to complete a PhD in Construction and Engineering Management at the University of Alberta.

Rob Wright, Vice-President Fabrication

Mr. Wright is Vice President, Fabrication, of Waiward Steel and has been with Waiward Steel since 1997. He has a Bachelor of Science degree in Civil Engineering and a Masters degree in Welding Engineering from the University of Alberta. Mr. Wright is also an International Welding Engineer, certified through the International Institute of Welding, and a Canadian Welding Bureau Level III Certified Welding Inspector. He currently sits on the CSA Technical Committee on Welding of Bridges, Buildings and Machinery.

Donny McCue, Vice-President Construction

Mr. McCue is Vice President, Construction, of Waiward Steel. He joined Waiward Steel in February 2010 to oversee construction operations. Prior to joining Waiward Steel, Mr. McCue worked for Suncor Energy in its major projects division in Fort McMurray, Calgary and Edmonton. He started with Suncor as an on-site construction coordinator and later became the construction manager in Calgary's planning department. He later moved to the Suncor fabrication team in Edmonton, managing fabrication shops and module assembly yards. Mr. McCue has 25 years of experience in the construction industry working on large projects throughout Alberta. He holds a Journeyman Ironworker Certificate and a Project Management certificate from the Northern Alberta Institute of Technology.

Nazim Merali, Chief Financial Officer

Mr. Merali is Chief Financial Officer of Waiward Steel and joined Waiward Steel in August 2015. He has in excess of 20 years' experience as CFO for the University of Alberta and Caritas Health Group and CEO of uDigit Systems in Edmonton, Alberta. He has an exemplary track record in successfully leading organizations through complex financial and organizational operations, and information technology transformations, including a one-enterprise approach to the management and delivery of financial and management information across a multitude of organizations.

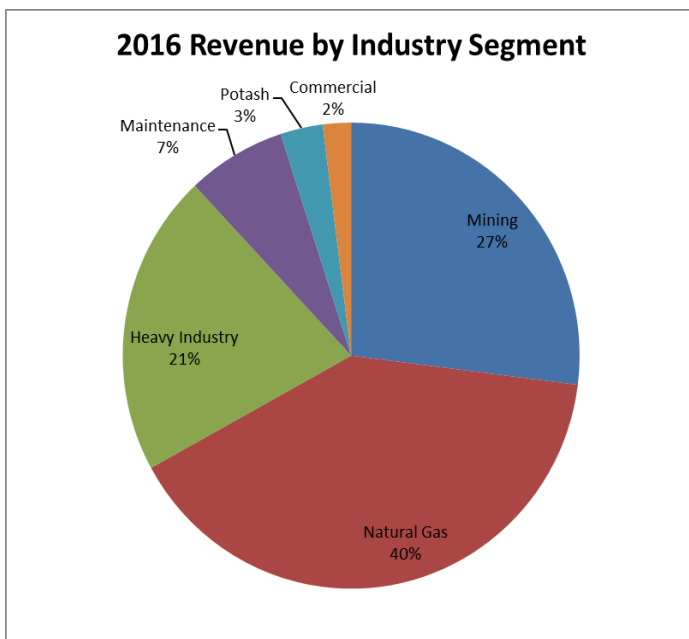
Due Diligence Process

Trenchant's management team has conducted due diligence on the business and affairs of the Borrower, WHLP and Waiward Steel, including:

- review of Waiward Steel's audited financial statements and unaudited interim financial statements;
- review of Waiward Steel's operating model and financial projections;
- review of Waiward Steel's order book;
- review of industry, competition and comparables, sectoral revenue streams, growth plans and sectoral risks;
- site visits;
- interviews with members of the Borrower's senior management; and
- weekly calls with the Borrower.

In determining that the cash flow from the Borrower's indirect 82.9% interest in Waiward Steel and the pledge of the WHLP Units (representing 92.11% of the outstanding units in the capital of WHLP) will be sufficient to fund the Borrower's interest payments and to repay the Initial Investment in full, and is adequate collateral for the Borrower's obligations, the Company considered:

- Waiward Steel's historical revenues, which were in excess of \$200,000,000 for each of 2015 and 2016;
- Waiward Steel's assets and liabilities;
- the decrease in the outstanding principal amount of Waiward Steel's net debt (current and long term debt, less cash) from approximately \$35,000,000 at December 31, 2015 to approximately \$18,500,000 at December 31, 2016;
- Waiward Steel's earnings and cash flows;
- that the Loan Agreement includes a contractual cap on WHLP or Waiward Steel taking on debt in excess of the greater of: (i) \$50,000,000 or (ii) three times trailing EBITDA; and
- the diversification of Waiward Steel's business by industry segment, as set out in the chart below.



Terms of the Initial Investment

The Initial Investment may be made in one or more advances, with the initial advance to be an amount not less than \$5,000,000 and each subsequent advance to be in an amount of not less than \$2,000,000. The initial advance shall be available until, and shall be drawn down on or prior to, May 15, 2017, and all advances shall be drawn down not later than September 30, 2017 (or such other date as may be mutually agreed by the parties).

The outstanding principal of the Initial Investment will bear interest at the rate of 12.5% per annum, with 10% payable quarterly in cash and 2.5% being added quarterly to the outstanding principal of the Initial Investment and payable on the maturity date, which will be March 31, 2022. Interest will be calculated as of

the last day of each quarter during the term of the Initial Investment, beginning on the three month period ended June 30, 2017 (in any case, a "Loan Interest Calculation Date"). On each Loan Interest Calculation Date, the Borrower shall defer, or "pay in kind", an amount equal to one-fifth (1/5) of the interest payment otherwise due on such date (the "PIK Interest"), which PIK Interest shall be added to the aggregate outstanding principal as at such Loan Interest Calculation Date. The Lender shall, following each such Loan Interest Calculation Date, notify the Borrower of the amount of such PIK Interest deferred and the principal amount then outstanding. The Borrower has also agreed to pay the Lender the Finance Fee.

The Borrower may prepay the outstanding principal of the Initial Investment and any accrued and unpaid interest thereon in whole or in part at any time without penalty or bonus, provided that the Borrower shall reimburse the Lender for any break funding costs or make-whole amount or prepayment penalty incurred by the Lender in connection with any early repayment or redemption of the Debentures which repayment or redemption is required as a result of such early repayment or redemption, provided that the terms of the Debentures have been approved

by the Borrower prior to the issuance thereof (in any case, the “**Break Costs**”). The proceeds arising from: (i) any public or private offering of equity securities of the Borrower, the Borrower’s General Partner or WHLP, including an outright sale of the Borrower, the Borrower’s General Partner or Waiward Holdings; or (ii) the realization against any or all of the assets of the Borrower or the Borrower’s General Partner included in the security under the Initial Investment upon an event of default under the Loan Agreement, shall be applied against the balance of the principal remaining unpaid, together with applicable Break Costs. Such mandatory prepayment may be waived by the Lender in its sole discretion.

The Loan Agreement provides that, in connection with the Initial Closing, Trenchant and the Borrower will enter into a management agreement, the form of which is attached to the Loan Agreement, pursuant to which, among other things: (i) Trenchant will agree to provide management services to the Borrower, including strategic guidance, program development, logistical analysis and financial consulting services (collectively, the “**Services**”); (ii) the Borrower will agree to grant Trenchant certain corporate governance rights, including observer rights at board meetings of the Borrower’s General Partner and of Waiward Holdings GP, and the right to appoint a nominee to the board of directors of the Borrower’s General Partner; and (iii) the Borrower will agree to reimburse Trenchant for all reasonable expenses incurred in connection with providing the Services.

At the Initial Closing, Trenchant will also be granted a five-year unit purchase option by the Borrower, entitling Trenchant to purchase up to 10% of the Borrower’s holdings in WHLP, with an escalating exercise price based upon the projected earnings of Waiward Steel. The actual percentage interest available to be acquired will be based upon the amount of funds advanced under the Loan Agreement.

The Initial Investment will be secured by the following:

- (i) a promissory note payable by the Borrower to the Lender evidencing the Initial Investment;
- (ii) a securities pledge agreement from the Borrower pursuant to which the Borrower will pledge all WHLP Units in favour of the Lender, together with applicable acknowledgements and agreements of WHLP, stock power(s) of attorney and authorizing resolutions and consents;
- (iii) a full recourse guarantee with assignment and postponement of claims from the Borrower’s General Partner and a securities pledge agreement from the Borrower’s General Partner pursuant to which the Borrower’s General Partner will pledge all of the issued and outstanding units of the Borrower registered in its name in favour of the Lender, together with applicable stock powers of attorney and authorizing resolutions and consents;
- (iv) a securities pledge agreement from HWIL pursuant to which HWIL will pledge all shares in the capital of Waiward Holdings GP in favour of the Lender, together with applicable acknowledgements and agreements of Waiward Holdings GP, stock power(s) of attorney and authorizing resolutions and consents;
- (v) a direction from the Borrower to WHLP and from WHLP to Waiward Steel GP to: (a) pay an amount up to the amount contemplated on each Payment Date (as defined in the Loan Agreement) as notified by the Lender directly to the Lender, (b) pay an amount up to the amount required on the Maturity Date directly to the Lender, and (c) following delivery of a notice of a Default or an Event of Default (each as defined in the Loan Agreement) from the Lender, pay all distributions in respect of the WSLP Units directly to the Lender, in all cases, from amounts otherwise payable to WHLP related to the WSLP Units; and
- (vi) a direction from Abacus Private Equity Ltd. (“**Abacus**”) to Waiward Steel GP to pay all management fees from amounts otherwise payable to Abacus in respect of Waiward Steel directly to the Lender to the extent that any distribution from WHLP or Waiward Steel is not sufficient to pay amounts due on any Payment Date as contemplated in clause (v) above), or such amounts due are not paid to the Lender for any reason.

Key Ratios and other Summary Disclosures

Waiward Steel had gross revenues of approximately \$215,000,000 for the fiscal year ended December 31, 2016 and approximately \$155,000,000 for the nine-month period ended December 31, 2015 (approximately \$207,000,000 annualized).

As provided in the Investment Policy, the following are the key ratios that the Company must consider with respect to the Initial Investment as, at the time of the Initial Closing, it will constitute a Significantly Concentrated Debt Investment, as contemplated by the Investment Policy:

	12 months ended 12/31/2016 (Pro Forma) ⁽¹⁾	12 months ended 12/31/2016
Debt Service Ratio ⁽¹⁾	1.59	2.11
Fixed Charge Coverage Ratio ⁽²⁾	1.33	1.58
Net Debt to EBITDA Ratio ⁽³⁾	2.05	0.89

⁽¹⁾ Assumes the Maximum Offering is completed such that the Initial Investment has a principal amount of \$20,000,000.

The Company has confirmed the sufficiency of the Borrower's cash flow to service the Initial Investment, and the adequacy of the security package provided by the Borrower in connection therewith, and believes that the Borrower's cash flow and pledged collateral are sufficient and adequate to service the Initial Investment.

As required by the Investment Policy, the following are the approximate percentage increases in Waiward Steel's revenues and net income for its most recently completed fiscal year ended December 31, 2016:

Trailing 12 month increase (decrease) in	12 months ended 12/31/2016
Revenue ⁽¹⁾	4%
Net Income ⁽¹⁾	97%

⁽¹⁾ Prior year figures annualized.

The Company is not aware of any material changes or facts in the business or affairs of the Borrower that would have a material adverse impact on the Borrower's cash flow or pledged collateral.

Closing of the Initial Investment is subject to the closing of the Minimum Offering and the approval of the TSXV.

Potential Future Deal Flow

- **Hillcore has under LOI:** Alberta based Industrial Company; sales of \$50MM+ with strong book of business – strong sales synergies with Waiward; mezzanine financing opportunity - \$5-10MM
- **Hillcore Portfolio Company:** Ontario based Long-term Care Operator; sales of \$100MM; government license to operate; mezzanine financing opportunity of \$7.5-15MM
- **Target Companies:** Seniors Living Operations; Quebec, Ontario and BC based operations; enterprise values of \$100-\$300MM; mezzanine financing opportunity of \$10-50MM per deal
- **Real Estate Opportunities:** Industrial/Commercial Real Estate; primarily Ontario and Alberta based opportunities; \$50-100MM asset values; mezzanine financing opportunities of \$10-20MM per deal

Notwithstanding the foregoing, the sole recourse of Computershare (on behalf of the holders of the Debentures) against the Company shall be with respect to the first priority security interest granted to Computershare in the

securities of the Lender, and Computershare and the holders of the Debentures shall have no right to payment from the Company or against any of the Company's other property or assets, except as otherwise permitted by law. The Company has not undertaken due diligence on these potential future deals, nor has it engaged in any negotiations of terms. The potential future deals listed are for illustrative purposes only. There is no guarantee that future deals will pass due diligence review or that the Company will be able to negotiate terms acceptable to it in connection therewith.

USE OF PROCEEDS

Proceeds and Funds Available

All of the proceeds of the Offering, being \$5,000,000 in the event of the Minimum Offering and \$20,000,000 in the event of the Maximum Offering (or \$1,495,000 in the event the Over-Allotment Option is exercised in full), will be used to make the Initial Investment. The Agents' Fee and the Agents' Expenses in connection with the Offering, as well as the remaining expenses of the Offering, will be paid from the proceeds of the Concurrent Financing, the gross proceeds of which are expected to be a minimum of \$2,750,000 and a maximum of \$3,500,000. The Agents' Fee will be \$325,000 in the event of the Minimum Offering and \$1,300,000 in the event of the Maximum Offering (or \$1,495,000 in the event the Over-Allotment Option is exercised in full). The remaining expenses of the Offering are estimated to be approximately \$250,000. The balance of the proceeds of the Concurrent Financing, after payment of the remaining expenses of the Offering, the Agents' Fee and the Agents' Expenses are expected to be used for general operating expenses of the Company.

The Company is undertaking the Concurrent Financing in order to ensure that at the time of the Initial Closing, the Company will have sufficient cash to carry out its business plan as currently contemplated. The Debentures have a five year term and the Convertible Preferred Shares have a three year term. Following the third anniversary of the Initial Closing, the interest income generated will be more than the borrowing costs, at which point the earnings coverage ratio will be above one.

The Borrower intends to use the proceeds of the Initial Investment for debt repayment, distributions, operating expenses and general working capital purposes.

ADMINISTRATION COSTS

The estimated administration costs of the Company to achieve its stated business objectives for the 12 month period following completion of the Offering are an aggregate of \$469,400, with an average monthly cost of approximately \$39,116. An estimated breakdown of these costs is as follows:

	Monthly (\$)	Yearly (\$)
Management and consulting fees	20,833	250,000
Travel Expenses:	10,000	120,000
Rent and utilities	2,500	30,000
Legal and audit fees	3,333	40,000
Investor relations fees	1,250	15,000
TSXV and transfer agent fees	1,200	14,400
TOTAL:	39,116	469,400

DETAILS OF THE OFFERING

Pursuant to the Agency Agreement, the Company has agreed to retain the Agents to offer for sale, on a best efforts basis, to the public in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, subject to prior sale, if, as and when issued by the Company, a minimum of 5,000 Debentures and up to a maximum of 20,000 Debentures for aggregate gross proceeds of a minimum of \$5,000,000 up to a maximum of

\$20,000,000 at a price of \$1,000 per Debenture, subject to compliance with all necessary legal requirements and to the conditions contained in the Agency Agreement (and up to 23,000 Debentures for gross proceeds of up to \$23,000,000 if the Over-Allotment Option is exercised by the Agents in full). The following is a summary of the material attributes and characteristics of the Debentures and is subject to, and qualified in its entirety by reference to, the terms of the Trust Indenture.

General

The Debentures will be issued under the Trust Indenture. The aggregate principal amount of the Debentures authorized for issue will be limited to the aggregate principal amount of \$20,000,000 (or \$23,000,000 in the event the Over-Allotment Option is exercised in full). However, the Company may, from time to time, without the consent of holders of Debentures, issue additional Debentures of the same series or of a different series under the Trust Indenture. References in this section to "Debentures" is a reference to all debentures outstanding from time to time under the Trust Indenture, as it may be further supplemented from time to time.

The Debentures will be dated as at the applicable Closing and will be issuable only in denominations of \$1,000 and multiples thereof. The Maturity Date for the Debentures will be March 31, 2022. The Company will use commercially reasonable efforts to cause the listing and posting for trading of the Debentures on the TSXV within 90 days of the date of issue of the Debentures.

The Debentures will bear interest from the date of issue at the rate of 9.0% per annum, based on a 365 day year, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. Interest shall be calculated quarterly on each Interest Calculation Date, being March 31, June 30, September 30 and December 31), and will be paid in arrears in equal quarterly payments (with the exception of the first interest payment, which will include interest from and including the applicable Closing to the next Interest Calculation Date, and the last interest payment, which will include interest from January 1, 2022 to but excluding the Maturity Date and will be payable on the Maturity Date, if not redeemed or converted prior to the Maturity Date), in cash, on the applicable Interest Payment Date (being January 20, April 20, July 20 or October 20, with the exception of the last interest payment), to holders of record as at the close of business on the applicable Interest Calculation Date (or as at the close of business on the Business Day prior to the Maturity Date in the case of the last interest payment).

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the holders thereof and subject to the terms of the Trust Indenture and applicable regulatory approval, may be converted into Shares. Interest on the Debentures will be payable only in cash.

As further described below under the heading "Conversion Privilege", commencing on the date that is one year after the Initial Closing, the outstanding principal amount of each Debenture may be converted, at the option of the holder, into fully-paid and non-assessable Shares at the Conversion Price, which will be equal to the greater of: (i) 95% of the VWAP of the Shares for the 30 trading day period ending three Business Days prior to the applicable conversion date; and (ii) \$1.00 per Share, subject to the Conversion Restriction, which provides that, except in connection with a redemption by the Company, unless such holder holds Debentures having an aggregate amount that does not exceed \$10,000, no more than 25% of the aggregate principal amount of Debentures held by such holder may be converted in any 180 day period.

The Debentures will be secured by the Pledge Agreement. Under the Pledge Agreement, Computershare has been granted a first priority security interest in the securities of the Lender as agent for the holders of the Debentures. Following and during the continuance of an Event of Default (as defined in the Trust Indenture), Computershare will have the rights described in the Pledge Agreement. **In the event that the Company defaults in its obligations under the Trust Indenture, the sole recourse of Computershare (on behalf of the holders of the Debentures) against the Company shall be with respect to the first priority security interest granted to Computershare in the securities of the Lender, and Computershare and the holders of the Debentures shall have no right to payment from the Company or against any of the Company's other property or assets, except as otherwise permitted by law.**

Conversion Privilege

Commencing on the date that is one year after the Initial Closing, the outstanding principal amount of the Debentures may be converted into fully paid and non-assessable Shares at the option of the holder until the close of business on the earlier of: (i) the Business Day immediately preceding the Maturity Date, (ii) the Business Day immediately preceding the Redemption Date if the Debentures are called for redemption by the Company, or (iii) if called for a repurchase pursuant to a Change of Control, on the Business Day immediately preceding the payment date (in any case, the "**Time of Expiry**"), subject, except in the case of a redemption by the Company, to the Conversion Restriction, which provides that, unless such holder holds Debentures having an aggregate amount that does not exceed \$10,000, no more than 25% of the aggregate principal amount of Debentures held by such holder may be converted in any 180 day period. Any such conversion will be at the Conversion Price, which will be equal to the greater of: (i) 95% of the VWAP for the 30 day period ending three Business Days prior to the applicable conversion date; and (ii) \$1.00 per Share. Assuming a minimum conversion price of \$1.00, this represents a conversion rate of 1,000 Shares per \$1,000 principal amount of Debentures, subject to adjustment upon the occurrence of certain events, including, but not limited to: share consolidations, share splits, spin-off events, rights issues or reorganizations, as provided in the Trust Indenture.

Pursuant to the terms of the Trust Indenture, holders of Debentures may be required to withdraw their Debentures from CDS and to obtain a certificate representing the Debentures registered in their own name (or then name of their applicable CDS participant) prior to effecting any conversion.

If prior to the Time of Expiry, the Company shall fix a record date for the payment of a cash dividend or distribution to the holders of all or substantially all of the outstanding Shares in respect of any period of time, the Conversion Price shall be adjusted immediately after such record date so that it shall be equal to the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the denominator shall be the VWAP per Share for the 20 consecutive trading days ending on the fifth trading day preceding the record date (the "**Current Market Price**"), and of which the numerator shall be the Current Market Price per Share on such record date minus the amount in cash per Share distributed to holders of Shares, provided that the Conversion Price so adjusted is not less than \$1.00. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such cash dividend or distribution is not paid, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed.

Holders converting their Debentures will receive accrued and unpaid interest thereon from and including the day after the most recent Interest Calculation Date to the date that is one Business Day prior to the date of conversion, provided that interest will be payable solely in cash. Holders converting their Debentures shall become holders of record of Shares on the Business Day immediately after the conversion date. If a Debenture is surrendered for conversion on an Interest Calculation Date, the person entitled to receive Shares in respect of the Debenture so surrendered for conversion shall not become the holder of record of such Shares until the Business Day following the applicable Interest Payment Date.

Subject to the provisions thereof, the Trust Indenture will provide for the adjustment of the Conversion Price in certain events including, without limitation: (i) the subdivision or consolidation of the outstanding Shares; (ii) the distribution of Shares to holders of all or substantially all of the outstanding Shares by way of dividend or otherwise, other than an issue of securities to holders of Shares who have elected to receive dividends in securities of the Company in lieu of receiving cash dividends paid in the ordinary course; (iii) the issuance of options, rights or warrants to all or substantially all holders of Shares entitling them to acquire Shares or other securities convertible into Shares at less than 95% of the then Current Market Price (as defined in the Trust Indenture) of the Shares; and (iv) the distribution to all holders of Shares of any securities or assets (other than cash dividends and equivalent dividends in securities paid in lieu of cash dividends in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described in (ii), (iii) or (iv) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures into Shares prior to the applicable record date or effective date, as the case may be. The Company will not be required to make adjustments

to the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Shares or in the case of any consolidation, amalgamation or merger of the Company with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Company, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up, be entitled to receive the number of Shares or other securities on the exercise of the conversion right that such holder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up. Notwithstanding the foregoing, if prior to the date that is five years plus one day from the last date of issuance of Debentures pursuant to this Prospectus, holders would otherwise be entitled to receive, upon conversion of the Debentures, any property (including cash) or securities that would not constitute "prescribed securities" for the purposes of former clause 212(1)(b)(vii)(E) of the Tax Act as it applied on December 31, 2007 (referred to herein as "**Ineligible Consideration**"), such holders shall not be entitled to receive such Ineligible Consideration but the Company or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Company or the successor or acquirer, as the case may be) to deliver either such Ineligible Consideration or "prescribed securities" for the purpose of former clause 212(1)(b)(vii)(E) of the Tax Act as it applied on December 31, 2007 with a market value (as conclusively determined by the Board) equal to the market value of such Ineligible Consideration. In general, prescribed securities would include the Shares and other shares which are not redeemable by the holder within five years of the date of issuance of the Debentures.

No Fractional Shares

No fractional Shares will be issued on any conversion. The Company shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest (less any tax required to be deducted, if any), provided, however, that the Company shall not be required to make any payment of less than \$25.00.

Redemption

The Debentures will not be redeemable prior to the second anniversary of the Initial Closing (except in limited circumstances involving a Change of Control). At any time after two years from the Initial Closing, the Company may, at its option, on not more than 60 days and not less than 30 days prior notice, redeem, in whole or in part, from time to time, the principal amount of the Debentures at the Redemption Price, which will be: (i) commencing on the date which is two years and one day after the Initial Closing and ending on the date which is three years after the Initial Closing, 105% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; (ii) commencing on the date which is three years and one day after the Initial Closing and ending on the date which is four years after the Initial Closing, 103% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; and (iii) commencing on the date which is four years and one day after the Initial Closing and ending on the date which is one day prior to the Maturity Date, 101% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon. The holders will have the right to accept the repayment or convert the principal amount of the Debentures at any time prior to the Redemption Date in accordance with the terms of the Trust Indenture, provided that if a holder elects to convert their Debentures, the redemption amount shall be equal to the actual principal amount of the Debentures of such holder then outstanding and such holder will not be eligible to receive any premium in connection therewith. The Redemption Price will be paid in cash.

Change of Control

Within 30 days following the occurrence of a Change of Control, the Company will be required to make the Debenture Offer in writing to purchase all of the Debentures then outstanding, at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon (the “**Offer Price**”).

The Trust Indenture contains notification and repurchase provisions requiring the Company to give written notice to Computershare of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. Computershare will thereafter promptly mail to each holder of Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If Debentures representing 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Company pursuant to the Debenture Offer, the Company will have the right to redeem all remaining Debentures on the purchase date at the Offer Price. Notice of such redemption must be given to Computershare by the Company within 10 days following expiry of the Debenture Offer and, as soon as possible thereafter, by Computershare to the holders of Debentures not tendered pursuant to the Debenture Offer.

The Company will comply with the requirements of Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of Debentures in the event of a Change of Control.

Cash Change of Control

If a Change of Control occurs in which 10% or more of the consideration for the outstanding Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange (a “**Cash Change of Control**”), then, subject to regulatory approvals, during the period beginning on the date of delivery of the applicable Change of Control notice and ending five Business Days prior to the Change of Control purchase date, holders of Debentures will be entitled to convert their Debentures at a new Conversion Price (the “**Change of Control Conversion Price**”), calculated as follows (which will be confirmed to Computershare and the holders of Debentures by the Company in the applicable Change of Control notice):

$$\text{COCCP} = \text{ECP} / (1 + \text{CP} \times (c/t))$$
 where:

COCCP is the Cash Change of Control Conversion Price;

ECP is the Conversion Price in effect on the date (the “**Effective Date**”) that is ten trading days prior to the date of the Change of Control notice;

CP = 20.0%;

c = the number of days from and including the Effective Date to but excluding December 31, 2019; and

t = being the number of days from and including the date of issuance of the Debenture to but excluding December 31, 2019.

In the event that the Change of Control Conversion Price calculated in accordance with the formula above is less than any regulatory permitted discount to market price, the Change of Control Conversion Price shall be deemed to be that implied by the maximum permitted discount to market price.

Events of Default

The Trust Indenture will provide that an event of default (an “**Event of Default**”) in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (i) failure for 30 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) default in the delivery, when due, of all cash and any Shares or other consideration payable upon conversion with respect to the Debentures, which default continues for 30 days; (iv) default in the observance or performance of any material covenant or condition of the Trust Indenture or the Pledge Agreement by the Company and continuance of such default for a period of 60 days after notice in writing has been given by Computershare or by holders of not less than $66\frac{2}{3}$ in aggregate principal amount of the Debentures to the Company specifying such default and requiring the Company to rectify the same; (v) certain events of bankruptcy, insolvency or reorganization of the Company under bankruptcy or insolvency laws; or (vi) if a resolution is passed for the winding up or liquidation of the Company except as permitted under the Trust Indenture. If an Event of Default has occurred and is continuing, Computershare may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of Debentures then outstanding may, on behalf of the holders of all Debentures, instruct Computershare to waive any Event of Default and/or cancel any such declaration upon such terms as such holders shall prescribe, provided that no act or omission either of Computershare or of the holders of Debentures will extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Trust Indenture may be modified in accordance with the terms of the Trust Indenture. For that purpose, among others, the Trust Indenture contains certain provisions which will make binding on all holders of Debentures any resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than $66\frac{2}{3}$ % of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than $66\frac{2}{3}$ % of the principal amount of the Debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series. Certain modifications to the Debentures may also be made by Computershare without the consent of any holders of the Debentures.

Book-Entry System for Debentures

Unless otherwise determined by the Company in its sole discretion, the Debentures will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS (a “**Participant**”). On Closing, Computershare or IAS will cause the Debentures to be delivered to CDS and registered in the name of its nominee, “CDS & Co.”. Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Debentures (a “**Beneficial Owner**”) will not be entitled to receive a certificate for Debentures, or, unless requested, for the Shares issuable on the conversion of the Debentures. Purchasers of Debentures will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Debentures will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Debentures are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in, and transfers of, the Debentures will be made only through the depository service of CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (i) may not have Debentures registered in their name; (ii) may not have physical certificates representing their interest in the Debentures; (iii) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to pledge Debentures as security.

The Debentures will be issued to beneficial owners thereof in fully registered and certificate form (the “**Debenture Certificates**”) only if: (i) required to do so by applicable law; (ii) the book-entry only system ceases to exist; (iii) the Company or CDS advises Computershare that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Company is unable to locate a qualified successor; (iv) the Company, at its option, decides to terminate the book-entry only system through CDS; (v) they were sold in the United States; (vi) after the occurrence of an Event of Default, Participants representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided Computershare has not waived the Event of Default in accordance with the terms of the Trust Indenture; or (vi) CDS or Computershare advises the Company that withdrawal from CDS is required in order to process a conversion of a Debenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, Computershare must notify CDS, for and on behalf of Participants and Beneficial Owners of Debentures, of the availability of Debenture Certificates. Upon surrender by CDS of the global certificate(s) representing the Debentures, and receipt of instructions from CDS for the new registrations, Computershare will deliver the Debentures in the form of Debenture Certificates and thereafter the Company will recognize the holders of such Debenture Certificates as debentureholders under the Trust Indenture. Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Company and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal and accrued interest due at maturity or on a redemption date will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal and interest due at maturity or on a redemption date will be paid upon surrender thereof at any office of Computershare or as otherwise specified in the Trust Indenture.

Neither the Company nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or any payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Debentures; or (iii) any advice or representation made by or with respect to CDS and contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Debentures, paid by or on behalf of the Company to CDS.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Company has agreed to retain the Agents to offer for sale, on a best efforts basis, to the public in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, subject to prior sale, if, as and when issued by the Company, a minimum of 5,000 Debentures and up to a maximum of 20,000 Debentures for aggregate gross proceeds of a minimum of \$5,000,000 up to a maximum of \$20,000,000 at a price of \$1,000 per Debenture, subject to compliance with all necessary legal requirements and to the conditions contained in the Agency Agreement (and up to 23,000 Debentures for gross proceeds of up to \$23,000,000 if the Over-Allotment Option is exercised in full). The Offering Price and terms of the Debentures offered hereunder were determined by negotiation between the Company and IAS on its own behalf and on behalf of the other Agents.

The Agency Agreement provides that the Company will pay to the Agents the Agents’ Fee equal to 6.5% of the gross proceeds realized under the Offering, including proceeds derived from the sale of Over-Allotment Debentures, if any, being \$65 per Debenture sold, in consideration for the Agents’ services in connection with the Offering. If the Over-Allotment Option is exercised in full, the total number of Debentures sold pursuant to the Offering will be 23,000, the total price to the public will be \$23,000,000, the total Agents’ Fee will be \$1,495,000. In addition, the Company will reimburse the Agents for their reasonable expenses in connection with the Offering, subject to the terms of the Agency Agreement. As the entire gross proceeds of the Offering will be used for the

Initial Investment, the Agents' Fee and the Agents' Expenses will be paid out of the proceeds of the Concurrent Financing.

The Company has granted the Agents the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Agents, for a period of 30 days from the final Closing, enabling the Agent to offer up to 3,000 Over-Allotment Debentures at the Offering Price if the Maximum Offering is obtained, solely to cover over-allotments, if any, and for market stabilization purposes (for greater clarity, a maximum of 15% in the aggregate of the number of Debentures sold under the Offering may be issued in Over-Allotment Debentures pursuant to the Over-Allotment Option). This Prospectus also qualifies the grant and issuance to the Agent of the Over-Allotment Option and the distribution of the Over-Allotment Debentures. A purchaser who acquires securities forming part of the Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

There will be no Closing unless a minimum of 5,000 Debentures are issued and sold. If subscriptions for the Minimum Offering have not been received within 90 days following the date of issuance of a receipt for this Prospectus or for an amendment to this Prospectus, the Offering will not continue and subscription proceeds will be returned to subscribers, without interest or deduction. In any event, the total period of the distribution will not end more than 180 days from the date of receipt for the final prospectus. Subscription proceeds will be received by the Agents, or by any other securities dealer authorized by the Agents, and will be held by the Agents in trust until subscriptions for the Minimum Offering are received and other closing conditions of the Offering have been satisfied.

The Agents have agreed to use their best efforts to secure subscriptions for the Debentures offered under this Prospectus and pursuant to the Agency Agreement on behalf of the Company, but are not obligated to buy any Debentures that are not sold. The obligations of the Agents under the Agency Agreement may be terminated at the discretion of the Agents and the Agents may withdraw subscriptions for the Debentures on behalf of subscribers on the basis of their assessment of the state of the financial markets or upon the occurrence of certain stated events, including, without limitation, any material adverse change in the business or financial condition of the Company.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Agents may not, at any time during the period ending on the date the selling process for the Debentures ends and all stabilization arrangements relating to the Shares are terminated, bid for or purchase Shares for their own account or for accounts over which they exercise control or direction. The foregoing restrictions are subject to certain exceptions. Such exceptions include: (a) a bid for or purchase of Shares if the bid or purchase is made through the facilities of the TSXV in accordance with the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada; (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the clients' order was not solicited by an agent, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules; and (c) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules. The Agents may engage in market stabilization or market balancing activities on the TSXV where the bid for or purchase of the Shares is for the purpose of maintaining a fair and orderly market in the Shares, subject to price limitations applicable to such bids or purchases. Stabilizing transactions and syndicate-covering transactions may have the effect of raising or maintaining the market price of the Shares or preventing or retarding a decline in their market price. As a result, the price of the Shares may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

The Company has agreed to indemnify the Agents, each of their respective affiliates and each of their respective directors, officers, employees, partners, agents and advisors, against certain liabilities and expenses or will contribute to payments that the Agents may be required to make in respect thereof.

In addition, the Company has agreed to pay all costs and expenses of the Agents incurred in connection with the Offering, whether or not the Offering or any part thereof is completed, including the reasonable out-of-pocket

expenses of the Agents and allowances for the reasonable fees and disbursements of the Agents' counsel and consultants.

The Agents will receive subscriptions for the Debentures subject to rejection or allotment in whole or in part and reserve the right to close the subscription books at any time without notice. The Agents will hold all subscription funds received pending Closing and will return such subscription funds to the subscribers without interest, set-off or deduction if the Offering, pursuant to the terms of the Agency Agreement, is not completed on or before the day that is 90 days after the date a receipt is issued for the final prospectus, or such later date as the Company and the Agents may agree and the securities regulatory authorities may approve (subject to the filing of any required amendment to this Prospectus and the regulator issuing a receipt for the amendment). The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository services of CDS. See "Details of the Offering - Book-Entry System for Debentures".

The Shares currently trade on the NEX board of the TSXV. The Company will apply for conditional approval of the TSXV for the listing of the Shares issuable on the conversion of the Debentures on the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus.

DIVIDENDS OR DISTRIBUTIONS

The Company has never declared dividends on any of its securities. Following completion of the Change of Business, the Company intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Company does not intend to pay dividends on its securities in the foreseeable future, except as explicitly required by the rights and restrictions of such securities. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Company's financial condition, operating results, capital requirements, contractual restrictions on the payment of dividends, prevailing market conditions, and any other factors that the Board deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's MD&A and audited annual consolidated financial statements for the years ended March 31, 2016, 2015 and 2014, and MD&A interim consolidated financial statements for the nine month period ended December 31, 2016, are included with this Prospectus. The following table sets out total expenses for such periods:

Date	Total Expenses
March 31, 2014	\$473,628
March 31, 2015	\$127,809
March 31, 2016	\$58,232
December 31, 2016	\$101,165

The Company's MD&A for the fiscal years ended March 31, 2016, 2015 and 2014, and for the three and nine month period ended December 31, 2016, should be read in conjunction with the Company's annual audited financial statements for the years ended March 31, 2016, 2015 and 2014, and unaudited interim consolidated financial statements for the three and nine month period ended December 31, 2016. The Company's financial statements and MD&A are also available on SEDAR at www.sedar.com.

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards.

EARNINGS COVERAGE

The following earnings coverage ratios and adjusted earnings coverage ratios are calculated on a consolidated basis for the year ended March 31, 2016 and the twelve-month period ended December 31, 2016 and are derived from audited financial information, in the case of the fiscal year ended March 31, 2016, and unaudited financial information, in the case of the three and nine months ended December 31, 2016.

The losses of the Company before interest expense and income tax expense for the fiscal year ended March 31, 2016 and the twelve-month period ended December 31, 2016 were \$24,400 and \$94,233, respectively, and the interest expense for the fiscal year ended March 31, 2016 and the twelve-month period ended December 31, 2016 was nil and nil, respectively; therefore the coverage ratio is not applicable in these instances.

Supplementary Pro Forma Earnings Coverage

After giving effect to the Offering and the Concurrent Financing, and before any exercise of the Over-Allotment Option, the pro forma earnings of the Company before interest expense and income tax expense for the year ended March 31, 2016 and the twelve-month period ended December 31, 2016 were a minimum of \$600,600 and a maximum of \$2,475,600, and a minimum of \$530,767 and a maximum of \$2,405,767, respectively. After giving effect to the Offering and before any exercise of the Over-Allotment Option, the pro forma interest expense for the year ended March 31, 2016 and the twelve-month period ended December 31, 2016 was a minimum of \$670,000 and a maximum of \$2,080,000, and a minimum of \$670,000 and a maximum of \$2,080,000, respectively, resulting in a coverage ratio of a minimum of 0.90 times and a maximum of 1.19 times, and a minimum of 0.79 and a maximum of 1.16 times, respectively. The Company would have required a net income before interest and income taxes of \$139,223 for the twelve-month period ended December 31, 2016 in order to achieve an earnings coverage ratio of one-to-one for such period. The dollar amount in the numerator required to achieve a ratio of one to one is \$670,000 in connection with the Minimum Offering and \$2,080,000 in connection with the Maximum Offering.

These coverage ratios reflect historical earnings adjusted for the net impact of interest on the Debentures, as noted. Under IFRS, a portion of the Debentures will be classified on the balance sheet as a liability and a portion allocated to equity to reflect the conversion feature. The related interest expense and financing charges will be amortized using the effective interest method. For purposes of the pro forma calculations above, interest expense has been calculated as though the Debentures (excluding Debentures issuable upon exercise of the Over-Allotment Option) had been accounted for in their entirety as debt. Also, for purposes of the calculation, interest expense does not include related financing charges (e.g. the amortization of debt issuance costs).

The pro forma earnings coverage set forth above: (i) has been prepared in accordance with Canadian disclosure requirements using financial information that was prepared in accordance with IFRS; (ii) gives effect to the issuance of the Debentures under this Prospectus as of the beginning of the applicable period; (iii) assumes there are no additional earnings derived from the use of the net proceeds of the Offering; and (iv) does not purport to be indicative of earnings coverage ratios for any future periods.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Shares

The Company is authorized to issue an unlimited number of Shares without par value. As of the date of this Prospectus, there are 11,535,885 Shares outstanding.

The holders of Shares are entitled to dividends, if, as and when declared by the Board, entitled to one vote per Share at meetings of the Shareholders and, upon dissolution, entitled to share equally in such assets of the Company as are distributable to the holders of Shares, subject to the rights of the holders of Convertible Preferred Shares, if any.

All of the Shares rank equally within their class as to voting rights, participation in assets and in all other respects. None of the Shares are subject to any call or assessment nor pre-emptive or conversion rights. There are no provisions attached to the Shares for redemption, purchase for cancellation, surrender or sinking or purchase funds.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without par value. As at the date hereof, there are no preferred shares outstanding. For details regarding the Convertible Preferred Shares that the Company intends to issue in connection with the Concurrent Financing, see "Narrative Description of the Business – Concurrent Financing".

Debentures

The terms of the Debentures are discussed above under the heading "Details of the Offering".

CONSOLIDATED CAPITALIZATION

The capitalization of the Company as at March 31, 2016, as at the date of this Prospectus, and after giving effect to the Offering, respectively, is as follows:

Designation of Security	Authorized	Outstanding As At December 31, 2016 (Unaudited)	Outstanding As At The Date Hereof (Unaudited)	Outstanding After Giving Effect To The Minimum Offering ⁽¹⁾	Outstanding After Giving Effect To The Maximum Offering ⁽¹⁾	Outstanding After Giving Effect To The Maximum Offering plus Over-Allotment Option ⁽¹⁾
Shares	unlimited	11,535,884	11,535,884	11,535,884	11,535,884	11,535,884
Preferred shares	unlimited	-	-	-(2)	-(2)	-
Incentive Stock Options ⁽³⁾		-	-	-	-	-
Debentures		-	-	5,000	20,000	23,000

⁽¹⁾ Does not include the Shares issuable upon exercise of the Debentures. See "Details of the Offering".

⁽²⁾ In the event that the Concurrent Financing is successfully completed, there will be a minimum of 6,875,000 Convertible Preferred Shares and a maximum of 8,750,000 Convertible Preferred Shares outstanding.

⁽³⁾ Pursuant to the Company's Stock Option Plan, the number of Shares reserved for issuance will be a maximum of 10% of the issued and outstanding share capital of the Company at the date of grant. See "Options to Purchase Securities".

The Company has no long term liabilities.

OPTIONS TO PURCHASE SECURITIES

The Company has adopted the Stock Option Plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to the Company non-transferable options to purchase Shares, provided that the number of Shares reserved for issuance will not exceed 10% of the issued and outstanding Shares. Options may be exercisable for a period of up to 10 years from the date of grant. The number of Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Shares, and the number of Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Shares. Options may be exercised for 90 days following cessation of the optionee's position with the Company, unless an optionee was

engaged in investor relations activities on behalf of the Company, in which case the options may only be exercised for 30 days following the optionee's ceasing such position. If the cessation was by reason of death, the options may be exercised within a maximum period of one year after such death, subject to the expiry date of such options. Option prices are determined based on the market price of the Shares on the date of grant in accordance with the policies of the TSXV.

As at the date of this Prospectus, there are no stock options outstanding.

PRIOR SALES

Prior Sales

From January 1, 2016 to the date of this Prospectus, the Company issued the following Shares:

Date of Issue	Number of Shares	Price Per Share (\$)	Payment Method	Total Issue Price (\$)
April 14, 2016	1,000,000	\$0.06	Forgiveness of Debt ⁽¹⁾	\$60,000 (deemed)
April 14, 2016	10,000,000	\$0.06	Cash	\$600,000
TOTAL	11,000,000			\$660,000

⁽¹⁾ These Shares were issued for a debt obligation of \$60,000.

Stock Exchange Price

The Shares are listed on the TSXV. The following table sets out, for the periods indicated, the high and low sales price and the volume of trading of the Shares during the periods indicated:

Period	High	Low	Volume
April 1 to 19, 2017	\$0.50	\$0.45	86,530
March 2017	\$0.52	\$0.45	87,376
February 2017	\$0.405	\$0.335	4,121
January 2017	\$0.55	\$0.33	67,625
December 2016	\$0.69	\$0.33	71,693
November 2016	\$0.98	\$0.55	69,008
October 2016	No trades ⁽¹⁾		
September 2016	No trades ⁽¹⁾		
August 2016	No trades ⁽¹⁾		
July 2016	No trades ⁽¹⁾		
June 2016	\$0.26	\$0.20	2,500
May 2016	\$0.205	\$0.08	6,375
May 2016	No trades ⁽²⁾		
April 2016	No trades ⁽²⁾		
March 2016	No trades ⁽²⁾		

⁽¹⁾ The closing price of the Shares on the TSXV on June 6, 2016, being the last day of trading prior to the halting of trading of the Shares on June 7, 2016 in connection with the announcement of the Change of Business, was \$0.26. The Shares resumed trading on November 9, 2016.

⁽²⁾ Trading in the Shares on the TSXV was halted from August 7, 2015 to May 3, 2016 due to a failure of the Company to file required financial statements and MD&A. Trading on the TSXV resumed on May 3, 2016.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Dale Matheson Carr-Hilton Labonte LLP, independent auditors of the Company, and Stikeman Elliott LLP, counsel for the Agents, the following is, as of the date of the Prospectus, a general summary of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a holder: (i)

who acquires Debentures and, if applicable, Shares on the conversion, redemption or repayment at maturity of the Debentures (collectively, the “Securities”), as beneficial owner, pursuant to the Offering; (ii) who, for purposes of the Tax Act and at all relevant times, holds the Securities as capital property; (iii) who deals at arm’s length with the Company and each of the Agents and is not affiliated with the Company or any of the Agents, and (iv) who, for purposes of the Tax Act and at all relevant times, is (or is deemed to be) a resident of Canada (a “Holder”). Generally, Securities will be considered to be capital property to a Holder provided that the holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures or Shares as capital property may, in certain circumstances, be entitled to have their Securities, and every other “Canadian security” (as defined in the Tax Act) owned by such Holders in the year of the election or any subsequent year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution” (as defined in the Tax Act for the purposes of the mark-to-market rules); (ii) an interest in which would be a “tax shelter investment” (as defined in the Tax Act); (iii) that is a “specified financial institution” (as defined in the Tax Act); (iv) that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act; (v) that has entered or will enter into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Securities, or (vi) a Holder that is a corporation resident in Canada and is (or does not deal at arm’s length for the purposes of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Securities, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Any such Holder should consult its own tax advisor with respect to an investment in Securities.

This summary does not address the possible application of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act to a holder that: (i) is a corporation resident in Canada, and (ii) is (or does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of a Security, controlled by a non-resident corporation for purposes of such rules. Such holders should consult their own tax advisors with respect to the possible application of these rules.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all Proposed Amendments and counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) made publicly available in writing prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of a Security, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Securities pursuant to this Offering, having regard to their particular circumstances.

This summary does not address the Canadian federal tax considerations applicable to a non-resident of Canada for purposes of the Tax Act or a partnership that is not a “Canadian partnership” (as defined in the Tax Act) (collectively, “Non-Residents”). Accordingly, Non-Residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Securities.

Taxation of Holders of Debentures

Taxation of Interest on Debentures

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to the Holder to the end of the particular taxation year or that has become receivable by or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Debentures that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income, except to the extent that the interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to a Holder (other than a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary), such Holder will be required to include in computing income for a taxation year any interest that accrues (or is deemed to accrue) to the Holder on the Debenture up to the end of any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Holder's income for that year or a preceding year.

Exercise of the Conversion Privilege

A Holder that converts a Debenture into Shares (or Shares and cash delivered in lieu of a fraction of a Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture for the purposes of the Tax Act and, accordingly, will not realize a capital gain (or capital loss) on such conversion. Under the current administrative practice of the CRA, a Holder that, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Shares that the Holder receives on the conversion by the amount of the cash received.

The aggregate cost to a Holder of the Shares acquired on the conversion of a Debenture generally will be equal to the Holder's adjusted cost base of the Debenture immediately before the conversion, less any reduction in the adjusted cost base of the Shares as a result of receiving cash in lieu of a fraction of a Share (as discussed above). The adjusted cost base to a Holder of a Share acquired at any time will be determined by averaging the cost of the Share with the adjusted cost base of all other Shares (if any) held by the Holder as capital property immediately before that time.

Upon a conversion of a Debenture, interest accrued thereon to but excluding, the date of conversion will be included in computing the income of the Holder as described above under the heading "Taxation of Interest on Debentures", except to the extent that it was included in computing the Holder's income for that or a preceding taxation year.

Any Holder that converts a Debenture for consideration equal to the fair market value of such Debenture generally will be entitled to deduct in computing its income for the year of conversion an amount equal to any interest included in its income for that or any preceding year in respect of such Debenture to the extent that no amount was received or became receivable by the Holder in respect of such interest.

Disposition of Debentures

A disposition (or deemed disposition) of a Debenture by a Holder (which does not include a conversion of a Debenture pursuant to the conversion privilege), including on a redemption, payment on maturity or purchase for cancellation or otherwise, generally will result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (net of any amount required to be included in the Holder's income as interest) exceed (or are exceeded by) the aggregate of the adjusted cost base to the Holder of the Debenture and any

reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under the heading "Taxation of Holders of Shares – Taxation of Capital Gains and Capital Losses".

Any amount paid by the Company as a penalty or bonus because of an early repayment of all or part of the principal amount of a Debenture will be deemed to be received by the Holder as interest on the Debenture and will be required to be included in the Holder's income as described above under the heading "– Taxation of Interest on Debentures", to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been payable on the Debenture for a taxation year of the Company ending after the payment of such amount.

Upon an assignment or other transfer of a Debenture, interest accrued thereon to the date of assignment or other transfer will be included in computing the income of the Holder as described above under the heading "– Taxation of Interest on Debentures", except to the extent that it was included in computing the Holder's income for that or a preceding taxation year, and will be excluded in computing the Holder's proceeds of disposition of the Debenture.

Taxation of Holders of Shares

Disposition of Shares

A disposition (or deemed disposition) of a Share by a Holder (other than to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) generally will result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Share exceed (or are exceeded by) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under the heading "– Taxation of Capital Gains and Capital Losses".

The adjusted cost base to a Holder of a Share acquired on the conversion of a Debenture will be determined as described above under the heading "Taxation of Holders of Debentures – Exercise of the Conversion Privilege".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must generally be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a particular taxation year that are in excess of taxable capital gains realized in that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Share may be reduced by the amount of dividends received (or deemed to be received) by it on the Share (or on a share for which the Share has been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns a Share directly or indirectly through a partnership or a trust.

Other Applicable Income Taxes

A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains and interest income.

In general terms, a Holder who is an individual (including certain trusts) that receives or is deemed to have received taxable dividends on the Shares or that realizes a capital gain on the disposition or deemed disposition of

Securities may be liable for alternative minimum tax under the Tax Act. Holders that are individuals should consult their own tax advisors in this regard.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrowed Securities

As at the date of this Prospectus, no Shares are held in escrow.

The following table sets out, as at the date of this Prospectus, the number and percentage of Escrow Shares to be deposited into escrow with Computershare, as escrow agent, pursuant to the terms of the Escrow Agreement, in connection with the completion of the Transaction:

Name and Municipality of Residence of Shareholder	Designation of class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction		
		Number of Escrow Shares	Percentage of class	Number of Escrow Shares	% Minimum Offering ⁽¹⁾	% Maximum Offering ⁽²⁾
Eric Boehnke <i>West Vancouver, BC</i>	Shares	Nil	N/A	4,958,293	43.0	43.0
Sarah Strother ⁽³⁾ <i>Whistler, BC</i>	Shares	Nil	N/A	1,000,000	8.7	8.7
Thomas English <i>Toronto, ON</i>	Shares	Nil	N/A	2,000,000	17.3	17.3
HCG5 Investment Limited Partnership <i>Vancouver, BC⁽⁴⁾</i>	Shares	Nil	N/A	2,000,000	17.3	17.3
Total				9,958,293	86.3	86.3

(1) Based on 11,535,885 Shares expected to be outstanding following the Initial Closing, assuming completion of the Minimum Offering and no exercise of the Over-Allotment Option.

(2) Based on 11,535,885 Shares expected to be outstanding following the Initial Closing, assuming completion of the Maximum Offerings and no exercise of the Over-Allotment Option.

(3) Spouse of John Legg, a director of the Company.

(4) HCG5 is controlled by Jean-Marc Bougie, CEO, and Greg Tedesco, CFO.

The holders of Escrow Shares have agreed to enter into the Escrow Agreement with the Company in respect of 9,958,293 Shares held by them. Computershare will be the escrow agent for the purposes of the Escrow Agreement. At the time of closing of the Transaction, it is expected that each of the persons listed in the table above will hold Shares subject to escrow in the amount listed beside such person's name.

The Escrow Shares will be subject to the release schedule set out in Schedule B (2) to the Escrow Agreement.

Pursuant to Schedule B (2) of the Escrow Agreement, 10% of the Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin respecting the Transaction and an additional 15% of the Escrow Shares are to be released every 6 months thereafter until all Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin).

Should the Company be accepted by the TSXV as a Tier 1 Issuer, the Escrow Shares will be released on an accelerated schedule, as set out in Schedule B(1) of the Escrow Agreement. Pursuant to Schedule B (1) of the Escrow Agreement, 25% of the Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin

and an additional 25% of the Escrow Securities would be released every 6 months thereafter, until all Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The Escrow Agreement provides that the Escrow Shares are to be held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the TSXV. In the event of the bankruptcy of an escrow shareholder, provided the TSXV does not object, the Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrow Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the TSXV does not object, the Escrow Shares held by the escrow shareholder will be released from escrow.

The complete text of the Escrow Agreement is available for inspection at the office of the Company's legal counsel, Suite 800, 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

PRINCIPAL SECURITYHOLDERS AND SELLING SECURITYHOLDERS

To the knowledge of the Company, no Person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of any class of voting securities of the Company upon completion of the Change of Business other than:

Name and Municipality of Residence	Number of Securities Owned	Percentage of Securities Owned after giving effect to the Transaction ⁽¹⁾	Percentage of Securities Owned after giving effect to the Transaction ⁽²⁾	Percentage of Securities Owned, Fully Diluted ⁽³⁾
Eric Boehnke <i>West Vancouver, BC</i>	4,958,293	43.0	43.0	18.0
Thomas English <i>Toronto, ON</i>	2,000,000	17.3	17.3	7.3
HCG5 Investment Limited Partnership <i>Vancouver, BC⁽⁴⁾</i>	2,000,000	17.3	17.3	7.3

(1) Assuming closing of the Minimum Offering.

(2) Assuming closing of the Maximum Offering and no exercise of the Over-Allotment Option.

(3) Assuming closing of the Maximum Offering, no exercise of the Over-Allotment Option, no closing of the Concurrent Financing, and that all of the Debentures are converted into Shares.

(4) HCG5 is controlled by Jean-Marc Bougie, CEO, and Greg Tedesco, CFO.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names of all individuals who are directors, officers and promoters of the Company, their municipalities of residence, their current positions with the Company, their principal occupations during the past five years and the number and percentage of Shares expected to be beneficially owned, directly or indirectly by them, or over which they are expected to exercise control or direction, following completion of the Transaction:

Name Province/State Country of Residence and Position with the Company ⁽¹⁾	Principal Occupation Business or Employment for Last Five Years ⁽¹⁾	Number of Shares Currently Owned ⁽¹⁾	Following Completion of the Transaction		
			Number of Shares Expected to be Owned	% Minimum Offering ⁽²⁾	% Maximum Offering ⁽³⁾
Eric Boehnke ⁽⁴⁾ West Vancouver, BC <i>Chief Executive Officer and Director</i>	CEO and director of the Company since May 26, 2014; President of Big Sky Management Ltd., a private company providing corporate finance and administrative management services, since 1996; Executive Vice-Chairman of Terrace Energy Corp., an oil and gas exploration company, since October 2013; and CEO of Terrace Energy Corp. from June 2011 to October 2013.	4,958,293	4,958,293	43.0	43.0
John Legg ⁽⁴⁾ Whistler, BC <i>Director</i>	Director of the Company since May 26, 2014; Self-employed lawyer and management consultant since 1996.	1,000,000 ⁽⁵⁾	1,000,000	8.7	8.7
Thomas English ⁽⁴⁾ Toronto, ON <i>Director</i>	Director of the Company since May 25, 2016; President and CEO of AC Group since February 2015; and co-head of institutional equity sales at Salman Partners from 2001 to February 2015.	2,000,000	2,000,000	17.3	17.3
Jennie Choboter Mission, BC <i>CFO and Secretary</i>	CFO of the Company since May 2014; and CFO of the British Columbia Innovation Council since December 2012.	Nil	Nil	N/A	N/A
Total		7,958,293	7,598,293	69.0	69.0

⁽¹⁾ Information has been furnished by the respective directors and officers individually.

⁽²⁾ Based on 11,535,885 Shares expected to be outstanding following the Initial Closing, assuming completion of the Minimum Offering.

⁽³⁾ Based on 11,535,885 Shares expected to be outstanding following the Initial Closing, assuming completion of the Maximum Offering and no exercise of the Over-Allotment Option.

⁽⁴⁾ Denotes a member of the Audit Committee of the Company.

⁽⁵⁾ Held by spouse.

Each of the Company's directors is elected by the Shareholders at the annual general meeting of Shareholders, to serve until the next annual general meeting of Shareholders or until a successor is elected or appointed.

The directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 7,958,293 Shares, representing approximately 69.0% of the issued and outstanding Shares.

Management

The Company does not expect that it will request any director or officer to enter a non-disclosure or non-competition agreement with the Company upon conclusion of the Change of Business. The Company does not plan to have any employees, as it intends to retain the services of its officer as independent contractors.

The following is a brief description of members of the Company's management:

Eric Boehnke – CEO and Director

Mr. Boehnke, age 51, has been the principal of Big Sky Management Ltd., a private company providing corporate finance services to private and public companies, since 1996. Mr. Boehnke is a founder of Terrace Energy Corp., an oil and gas issuer listed on the TSXV, of which he served as CEO from June 2011 to October 2013 and currently

serves as the Executive Vice-Chairman. Mr. Boehnke was involved in raising more than \$100 million of capital for Terrace through both debt and equity financings and was instrumental in developing its portfolio of oil and gas assets. Over a 15-year career, Mr. Boehnke has been an officer and director of a number public companies, including Mitra Energy Inc., Woodbridge Energy Ltd. and Dynasty Metals and Mining Inc. Mr. Boehnke holds a Bachelor of Science degree from the University of Toronto.

Mr. Boehnke expects to devote 80% of his time to perform the work required in connection with acting as CEO of the Company. Mr. Boehnke is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

John Legg - Director

Mr. Legg, age 50, has been a lawyer in private practice since 1996, providing counsel in corporate and securities law matters to numerous public and private companies. Mr. Legg served as President and director of Golden Predator Corp. from May 2009 through December 2012. During his tenure, Golden Predator secured over \$60,000,000 in equity and \$35,000,000 in debt capital, grew to a staff of nearly 100 persons, acquired and disposed of numerous resource assets in multiple jurisdictions, and was listed on the TSX. Mr. Legg also oversaw the spin out from Golden Predator of Silver Predator Corp. and the listing of that company on the TSX. In addition, he served as Executive Vice-President and Corporate Secretary of Zacoro Metals Corp, a private mining company operating in Mexico, from April 2007 to April 2009. Mr. Legg is a member of the Law Society of British Columbia and holds a Bachelor of Arts from the University of British Columbia, as well as a Juris Doctor degree from the Schulich School of Law at Dalhousie University.

Mr. Legg expects to devote 10% of his time to perform the work required in connection with acting as a director of the Company. Mr. Legg has not entered into a non-competition or non-disclosure agreement with the Company.

Thomas English - Director

Mr. English, age 43, has over 20 years of experience in the financial industry and has held numerous senior roles at investment banks including CIBC and Saloman Partners. Mr. English has provided financial solutions for both small and large cap companies across all business sectors. During his career, he has been involved in various capital transactions, including financings (debt, equity, IPO) and mergers and acquisition advisory assignments in Canada, South America and the United States. Mr. English holds a Bachelor of Arts from the University of Western Ontario.

Mr. English expects to devote 10% of his time to perform the work required in connection with acting as a director of the Company. Mr. English has not entered into a non-competition or non-disclosure agreement with the Company.

Jennie Choboter - CFO and Secretary

Ms. Choboter, age 71, holds CPA-CA designations in the provinces of British Columbia and Alberta. She has been the CFO of the British Columbia Innovation Council since December 2012. Previously, she served as CFO of Sunward Resources Inc. from March 2010 to February 2012 and has served as a director and/or officer of numerous other public companies. Ms. Choboter holds a Bachelor of Commerce degree from the University of Calgary.

Ms. Choboter expects to devote 10% of her time to perform the work required in connection with acting as CFO and Secretary of the Company. Ms. Choboter is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

SECURITIES REGULATORY OR OTHER SANCTIONS AND BANKRUPTCY

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the best of the Company's knowledge, none of the Company's directors, officers, or shareholders holding a sufficient number of securities of the Company to materially affect the control of the Company is, or during the ten years preceding the date of this Prospectus has been, a director or officer of any issuer that, while the person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order, or an order that denied such issuer access to any statutory exemptions for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets.

In August 2015, when Eric Boehnke, John Legg and Jennie Choboter were directors and/or officers of the Company, the BCSC issued a cease trade order against the Company for failure to file its annual audited financial statements and MD&A for the year ended March 31, 2015, and trading in the Shares was halted by the TSXV. In January 2016, the BCSC issued a partial revocation order in respect of the cease trade order, pursuant to which the Company was permitted to undertake a \$600,000 private placement, in order to enable the Company to complete its delinquent filings. The BCSC revoked the cease trade order on April 25, 2016, when the outstanding filings were completed, and the TSXV reinstated trading in the Shares on the NEX on May 3, 2016.

Penalties or Sanctions

To the knowledge of the Company, no director, officer or promoter of the Company has:

- (a) been subject to any penalties or sanctions imposed by a court or securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Change of Business.

Personal Bankruptcies

No director, officer or promoter of the Company, or a personal holding company of any of them, has, within the ten years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflict of Interest

Directors and officers of the Company may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Company which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Company. It is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Company, and, depending upon the magnitude of the transactions and the absence of any disinterested Board members may be submitted to the Shareholders for their approval.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following table discloses the anticipated compensation for each of the Company's three most highly compensated executive officers (in addition to the Chief Executive Officer) for the 12 month period after completion of the Change of Business:

Name and Principal Position	Salary	Share-based Awards	Option-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans			
Eric Boehnke <i>CEO</i>	\$180,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil	\$180,000
Jennie Choboter <i>CFO and Secretary</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	\$30,000	\$30,000

Director Compensation

Directors of the Company are expected to be compensated by way of annual fees and meeting fees, which will be paid in cash or as otherwise determined by the Board. Directors of the Company will be entitled to participate in the Stock Option Plan. The directors of the Company have been serving without compensation to date. The Company has not determined what compensation will be paid to directors following the closing of the Transaction but does not expect to pay the current directors significant compensation in their roles as directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5 *Information Circular* ("**Form 51-102F5**"), no directors, executive officers and employees and no former directors, executive officers and employees of the Company is or was indebted to the Company in connection with a purchase of securities and all other indebtedness as at March 31, 2016.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

No director, executive officer or other senior officer of the Company has been indebted to the Company in the most recently completed financial year, and no director, executive officer or senior officer of the Company, nor any Associate of any such director or officer, will be indebted to the Company upon completion of the Change of Business.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have the ability to consider and discuss governance and audit issues with parties not directly responsible for operations. Applicable securities laws require the Company to disclose certain information relating to the Company's audit committee and its relationship with the Company's independent auditors.

Audit Committee Charter

The full text of the audit committee charter (the "**Audit Committee Charter**") is as follows:

1. MANDATE

The audit committee will assist the Board in fulfilling its financial oversight responsibilities. The committee will review and consider, in consultation with the Company's external auditors, the financial reporting process, the system of internal control over financial reporting, and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well as the Company's business, operations and risks.

2. COMPOSITION

The Board will appoint, from among their membership, an audit committee after each annual meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 *Independence*

A majority of the members of the audit committee must be "independent" (as defined in Sec. 1.4 of National Instrument 52-110 (Audit Committees)) ("**NI 52-110**").

2.2 *Expertise of Committee Members*

A majority of the members of the audit committee must be "financially literate" (as defined in Sec. 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise.

3. MEETINGS

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. ROLES AND RESPONSIBILITIES

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, or performing other audit, review or attestation services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors;

- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and
- (f) review and approve the Company's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Company.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information of the Company prior to their release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions;
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate;

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered;
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public;

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public;
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public; and

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public. An audit committee must be

satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and must periodically assess the adequacy of those procedures.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;

- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. **RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. **GUIDANCE - ROLES & RESPONSIBILITIES**

The audit committee should consider undertaking the actions described in the following guidance, which is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";

- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

- (a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.

Composition of Audit Committee

The members of the Company's Audit Committee are:

Eric Boehnke	Not Independent ⁽¹⁾	Financially literate ⁽²⁾
John Legg	Independent ⁽¹⁾	Financially literate ⁽²⁾
Thomas English	Independent ⁽¹⁾	Financially literate ⁽²⁾

⁽¹⁾ A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Mr. Boehnke is not independent, as he is the CEO of the Company. The Audit Committee is comprised of a majority of independent directors.

⁽²⁾ An individual is financially literate if he has the ability to read and understand financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The Company is exempt from the Audit Committee composition requirements of National Instrument NI 52-110 ("NI 52-110") which require all Audit Committee members to be independent. As required by the TSXV, the Audit Committee is comprised of a majority of members who are not officers, employees or Control Persons of the Company.

Relevant Education and Experience

The education background or experience of the following audit committee members has enabled each to perform his responsibilities as an audit committee member and has provided the member with an understanding of the accounting principles used by the Company to prepare its consolidated financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's consolidated financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting:

Eric Boehnke is the Executive Vice-Chairman, director and former CEO of Terrace Energy Corp., a TSXV listed oil and gas exploration and production company with projects in the United States. He has served as director and on the audit committees of a number of TSX and TSXV listed companies. Mr. Boehnke is also the President and a director of Big Sky Management Ltd., a private company principally involved with providing corporate finance services to private and public companies.

John Legg has over 20 years' experience with public resource companies. Mr. Legg began his career as a securities lawyer in private practice, advising companies in natural resources, securities and corporate finance law. From 2007 to 2009, Mr. Legg served as Executive Vice-President of Zacoro Metals Corp., a private mining company operating in Mexico, and from 2009 to 2012 he serviced as President of Golden Predator Corp., a TSX listed gold exploration and development company with assets in the United States, Canada and Mexico. Mr. Legg has also

served as a director and audit committee member of a number of TSX and TSXV listed companies, including Silver Predator Corp., Wolfpack Gold Corp. (formerly Tigris Uranium Corp.) and Redtail Metals Corp. Mr. Legg holds a BA from the University of British Columbia and a JD from Dalhousie Law School.

Mr. English has over 20 years of experience in the financial industry and has held numerous senior roles at investment banks including CIBC and Salman Partners. Mr. English has provided financial solutions for both small and large cap companies across all business sectors. During his career, he has been involved in various capital transactions, including financings (debt, equity, IPO) and mergers and acquisition advisory assignments in Canada, South America and the United States. Mr. English holds a Bachelor of Arts from the University of Western Ontario.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in Section 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the last two fiscal years ended March 31, 2016 and March 31, 2015, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
March 31, 2016	\$8,000	\$Nil	\$1,500	\$Nil
March 31, 2015	\$8,000	\$Nil	\$1,500	\$Nil

Exemption

The Company is relying on the exemption provided by Section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Corporate Governance

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”), as adopted by the Canadian Securities Administrators, prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board facilitates its exercise of independent supervision over the Company’s management through frequent meetings or unanimous consent resolutions of the Board. The Board is currently comprised of three directors, consisting of Eric Boehnke, John Legg and Thomas English. The Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company. The majority of the Board members are independent. Eric Boehnke is not independent as he is the CEO of the Company.

The Company has not developed written position descriptions for the chair and the chair of each board committee. The Board and CEO have not developed a written position description for the CEO. The directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are able to meet at any time without any members of management including the non-independent directors being present. The Board expects management to operate the business of the Company with a high level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

Other Directorships

The following directors are presently directors of other reporting issuers as set out below:

Name of Director	Names of Other Reporting Issuers
Eric Boehnke	Terrace Energy Corp. (TSXV: TZR)
Thomas English	Vogogo Inc. (TSXV: VGO)

Orientation and Continuing Education

New directors to the Board are provided with access to recent publicly filed documents of the Company, all reports and the Company’s internal financial information, access to management, experts and consultants, and a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management’s assistance and to attend related industry seminars and visit the Company’s operations. Board members have full access to the Company’s records.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of Shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, demonstration of support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

Members of the Board are not currently compensated for their services as directors. In the event that such compensation is to be paid, it is expected that the Board as a whole will be responsible for determining compensation and that individual directors will abstain from voting in respect of compensation proposed to be paid to themselves.

Other Board Committees

The Board has no committees other than the Audit Committee.

Assessments

Any committee of the Board and individual directors will be assessed on an ongoing basis by the Board. The Board has not, as of yet, adopted formal procedures for assessing the effectiveness of the Board, its committees or individual directors.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no director or executive officer of the Company, no security holder disclosed in this Prospectus as a principal shareholder, and no associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction since incorporation of the Company or in any proposed transaction that has materially affected or will materially affect the Company.

HCG5 holds 2,000,000 Shares, representing 17.3% of the issued and outstanding Shares as at the date hereof. Accordingly, the transactions contemplated by the Initial Investment will constitute a "related party transaction" as such term is defined in MI 61-101.

PROMOTERS

Eric Boehnke, a director and officer of the Company, may be considered to be the promoter of the Company as he took the initiative with respect to organizing the Company, raising seed capital and arranging the Offering. Mr. Boehnke beneficially owns, controls or directs, directly or indirectly, 4,958,293 Shares, representing 43.0% of the total issued and outstanding Shares prior to giving effect to the Offering. Mr. Boehnke has not received, and is not expected to receive, anything of value, including money, property, contracts, options or rights of any kind, directly or indirectly, from the Company in his capacity as the promoter of the Company and the Company has not received, nor is expected to receive, any assets, services or other consideration in return.

Other than as described under the heading "Securities Regulatory or Other Sanctions and Bankruptcy - Corporate Cease Trade Orders or Bankruptcies", Mr. Boehnke is not, as at the date of this Prospectus, nor has been, within ten years before the date hereof:

- (i) a director, Chief Executive Officer or Chief Financial Officer of any Person that was subject to an order that was issued:

- (a) while he was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer, or
- (b) after he ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while he was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer;
- (ii) a director or executive officer of any Person that, while he was acting in that capacity, or within a year of him ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (iii) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets;
- (iv) subject to any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement with a provincial and territorial securities regulatory authority; or
- (v) subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is Dale Matheson Carr-Hilton Labonte LLP of 1500 - 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

Computershare Investor Services Inc., at its office located at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia V6C 3B9, is the transfer agent and registrar for the Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the normal course of business, the Company may be subject to lawsuits, claims, regulatory proceedings, and litigation for amounts not covered by liability insurance. These proceedings could result in significant costs. As of the date of this Prospectus, to the Company's knowledge, no material claims or litigation have been brought against the Company.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENTS

The Company is neither a "connected issuer" nor "related issuer" to the Agents as such terms are defined in National Instrument 33-105 *Underwriting Conflicts*.

MATERIAL CONTRACTS

Trenchant has not entered into any contracts material to investors in the Shares since incorporation other than contracts in the ordinary course of business, except:

1. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated January 26, 2010 between the Company and Computershare Investor Services Inc.;
2. the Stock Option Plan;
3. the Loan Agreement; and

4. the Agency Agreement.

In addition to the foregoing, the Company expects to enter into the Trust Indenture, the Escrow Agreement and additional agreements with the Associates and Affiliates of Hillcore Group with respect to the security for the Initial Investment, prior to the Initial Closing.

Copies of these agreements may be inspected without charge during regular business hours at the offices of the Company until 30 days after the final Closing. Copies of these agreements may also be found on SEDAR at www.sedar.com.

RISK FACTORS

There are inherent risks related to the business of the Company. The Transaction must be considered highly speculative due to the nature of the business of the Company. The business of the Company following completion of the Transaction will be subject to risks and hazards, some of which are beyond its control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

The following is a summary of risks and uncertainties that management believes to be material to the Company's business and therefore the value of the Shares. It is possible that other risks and uncertainties that affect the business of the Company will arise or become material.

Risks Related to the Business of the Company

Proposed Change of Business Not Approved

The completion of the Change of Business is subject to the final approval of the TSXV. There can be no assurance that such approval will be obtained.

Possible Trading Suspension

The Company has applied for the acceptance of the TSXV to the Change of Business. The completion of the Change of Business is subject to the Company fulfilling all of the requirements of the TSXV. In the event that the Company fails to complete the Transaction as required to meet the Initial Listing Requirements (as defined in Policy 1.1 of the Manual) for an Investment Issuer, the Company will remain on the NEX board of the TSXV, which comprises TSXV listed issuers that do not meet the TSXV's Tier 2 tier maintenance requirements.

Repayment Risk

In the event that the Company defaults in its obligations under the Trust Indenture, the sole recourse of Computershare (on behalf of the holders of the Debentures) against the Company shall be with respect to the first priority security interest granted to Computershare in the securities of the Lender (as defined herein), and Computershare and the holders of the Debentures shall have no right to payment from the Company or against any of the Company's other property or assets, except as otherwise permitted by law.

Substantial Debt Obligations

The significant amount of debt the Company will have upon issuance of the Debentures may hinder its growth and put it at a competitive disadvantage. The Company's indebtedness could:

- require the Company to use a substantial portion of its operating cash flow to pay interest, which reduces funds available to invest in target companies and for other purposes;
- place the Company at a competitive disadvantage compared to its competitors that have less debt;

- make the Company more vulnerable to economic and industry downturns and reduce its flexibility in responding to changing business and economic conditions;
- limit the Company's ability to pursue business opportunities; and
- limit the ability of the Company to borrow money for operations or capital in the future.

Default by and Bankruptcy of the Borrower

The Borrower's failure to satisfy its borrowing obligations, including any covenants imposed, could lead to defaults and the termination of the Borrower's loans and enforcement against its assets. In order to protect and recover its investments, the Company may be required to bear significant expenses (including legal, accounting, valuation and transaction expenses) to the extent necessary to seek recovery upon default or to negotiate new terms with the Borrower. In certain circumstances, the Borrower's default under one loan could also trigger cross-defaults under other agreements and jeopardize the Borrower's ability to meet its obligations under the Loan Agreement. Should the Borrower become insolvent, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale of all of the Borrower's collateral will be sufficient to satisfy the loan obligations secured by the collateral, or that sufficient assets will remain after priority creditors have been repaid.

Change of Control

Within 30 days following the occurrence of a Change of Control (see "*Details of the Offering – Change of Control*"), the Company must make an offer in writing to purchase the Debentures then outstanding, in whole or in part, at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest. The Company cannot assure holders of Debentures that, if required, the Company would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Company's ability to purchase the Debentures in such an event may be limited by law, by the Trust Indenture, by the terms of other existing or future agreements relating to the Company's credit facilities and other indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the Company's future debt. The Company's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the Company of the Debentures without the consent of the lenders or other parties thereunder. If the Company's obligation to offer to purchase the Debentures arises at a time when the Company is prohibited from purchasing or redeeming the Debentures under another agreement, the Company could seek the consent of lenders or other parties under such agreement to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Company does not obtain consent or refinance these borrowings, the Company could not purchase the Debentures on a Change of Control without breaching such agreement. The Company's failure to purchase the Debentures would constitute an event of default under the Indenture, which might constitute a default under the terms of its other indebtedness at that time. The Company cannot assure holders of Debentures that it would have the financial resources or otherwise be able to arrange financing to pay the amounts that may become due if the Company is required to purchase the Debentures for cash under the circumstances described above.

Conversion Following Certain Transactions

In the case of certain transactions, each Debenture may: (i) become convertible into the securities, cash or property receivable by a holder of Shares based on the number of Shares into which the Debenture was convertible immediately prior to the transaction; or (ii) become convertible into certain prescribed securities with limited liquidity. These changes could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future and result in the receipt of illiquid securities and thereby have a material adverse effect on the value of the Debentures. For example, if the Company were acquired in a cash transaction, each Debenture would become convertible ultimately only into cash and would no longer be convertible into securities whose value would vary depending on the Company's future prospects and other factors.

Absence of Covenant Protection

The Trust Indenture will not restrict the Company from incurring additional indebtedness or liabilities or from mortgaging, pledging or charging its properties to secure any indebtedness. The Trust Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Company.

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Company and its creditworthiness. Accordingly, there is no assurance the Company will have sufficient capital to make interest payments when due or to repay the Debentures on the Maturity Date or that it will be able to raise sufficient capital on acceptable terms by the Maturity Date to repay the Debentures.

Creditworthiness of Borrowers

The operations of the Company will depend on the creditworthiness of the Borrower and other entities which the Company may make investments in in the future, and their ability to fulfill their obligations. Although the Company intends to make advances only to entities it believes to be creditworthy, there can be no assurance that borrowers will not default and that the Company will not sustain a loss on its loans as a result. The Company will also rely on representations made by borrowers in their loan documentation. However, there can be no assurance that such representations will be accurate or that the Company will have any recourse against a borrower in the event a representation proves to be untrue.

Coverage Ratios

See "Earnings Coverage", which is relevant to an assessment of the risk that the Company may be unable to pay interest or principal on the Debentures when due.

Investment Eligibility

The Company will endeavor to ensure that the Debentures continue to be qualified investments for trusts governed by Deferred Plans (except a deferred profit sharing plan to which the Company, or an employer that does not deal at "arm's length" for purposes of the Tax Act, has made a contribution). No assurance can be given in this regard. If the Debentures or any Shares acquired under the terms of the Debentures are not qualified investments for Deferred Plans, such Deferred Plans (and, in the case of certain Deferred Plans, the Annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such Deferred Plans.

Withholding Tax

Effective January 1, 2008, the Tax Act was amended to generally eliminate withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax continues to apply to payments of "participating debt interest". For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of, or production from, property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a Person resident in Canada is assigned or otherwise transferred by a non-resident Person to a Person resident in Canada (which would include a conversion of the obligation or payment upon maturity or redemption), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the Person resident in Canada to the non-resident (an "Excess"). In

certain circumstances, such Excess may be viewed by the CRA as “participating debt interest” to which Canadian withholding tax continues to apply. However, the deeming rule does not apply in respect of certain “excluded obligations” (within the meaning of the Tax Act), the definition of which the Debentures are intended to meet.

In the event that the CRA takes the position that the deeming rule applies and that the Excess is participating debt interest, the Indenture will not contain a requirement for the Company to increase the amount of interest or other payments to holders of Debentures should the Company be required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts, including Excess amounts.

Change in Tax Laws

The Trust Indenture will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures who are non-resident of Canada for purposes of the Tax Act in the event that the Company is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. At present, no amount will generally be required to be withheld under the Tax Act from such payments to holders of Debentures who are non-residents of Canada dealing at arm’s length with the Company, but no assurance can be given that applicable income tax laws will not be changed in a manner that may require the Company to withhold amounts in respect of tax payable on such amounts. See “Certain Canadian Federal Income Tax Considerations”.

Shareholder Rights

Holders of Debentures will not be entitled to any rights with respect to the Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Shares, other than in limited circumstances), but if a holder of Debentures subsequently converts its Debentures into Shares, such holder will be subject to all changes affecting the Shares. Rights with respect to the Shares will arise only if and when the Company delivers Shares upon conversion of a Debenture. For example, in the event that an amendment is proposed to the Company’s constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Shares that result from such amendment.

Risk of Payment Defaults Under Investment Agreements

While the Company intends to structure its investments, including the Initial Investment, in such a way as to minimize the risk of default, there is no guarantee that investee companies will not default on their payment obligations because of business failure or obligations to other lenders, investors or stakeholders. Further, there is no assurance that, in the event of a default, the Company will be able to recover all or any of its investment. Such failure could have an adverse impact on the Company’s financial condition and results of operations, including impairing the Company’s ability to pay amounts owing under the Debentures or to pay dividends on the Convertible Preferred Shares. In addition, in the event investments in investee companies are structured on a subordinated or unsecured basis, the Company’s rights, including payment rights, will be subordinate to the rights of secured lenders of investee companies and other parties holding security interests against investee companies. As such, upon a default by an investee company, there may be no funds left to permit the Company to recover its investment.

Dependence on the Performance of Investee Companies

The Company will be dependent on the operations, assets and financial health of the investee companies in which it makes investments. The Company’s ability to meet its operating expenses in the long term will be largely dependent on the interest and other payments received from investee companies, which are expected to be the sole source of cash flow for the Company. While the Company intends to focus on special situation debt financing to Hillcore Group’s pipeline of current and future private equity investments, payments to the Company from investee companies may be based on a percentage of such companies’ top line revenues, in which case negative

financial performance of an investee company will likely have a negative impact on the Company's cash flow. In addition, if the financing position of an investee company declines such that it is unable to make interest payments to the Company, the Company's financial condition and cash flow would be adversely affected.

The Company has conducted and will conduct due diligence on each of its investee companies prior to entering into agreements with them. In addition, the Company plans to monitor investee company performance through observer rights at board meetings of investee companies, negotiating rights to appoint one or more directors to the boards of investee companies, and receiving and reviewing regular financial reports from the investee companies. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the Company's due diligence or ongoing monitoring that may have an adverse effect on an investee company's business and, as a result, on the Company.

Lack of Control Over Investee Company Management

The Company does not expect to have a high degree of influence over any of its investee companies or their operations. Payments received by the Company from investee companies may therefore depend upon several factors that may be outside of the Company's control.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Shares will trade following completion of the Transaction cannot be predicted. The market price of the Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Shares. If the Company is (as it is expected to be) required to access capital markets to carry out its business objectives, the state of domestic and international capital markets and other financial systems could affect its access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Dilution

Trenchant is authorized to issue an unlimited number of Shares and other securities for such consideration and on such terms and conditions as may be established by the Board without the approval of the Shareholders. It is currently anticipated that the Company may be required to conduct additional equity financings in order to finance additional investments and develop the business of the Company as currently planned and envisioned by management of the Company. Any further issuance of Shares pursuant to such equity financings will dilute the interests of existing Shareholders and such Shareholders will have no pre-emptive rights in connection with such future issuances. In addition, conversion of the Debentures or the Convertible Preferred Shares will also dilute the interests of existing Shareholders.

Financing Risks

The Company has no history of earnings and there can be no assurance that the Company will be profitable after the Change of Business is completed. In addition, the Company's business model is expected to be dependent on making investments in additional investee companies, and the Company anticipates having to raise additional capital to fund these investments. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of interest or other payments from investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Shareholders.

Conflicts of Interest

Certain of the directors and officers of the Company will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations under the BCBCA and other applicable laws to deal fairly and in good faith with a view to the best interests of the Company and the Shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA, and other applicable laws.

Early Stage of Development

The Company will be in an early stage of development upon completion of the Change of Business. There will be limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

Limited Number of Investments

The Company intends to complete the Initial Investment concurrently with TSXV approval of the Change of Business. While the Company's intention is to negotiate and fund additional investments in companies in different industry sectors, it will take time to attain such diversification, if such diversification can be achieved at all. Until such time as diversification is achieved, the Company may have a significant portion of its assets dedicated to a single business sector or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Ability to Negotiate Additional Investments

A key element of the Company's growth strategy is expected to involve negotiating and finding investments in other operating companies. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues. The Company's ability to identify investee companies and negotiate and fund additional investments in such a manner is not guaranteed.

Ability to Manage Future Growth

The Company's ability to achieve desired growth will depend on its ability to identify, evaluate and successfully negotiate and fund investments in other companies. Achieving this objective in a cost-effective manner will be a product of the Company's strategic alliance with Hillcore Group, as well as its own sourcing capabilities, management of the investment process, ability to provide capital on terms that are attractive to private businesses, and access to financing on acceptable terms. As the Company grows, it will also be required to hire, train, supervise and manage new employees. Failure to manage any future growth or to successfully negotiate suitable investments effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Effect of General Economic and Political Conditions

The Company's business and the business of its investee companies are expected to be subject to the impact of changes in national or international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets,

either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company and its investee companies' business, financial condition, results of operations and cash flows.

Competition From Other Investment Companies

The Company expects to compete with a large number of private equity funds and mezzanine funds, investment banks, equity and non-equity based investment funds, and other providers of financing, including the public capital markets. Some of the Company's competitors are expected to be substantially larger and have considerably greater financial resources than the Company. Competitors may have a lower cost of funds and many are expected to have access to funding sources and unique structures that are not available to the Company. In addition, some of the Company's competitors may have higher risk tolerance or different risk assessment parameters, which could allow them to consider a wider variety of investments than the Company. Pressure from the Company's competitors may have a material adverse effect on the Company's business, financial condition and results of operations.

Adequacy of Provision for Credit Losses

A provision for credit losses that reflects management's judgment of the risk of losses inherent in the Company's portfolio is expected to be maintained. Management will periodically review its provisions for credit losses to ensure they are adequate and expects to consider factors such as economic conditions and trends, collateral values (including third party appraisals), credit quality indicators, past charge-off experience, levels of past due loans, past due loan migration trends, and non-performing assets when performing its analysis. Evidence of impairment for loans at both a specific asset and collective level will be considered. All individually significant loans will be assessed for specific impairment. Those found not to be specifically impaired will be collectively assessed for any impairment that has been incurred but not yet identified. Determining the appropriate level of the provision for credit losses is an inherently uncertain process and therefore the determination of this provision may prove to be inadequate to cover losses in connection with the portfolio of loans. Factors that could lead to the inadequacy of a provision for credit losses may include the inability to appropriately underwrite credit risk of new loans, to effectively manage collections or to anticipate adverse changes in the economy or the occurrence of discrete events that adversely affect specific borrowers, industries, markets or geographic areas. For these reasons, there can be no assurance that provisions for credit losses will be adequate to cover credit losses relating to any loans advanced, including the Initial Investment, and such provisions may not keep pace with changes in the creditworthiness of borrowers or in collateral values. If the credit quality of borrowers declines, if the risk profile of a market, industry, or group of borrowers changes significantly, or if a market for the collateral against which the Company has secured its loans deteriorates significantly, management's previous estimates of the appropriate level of reserves for credit losses may be inadequate and accordingly could materially adversely affect operations and profitability.

Fraud by the Borrower or other Investee Company

While the Company will make every effort to verify the accuracy of information provided to it when making an investment decision, and will have systems and controls to assist it in protecting itself against fraud, a borrower or other investee or may fraudulently misrepresent information relating to its financial health, operations or compliance with the terms under which the Company is prepared to advance funds. In cases of fraud, it will be difficult and more unlikely that the Company will be able to collect amounts owing under a loan or realize on collateral, which could have a material adverse effect on the Company, and, in turn, adversely affect the financial condition and/or profitability of the Company.

Payment of Dividends

The Company has never declared dividends on any of its securities. Following completion of the Change of Business, the Company intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Company does not intend to pay dividends on its securities in the foreseeable future, except as explicitly required by the rights and restrictions of such securities. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Company's financial condition, operating

results, capital requirements, contractual restrictions on the payment of dividends; prevailing market conditions and any other factors that the Board deems relevant.

Liquidity and Capital Resources

There is no guarantee that cash flow from investments will be readily available or will provide the Company with sufficient funds to meet its ongoing financial obligations. The Company may therefore require additional equity or debt financing to meet its operational requirements. The Company also plans to rely on additional equity financing to make investments in investee companies to grow the Company's business to the level envisioned by its management. There can be no assurance that such financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Company. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions as well as its business performance.

Currency Fluctuations

The Company may make investments in companies with significant United States or foreign operations. The Canadian dollar relative to the United States dollar or other foreign currencies is subject to fluctuations. Failure to adequately manage foreign exchange risk could therefore adversely affect the Company's business, financial condition and results of operations.

Exercise of Early Payout or Buyout Option

The Company's investments in investee companies may contain early repayment or buyout options which allow investee companies to repurchase the Company's investments in them for a set price. Although the Company's management intends to structure repurchase terms to adequately compensate the Company for such repayments or buyouts, the value of a repayment or buyout option relative to the ongoing value of a lost payment stream may result in the Company's return on an investment being lower than expected or that would be the case absent the buyout or repurchase, which could adversely affect the Company's business.

Impact of Regulation and Regulatory Changes

The Company and its investee companies are expected to be subject to a variety of laws, regulations and guidelines in the jurisdictions in which they operate, and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions or additional changes in the jurisdictions in which they operate. The financial and managerial resources necessary to ensure such compliance could escalate significantly, and without warning, which could have a material adverse effect on the Company and investee companies' business, resources, financial condition, results of operations and cash flows. Such laws and regulations are also subject to change from time to time, and it is impossible for the Company to predict the cost or impact of changes on its future operations.

Reliance on Key Personnel

The success of the Company will depend on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company. In addition, the growth plans of the Company described in this Prospectus may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

Litigation

To the Company's knowledge, as of the date of this Prospectus, no material claims or litigation have been brought against the Company. However, the Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Shares, and could result in significant financial and management resources of the Company being expended in connection therewith. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

In addition to being subject to litigation in the ordinary course of business, in the future, the Company may be subject to class actions, derivative actions and other securities litigation and investigations. This litigation may be time consuming, expensive and may distract the Company from the conduct of its daily business. It is possible that the Company will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on its operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which would be expected to include substantial fees of lawyers and other professional advisors, and the Company's obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect the Company's reputation, operating results, liquidity or financial position.

Risks Facing Investee Companies

As previously noted, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks which will affect their respective financial condition. Given that, other than with respect to the Initial Investment, the Company does not currently know the exact nature of the businesses in which it may make investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, typical risks which investee companies might be expected to face include the following:

- Investee companies may need to raise capital through equity or debt financing. Failure to obtain such equity or debt, or the terms of such equity or debt that may be available, may impair the ability of investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions may therefore be limited.
- The success of investee companies may depend on the talents and efforts of one or two Persons or a small group of Persons. The death, disability or resignation of one or more of these Persons could have a material adverse impact on an investee company.
- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of investee companies' brands could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, and more extensive development, manufacturing, marketing and other capabilities. There can be no assurance that investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues through the loss of a customer representing a high percentage of their revenues.

- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements, or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes to, or elimination of, such programs may have an adverse effect on such companies.
- Investee companies may experience negative financial results based on foreign exchange losses.

Risks Related to the Business of Waiward Steel

Market Economic Conditions and Competition

Waiward Steel has three primary operating divisions, being engineering and drafting, steel fabrication and construction. These sectors are subject to cyclical variations. The non-residential construction sector is very closely tied to changes in overall economic conditions. Fluctuations in demand for construction products and solutions could lower sales volume and reduce profit margins. Growth and economic cycles have a direct impact on the level of annual demand in the construction sector. Moreover, cyclical fluctuations in demand are frequent in Waiward Steel's activity sector and can have a significant impact on the level of competition for available projects and the award of new contracts. Given the cyclical nature of the engineering and construction sectors, Waiward Steel's financial results, as well as those of other companies in these sectors, could be affected by various factors that are beyond its control, and consequently, the Company's financial results could occasionally undergo major and unforeseeable fluctuations. In certain market sectors, Waiward Steel faces competitors with integrated activities (fabrication of steel and finished products). Depending on the market, it may compete with local, regional, national and international corporations for certain products. This competition increases when market conditions are difficult and exerts pressure on prices, which is one of the primary factors considered in determining which qualified contractor or supplier is awarded a contract.

Interruption or Slowdown of Activities

Waiward Steel's activities could be interrupted or slowed down at one or several fabrication plants if it does not obtain new contracts. Certain factors, such as the unavailability of materials, the loss of an executive officer or key fabrication site, the unavailability of qualified personnel, a labour dispute or the unfavorable geographic location of a plant could prevent Waiward Steel from meeting customer demand, reduce its sales or have an impact on its net income. Waiward Steel holds the appropriate insurance policies to cover the interruption of activities and sociopolitical risks. A succession plan for key personnel has been put in place and is reviewed annually. As regards the continuity of production, a preventive maintenance program for production equipment is in place.

Environment, Health and Safety

The design and fabrication of construction products entails risks to operations and the environment as well as to health and safety. Human error or circumstances that are beyond Waiward Steel's control can cause material damage or physical injury that could result in loss of revenue, increased costs or liability to third parties. Certain of Waiward Steel's operations involve risks of environmental liability. The operations that could have potential repercussions on the environment are welding, which produces smoke (emitted in the form of atmospheric particles), and painting, which releases volatile organic compounds (VOC) and generates hazardous residual materials. Waiward Steel uses software that has improved the design, drafting, estimation and fabrication of its products to minimize human error in its operations. It also controls production quality in its plants and is protected by liability insurance coverage. Environment, health and safety personnel oversee the introduction and application of good practices to prevent, detect and correct all instances of non-compliance or exposure to environmental, health and safety risks.

Compliance with Laws and Regulations

Waiward Steel is exposed to risks of non-compliance with applicable laws and regulations, which vary from one country to the next and are subject to change. Non-compliance with applicable laws and regulations as well as an instance of fraud could render Waiward Steel ineligible to obtain certain contracts, result in penalties or lawsuits, and eventually harm its image or reputation. Over and above the code of ethics that personnel must adhere to annually and the signed declarations required of management team members that are designed to promote a culture of compliance with laws and regulations as well as to prevent fraud at Waiward Steel, any intentional act or voluntary omission that could harm the interests or damage the reputation of Waiward Steel will be the subject of a sanction that can go as far as the termination of the relationship of the party in question, whether an employee or business partner.

Disruptions in Information and Communications Technology Services

A disruption in information and communications technology (ICT) services, some of which depend on services provided by third parties, can impair the efficiency of Waiward Steel's activities as computer systems play an important role in the design and fabrication processes of products and services that are offered both externally and internally. Waiward Steel is exposed to the risk of cyber incidents in the normal course of business, such as deliberate attacks aimed at stealing intellectual property or other assets and sensitive information. Such incidents could result in damage to its reputation, lawsuits, inefficiencies or production stoppages as well as an increase in the costs related to protection and applicable corrections with regard to cyber security. Given the rapid evolution of ICT and the sophisticated level of cyber incidents, evasive action against ICT-related risks may not be sufficient to guarantee that Waiward Steel's activities will not be interrupted or suffer losses related to ICT disruptions. Despite this reality, Waiward Steel, through internal auditing or the services of external experts, is taking measures in the area of technological security and has disaster recovery plans in place to mitigate the risk to which it is exposed with regard to these vulnerabilities related to emerging information and communications technologies.

Customer Requirements and Satisfaction

Changing demand in the construction sector, the complex economic environment in the digital age, and market globalization, combined with the increasingly sophisticated needs of customers who have high and uncompromising expectations with regard to quality, can limit Waiward Steel's ability to offer, produce and deliver, on the deadline agreed upon with the customer, high quality products and services in a reliable and profitable way. Products or services that do not meet customer expectations could cause bad publicity or harm Waiward Steel's reputation, resulting in the loss of current or potential customers. Waiward Steel is also exposed to lawsuits in the event of a fabrication defect that causes damages to third parties.

Liquidity and Funding

Waiward Steel requires sufficient working capital to be able to operate. Its contracts are primarily based on firm prices. For the majority of sales, billing is performed when the products are delivered. For others, including erection contracts, billing is performed on a monthly basis according to the progress of the work. When modifications or additions are required by clients during the course of a project, Waiward Steel incurs additional costs, and the associated revenues are recognized only once they have been accepted by the client. To the extent that Waiward Steel is unable to receive payments in the early stages of a project, its cash flows could be reduced.

Credit Risk

Credit risk is the risk that Waiward Steel will incur a loss due to the failure by its debtors to settle some or all of their debts at due date. Waiward Steel is mostly exposed to credit risk by its cash, accounts receivable, costs and estimated profits in excess of billings and long-term receivables. Waiward Steel considers credit risk related to debtors and contracts in progress is limited for the following reasons:

- Waiward Steel conducts an ongoing evaluation of its clients. The established procedures ensure that it benefits from maximum protection through guarantees available in the North American construction industry.
- Waiward Steel sells to a wide range of clients that operate in various sectors and geographical regions.
- Waiward Steel is exposed to a normal credit risk for its accounts receivable. The debtors' financial position is analyzed to determine if there is an indication of impairment, and a provision is established accordingly. Waiward Steel takes into account the specific credit risk of clients, their historical tendencies and the economic situation.

LEGAL MATTERS

Certain legal matters relating to the Offering have been passed upon by Clark Wilson LLP, on behalf of the Company, and by Stikeman Elliott LLP, on behalf of the Agents. As of the date of this Prospectus, the partners and associates of Clark Wilson LLP and Stikeman Elliott LLP, as a group, own beneficially, directly or indirectly, less than 1% of the issued and outstanding Shares.

EXPERTS

Names of Experts

The audited annual financial statements and notes thereto of the Company included in this Prospectus have been audited by Dale Matheson Carr-Hilton Labonte LLP.

Dale Matheson Carr-Hilton Labonte LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

To the knowledge of management of the Company, as of the date hereof, no expert, nor any Associate or Affiliate of such Person, has any beneficial interest, direct or indirect, in the securities or property of the Company.

Interests of Experts

Other than as disclosed herein, none of the foregoing Persons have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such Person prepared the report, valuation, statement or opinion aforementioned or thereafter.

PURCHASERS' CONTRACTUAL RIGHTS

Original purchasers of Debentures will have a non-assignable contractual right of rescission, exercisable against the Company following the issuance of Shares to such purchaser upon the conversion of the Debentures, to receive the amount paid for such Debentures upon surrender of the Shares if this Prospectus or any amendment thereto contains a misrepresentation (as such term is defined in the *Securities Act* (British Columbia)), provided such remedy for rescission is exercised within 180 days of the date of purchase of the Debentures under this Prospectus, following which this contractual right of rescission will be null and void. This contractual right of rescission will be consistent with the statutory right of rescission described under Section 130 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under Section 130 the *Securities Act* (British Columbia) or otherwise at law. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal adviser.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult a legal adviser.

In an offering of convertible securities such as the Debentures, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the convertible security is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal advisor.

**Unaudited Financial Statements and MD&A for
Three and Nine Months Ended December 31, 2016**

TRENCHANT CAPITAL CORP.

(formerly Echelon Petroleum Corp.)

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended December 31, 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	December 31, 2016	March 31, 2016
ASSETS			
Current assets			
Cash		\$ 289,199	\$ 2,053
GST receivable		11,131	4,502
Prepaid financing costs	1	187,888	
TOTAL ASSETS		\$ 488,218	\$ 6,555
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	3	\$ 87,915	\$ 160,587
TOTAL LIABILITIES		87,915	160,587
SHAREHOLDERS' EQUITY			
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		(4,054,373)	(3,953,208)
TOTAL EQUITY		400,303	(154,032)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 488,218	\$ 6,555

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

	Note	Three month periods ended		Nine month periods ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Expenses					
Consulting and management fees	3	\$ -	\$ -	\$ -	\$ 7,954
General and administrative		5,526	4,888	15,512	7,885
Business development		20,917	-	53,011	-
Transfer agent and filing fees		12,568	-	23,886	1,663
Travel and promotion		-	4,812	-	11,391
Professional fees	3	(35,033)	-	8,756	2,439
		(3,978)	(9,700)	(101,165)	(31,332)
Net and comprehensive loss for the period		\$ (3,978)	\$ (9,700)	\$ (101,165)	\$ (31,332)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.06)

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				
Balance at March 31, 2015	535,884	\$ 3,451,518	\$ -	\$ 343,158	\$ (3,928,808)	\$ (134,132)
Net and comprehensive loss	-	-	-	-	(31,332)	(31,332)
Balance at December 31, 2015	535,884	\$ 3,451,518	\$ -	\$ 343,158	\$ (3,960,140)	\$ (165,464)
Balance at March 31, 2016	535,884	\$ 3,451,518	\$ 4,500	\$ 343,158	\$ (3,953,208)	\$ (154,032)
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	-	-	-	-	(101,165)	(101,165)
Balance at December 31, 2016	11,535,884	\$ 4,111,518	\$ -	\$ 343,158	\$ (4,054,373)	\$ 400,303

See accompanying notes to the condensed consolidated interim financial statements

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

	Nine month periods ended	
	December 31, 2016	December 31, 2015
Operating activities		
Net loss	\$ (101,165)	\$ (31,332)
GST Receivables	(6,629)	(1,601)
Accounts payables and accrued liabilities	(12,672)	32,933
Net cash flows used in operating activities	(120,466)	-
Financing activities		
Issues of shares for cash	595,500	-
Prepaid financing costs	(187,888)	-
Cash flows from financing activities	407,612	-
Increase in cash	287,146	-
Cash, beginning	2,053	1,061
Cash, ending	\$ 289,199	\$ 1,061

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.

On October 28, 2016, the Company signed a loan agreement with Waiward Investments Limited Partnership to loan up to a maximum of \$20,000,000 to Waiward Investments Limited Partnership on or before November 30, 2016. To fund this loan, the Company engaged Industrial Alliance Securities Inc. for a proposed best efforts unit offering to raise up to \$20,000,000.

The engagement terminated on December 31, 2016, the proposed offering not having completed.

The Company is currently working to restructure the offering and the loan.

During the nine months ended December 31, 2016, the Company incurred \$187,888 costs in relation to this offering.

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 February 28, 2017 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 periods presented.

2. Significant accounting policies and basis of preparation (continued)

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:

	December 31, 2016	March 31, 2016
Directors and officers of the Company	\$ 1,962	\$ 110,670

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

During the nine months ended December 31, 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.

Key management personnel compensation

	Nine month periods ended	
	December 31, 2016	December 31, 2015
Consulting	\$ -	\$ 7,954
Professional	4,500	-
	\$ 4,500	\$ 7,954

4. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2016 and 2015 there were 11,535,884 and 535,884 issued and fully paid common shares respectively.

During the nine months ended December 31, 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

TRENCHANT CAPITAL CORP.
(formerly Echelon Petroleum Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Nine and Three Months ended December 31, 2016 and 2015

Management's discussion and analysis ("MD&A") is prepared as of February 28, 2017, and provides a review of the performance of Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) ("Trenchant" or the "Company") and should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended December 31, 2016 and audited financial statements for the year ended March 31, 2016 and related notes included therein which are prepared in accordance with International Financial Reporting Standards. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all figures are stated in Canadian dollars. Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking information is expressly qualified in its entirety by this cautionary statement. The Company disclaims any obligation to update forward-looking information to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

RISKS AND UNCERTAINTIES

Risk factors include:

- The Company has no active business.
- The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the Change of Business described herein.
- It is possible the Company may never generate earnings or be in a position to pay dividends.
- The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.
- The Company has only limited funds available to identify and evaluate potential transactions and thereby cannot provide assurance the Company will be able to identify or complete the Change of Business or any other transaction.
- Possible tightening of the credit markets, global economic uncertainty, and counterparty risk.
- All assumptions regarding business prospects and opportunities.

Date of Report: February 28, 2017

Overall Performance

Nature of Business and Overall Performance

Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) 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").

The Company's head office is located 33 Bay Street, Suite 630, Toronto, ON, M5H 2R2. The Company has one subsidiary, 0960128 B.C. Ltd.

In May 2011, the Company completed its qualifying transaction as a resource issuer and was engaged in the exploration and development of mineral and oil and gas natural resource properties. The Company subsequently became inactive and, in August 2015, was subject to a cease trade order issued by the British Columbia Securities Commission for failure to file financial statement, which was revoked on April 25, 2016.

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

The Company has announced that it is pursuing a change of business to become a Tier 2 Investment Issuer on the TSXV (the "Change of Business").

On October 28, 2016, the Company signed a loan agreement with Waiward Investments Limited Partnership to loan up to a maximum of \$20,000,000 to Waiward Investments Limited Partnership on or before November 30, 2016. To fund this loan, the Company engaged Industrial Alliance Securities Inc. for a proposed best efforts unit offering to raise up to \$20,000,000.

The engagement terminated on December 31, 2016, the proposed offering not having completed.

TRENCHANT CAPITAL CORP.
Management's Discussion and Analysis
December 31, 2016 - Page 3

The Company is currently working to restructure the offering and the loan.

During the nine months ended December 31, 2016, the Company incurred \$187,888 costs in relation to this offering.

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 in 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 its ability to attain profitable operations and generate funds therefrom 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 from loans from related parties and or the private placement of common shares.

The financial data for the nine months ended December 31, 2016 and December 31, 2015 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Selected Financial Information

	For the nine months ended <u>December 31, 2016</u>	For the nine months ended <u>December 31, 2015</u>
Total revenues	\$ -	\$ -
Comprehensive income (loss)	(101,165)	(31,332)
Basic and diluted net loss per common share	(0.01)	(0.06)
Current assets	488,218	2,618
Total assets	488,218	2,618
Current liabilities	87,915	158,382
Share capital & contributed surplus	4,454,676	3,794,676
Deficit	(4,054,373)	(3,950,440)

Results of Operations

Expenses	For the nine months ended December 31, 2016	For the nine months ended December 31, 2015
Consulting and management fees	\$ -	\$ 7,954
General and administrative	15,512	7,885
Business development	53,011	-
Professional fees	8,756	2,439
Transfer agent and filing fees	23,886	1,663
Travel and promotion	-	11,391
	<hr/> 101,165	<hr/> 31,332
Net and comprehensive (loss)	<hr/> \$ (101,165)	<hr/> \$ (31,332)

Nine months ended December 31, 2016

The Company has not yet generated revenue to date and has reported net losses since inception. The net loss was \$101,165 for the nine months ended December 31, 2016 (December 31, 2015 – \$31,332). The loss in the nine months ended December 31, 2016, was primarily the result of professional fees of \$8,756 (December 31, 2015 - \$2,439) and business development costs of \$53,011 (December 31, 2015 - \$Nil). Management is spending considerable time pursuing a change in business, negotiating agreements and securing financing. Transfer agent and filing fees were \$23,886 (December 31, 2015 - \$1,663). General and administrative expenses were \$15,512 (December 31, 2015 - \$7,885). There were \$Nil consulting fees in the nine months ended December 31, 2016 compared to \$7,954 for the same period last year.

Expenses were higher in the nine months ended December 31, 2016 because the Company is pursuing a change in business while being largely inactive in the prior period.

Three months ended December 31, 2016

The net loss was \$3,978 for the three months ended December 31, 2016, (December 31, 2015 - \$9,700). The primary expenses in the current period was business development of \$20,917 (December 31, 2015 - \$Nil), and professional fees of \$(35,033), (December 31, 2015 - \$Nil) which were re-stated to deferred financing costs due to the activities associated with the Change of Business, the Loan Agreement and the Offerings,.

Dividend Report & Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

For the Quarterly Periods ended:	December 31, 2016	September 30, 2016	June 30 2016	March 31, 2016
Total Revenues	-	-	-	-
Net and comprehensive income (loss) for the period	(3,978)	(21,083)	(76,103)	6,932 ¹
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	0.00

TRENCHANT CAPITAL CORP.
Management's Discussion and Analysis
December 31, 2016 - Page 5

For the Quarterly Periods ended:	December 31 2015	September 30 2015	June 30, 2015	March 31, 2015
Total Revenues	-	-	-	-
Net and comprehensive income (loss) for the period	(9,700)	(4,530)	(17,102)	(52,947) ²
Income (loss) per share, basic and diluted	(0.02)	(0.00)	(0.10)	(0.00)

1. The Company's loss for the period includes non-cash items of a gain from the settlement of a creditor debt of \$21,332, settlement of debt with a director of \$12,500 and foreign exchange gains of \$11,000.
2. The Company's loss for the period includes transfer agent and filing fees of \$16,012 and professional fees of \$14,342. There were no non-cash items.

Financial Condition, Liquidity and Capital Resources

The Company has total assets of \$488,218 (March 31, 2016 - \$6,555). The primary assets of the Company are cash of \$289,199 (March 31, 2016 - \$2,053), GST receivables of 11,131 (March 31, 2016 - \$4,502), and financing costs of \$187,888 (March 31, 2016 - \$Nil). The Company has working capital of \$400,303 (March 31, 2016 - (\$154,032)).

At December 31, 2016, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$4,054,373 (March 31, 2016 - \$3,953,208).

On April 15, 2016, the Company issued 1,000,000 common shares at \$0.06 per share to settle a debt of \$60,000 and 10,000,000 common shares at \$0.06 per share for proceeds of \$600,000. No fees were incurred for this financing.

The Company has executed an agreement with Hillcore Group Ltd. pursuant to which the Company will loan a minimum of \$5,000,000 and a maximum of \$20,000,000 to the Hillcore Group, or to one of its portfolio companies. The Company plans to fund the loan through an offering of convertible debentures, and also plans to issue \$3,500,000 in convertible preferred shares to provide working capital for due diligence on additional potential investments and to satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer

The Company's ability to continue as a going concern is dependent upon its ability to complete the Change of Business, Loan Agreement and related Offerings, generate future profitable operations and raise further capital, the success of which cannot be assured.

As at December 31, 2016, the Company did not have any contractual obligations.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

As at December 31, 2016 the Company had amounts payable to the CEO and a company controlled by him in the amount of \$Nil (March 31, 2016 - \$91,726) for re-imbursement of various corporate expenses, (\$60,000 of which was settled in a shares for debt settlement); a director, \$115 (March 31, 2016 - \$4,769) for re-imbursement of expenses, and CFO, in the amount of \$1,846 (March 31, 2016 - \$14,175) for professional fees. These amounts are due to related parties and included in accounts payable and accrued liabilities.

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

Key management personnel compensation

	Nine months ended	
	December 31, 2016	December 31, 2015
CFO	4,500	4,500

Critical Accounting Estimates

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2016 and 2015 (as are filed and reviewable on SEDAR (www.sedar.com)) the Company has no other critical accounting estimates.

Changes in Accounting Policies

There are no accounting policies that the Company has adopted, other than what was disclosed in the annual audited financial statements for the year ended March 31, 2016.

Critical Risk Factors

Risk of failure to complete the Change of Business, Loan Agreement and related Offerings.

The Company is limited in financial resources and has no assurance that additional funding will be available to it to complete and fund the Change of Business, Loan Agreement and related Offerings.

Risk of Exchange Listing

The Company has no assurance that it can satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer and resume trading.

Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held

in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has not advanced its assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom 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 from existing working capital and or the private placement of common share.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

The Company's non-derivative financial liabilities at December 31, 2016, which include accounts payable, are due within one year.

	Within one year	Between one and five years	More than five years
Accounts payable	\$ 87,915	\$ -	\$ -

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. At December 31, 2016, there is no foreign currency exposure because there are no liabilities denominated in foreign currencies. This risk is considered minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Dependence on key personnel

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2016	March 31, 2016
Cash	\$ 289,199	\$ 2,053

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2016	March 31, 2016
Non-derivative financial liabilities:		
Accounts payable	\$ 87,915	\$ 160,587

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

Disclosure of Outstanding Share Data

Authorized: Unlimited common shares without par value

On April 15, 2016, the Company issued 1,000,000 common shares at \$0.06 per share to settle a debt of \$60,000 and 10,000,000 common shares at \$0.06 per share for proceeds of \$600,000. No fees were incurred for this financing.

Refer to the Company's news release dated April 15, 2016 for further details on the debt settlement and private placement.

Issued - As of the date of this MD&A the following Shares, incentive stock options and warrants were outstanding:

Common Shares – 11,535,884

Incentive Stock Options – Nil

Warrants – Nil

Other Information and Board Approval

Additional information about the Company is available on SEDAR at www.sedar.com. This MD&A has been reviewed and approved by the Board of Directors of the Company.

**Audited Financial Statements
For Years Ended March 31, 2016, 2015 and 2014
and MD&A for Year Ended March 31, 2016**

TRENCHANT CAPITAL CORP.
(formerly Echelon Petroleum Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Years ended March 31, 2016 and 2015

Management's discussion and analysis ("MD&A") is prepared as of July 28, 2016, and provides a review of the performance of Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) ("Trenchant" or the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2016 and related notes included therein which are prepared in accordance with International Financial Reporting Standards. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all figures are stated in Canadian dollars. Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking information is expressly qualified in its entirety by this cautionary statement. The Company disclaims any obligation to update forward-looking information to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

RISKS AND UNCERTAINTIES

Risk factors include:

- The Company has no active business.
- The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the change of business described herein.
- It is possible the Company may never generate earnings or be in a position to pay dividends.
- The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.
- The Company has only limited funds available to identify and evaluate potential transactions and thereby cannot provide assurance the Company will be able to identify or complete the change of business or any other transaction.
- Possible tightening of the credit markets, global economic uncertainty, and counterparty risk.
- All assumptions regarding business prospects and opportunities.

Date of Report: July 28, 2016

Overall Performance

Nature of Business and Overall Performance

Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) 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").

The head office and registered and records address is located at 583 Beach Crescent, Suite 702, Vancouver, British Columbia, Canada, V6E 2Y3. The Company has one subsidiary, 0960128 B.C. Ltd.

In May 2011, the Company completed its qualifying transaction as a resource issuer and was engaged in the exploration and development of mineral and oil and gas natural resource properties. The Company subsequently became inactive and, in August 2015, was subject to a cease trade order issued by the British Columbia Securities Commission for failure to file financial statement, which was revoked on April 25, 2016.

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

The Company has announced that it is pursuing a change of business to become a Tier 2 Investment Issuer on the TSXV. The Company has executed a non-binding term sheet with Hillcore Group Ltd. ("Hillcore Group") pursuant to which the Company will loan a minimum of \$15,000,000 and a maximum of \$20,000,000 (the "Loan") to the Hillcore Group, or to one of its portfolio companies. The Company plans to fund the loan through an offering of convertible debentures, and also plans to issue \$3,000,000 in convertible preferred shares to provide working capital for due diligence on additional potential investments, and to satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer.

TRENCHANT CAPITAL CORP.
Management's Discussion and Analysis
March 31, 2016 - Page 3

Refer to the Company's news release dated June 7, 2016 for further details on the proposed change of business.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in 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 its ability to attain profitable operations and generate funds therefrom 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 from loans from related parties and or the private placement of common shares.

Selected Financial Information

	For the Year ended <u>March 31, 2016</u>	For the Year ended <u>March 31, 2015</u>	For the Year ended <u>March 31, 2014</u>
Total revenues	\$ -	\$ -	\$ 1,371
Loss before other items	(58,232)	(127,809)	(473,628)
Comprehensive income (loss)	(24,400)	124,628	(2,093,059)
Basic and diluted net loss per common share	(0.05)	(0.23)	(0.71)
Current assets	6,555	1,868	29,161
Total assets	6,555	1,868	29,161
Current liabilities	160,587	136,000	287,921
Share capital & share based payment reserve	3,799,176	3,794,676	3,794,676
Deficit	(3,953,208)	(3,928,808)	(4,053,436)
Dividends	n/a	n/a	n/a

The increase in total assets to \$6,555 in 2016 from \$1,868 in 2015 was primarily due to the increase to GST receivables and cash received from financing activities.

The financial data for the years ended March 31, 2016 and March 31, 2015 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Results of Operations

Expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
Consulting and management fees	\$ 7,954	\$ 58,812
Foreign exchange (gain) loss	(7,687)	3,880
General and administrative	1,145	1,604
Business development	12,300	-
Professional fees	12,590	16,357
Rent	-	10,150
Transfer agent and filing fees	10,534	28,052
Travel and promotion	21,396	8,954
Loss before other items	58,232	127,809
Other items	(33,832)	(252,437)
Comprehensive income (loss)	\$ (24,400)	\$ 124,628

The Company has not yet generated revenue to date and has reported net losses since inception. Comprehensive income (loss) during the year ended March 31, 2016 was (\$24,400) (March 31, 2015: \$124,628). The loss in 2016 was primarily the result of consulting and management fees, travel and promotion and business development costs. Management spend considerable time pursuing a change in business, negotiating agreements and securing financing. The Company had a gain of \$33,832 by settlement of an outstanding payable with a director and a creditor in the current year. The net income in the year ended March 31, 2016 primarily was the result of settlements with certain former and current directors, officers and consultants of the Company and their affiliates, whereby they agreed to forgive a total of \$246,250 of accrued management and consulting fees.

Three months ended March 31, 2016

The net income (loss) was \$6,932 for the three months ended March 31, 2016, (March 31, 2015 – (\$52,947)). Income in the three months ended March 31, 2016, were primarily the result of settlement gains of \$12,500 with a director and \$21,332 with a creditor (March 31, 2015 - \$Nil). Consulting and management fees were \$Nil (March 31, 2015 – \$12,500) and foreign exchange gains were \$7,687 (March 31, 2015 – (\$Nil)). Business development costs were \$12,300 (March 31, 2015 - \$Nil) and transfer agent and filing fees were \$8,871 (March 31, 2015 - \$16,012). Professional fees were \$10,151 (March 31, 2015 - \$14,737) and general and administrative expense recovery of \$3,265 (March 31, 2015 - \$9,698).

Consulting and management fees and business development costs were incurred in the current year in connection with a planned change of business of the Company and related financing.

Dividend Report & Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

For the Quarterly Periods ended:		March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Total Revenues	\$	-	-	-	
Net and comprehensive income (loss) for the period	\$	6,932 ¹	(9,700)	(4,530)	(17,102)
Loss per share, basic and diluted	\$	0.00	(0.02)	(0.00)	(0.03)

For the Quarterly Periods ended:		March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total Revenues	\$	-	-	-	-
Net and comprehensive income (loss) for the period	\$	(52,947) ²	(8,150)	413	185,312 ³
Income (loss) per share, basic and diluted	\$	(0.10)	(0.00)	0.00	0.06

1. The Company's loss for the period includes non-cash items of a gain from the settlement of a creditor debt of \$21,332, settlement of debt with a director of \$12,500 and foreign exchange gains of \$11,000
2. The Company's loss for the period includes transfer agent and filing fees of \$16,012 and professional fees of \$14,342. There were no non-cash items.
3. The Company's income for the period included non-cash items of gains from settlements of payables to directors in the amount of \$254,250, and creditors in the amount of \$7,770.

Financial Condition, Liquidity and Capital Resources

The Company has total assets of \$6,555 (March 31, 2015 - \$1,868). The primary assets of the Company are cash of \$2,053 (March 31, 2015 - \$1,061) and GST receivables of 4,502 (March 31, 2015 - \$807). The Company has negative working capital of (\$154,032) (March 31, 2015 - \$134,132).

At March 31, 2016, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$3,953,208 (March 31, 2015 - \$3,928,808).

On April 15, 2016, the Company issued 1,000,000 common shares at \$0.06 per share to settle a debt of \$60,000 and 10,000,000 common shares at \$0.06 per share for proceeds of \$600,000. No fees were incurred for this financing.

The Company has executed a non-binding term sheet with Hillcore Group Ltd. pursuant to which the Company will loan a minimum of \$15,000,000 and a maximum of \$20,000,000 to the Hillcore Group, or to one of its portfolio companies. The Company plans to fund the Loan through an offering of convertible debentures, and also plans to issue \$3,000,000 in convertible preferred shares to provide working capital for due diligence on additional potential investments and to satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer

The Company's ability to continue as a going concern is dependent upon its ability to complete the change of business and related financings, generate future profitable operations and raise further capital, the success of which cannot be assured.

As at March 31, 2016, the Company did not have any contractual obligations.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

As at March 31, 2016 the Company had amounts payable to Eric Boehnke, CEO, in the amount of \$86,666 (March 31, 2015 - \$24,462) and Big Sky Management, a Company controlled by the CEO, in the amount of \$5,060 for re-imbursement of various corporate expenses, (\$60,000 of which was settled in a shares for debt settlement subsequent to the period end), John Legg, director, for re-imbursement of expenses in the amount of \$4,769, and Jennie Choboter, CFO, in the amount of \$14,175 (March 31, 2015 - \$7,875) for professional fees. These amounts are due to related parties and included in accounts payable and accrued liabilities.

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

The Company entered into the following transactions with the directors and officers of the Company and companies that are controlled by directors of the Company.

	Years ended	
	March 31, 2016	March 31, 2015
Consulting and management fees:		
John Legg-director	\$ -	\$ 12,500
Roger Flowerdew, CFO	-	12,656
John Veltheer, director	-	12,656
Investment Consulting Ltd,	-	8,438
Rent:		
Network Exploration Ltd., CEO.	-	10,150
Professional fees		
Jennie Choboter, CFO	6,000	7,500
	\$ 6,000	\$ 63,900
Settlements-directors and officers	\$ 12,500	\$ 246,250

Critical Accounting Estimates

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2016 and 2015 (as are filed and reviewable on SEDAR (www.sedar.com)) the Company has no other critical accounting estimates.

Changes in Accounting Policies

There are no accounting policies that the Company has adopted, other than what was disclosed in the annual audited financial statements for the year ended March 31, 2016.

Critical Risk Factors

Risk of failure to complete the change of business and related financing

The Company is limited in financial resources and has no assurance that additional funding will be available to it to complete and fund the change of business.

Risk of Exchange Listing

The Company has no assurance that it can satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer and resume trading

Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held

in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has not advanced its assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and 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 from existing working capital and or the private placement of common share.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

The Company's non-derivative financial liabilities at March 31, 2016, which include accounts payable, are due within one year.

	Within one year	Between one and five years	More than five years
Accounts payable	\$ 153,994	\$ -	\$ -

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. At March 31, 2016, there is no foreign currency exposure because there are no liabilities denominated in foreign currencies. This risk is considered minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Dependence on key personnel

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2016	March 31, 2015
Cash	\$ 2,053	\$ 1,061

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2016	March 31, 2015
Non-derivative financial liabilities:		
Accounts payable	\$ 153,994	\$ 136,000

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

Disclosure of Outstanding Share Data

Authorized: Unlimited common shares without par value

Issued - As of the date of this MD&A the following Shares, incentive stock options and warrants were outstanding;

Common Shares – 11,535,885
Incentive Stock Options – Nil
Warrants – Nil

Other Information and Board Approval

Additional information about the Company is available on SEDAR at www.sedar.com. This MD&A has been reviewed and approved by the Board of Directors of the Company.

ECHELON PETROLEUM CORP.
Consolidated Financial Statements
Year Ended March 31, 2015

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Echelon Petroleum Corp.:

We have audited the accompanying consolidated financial statements of Echelon Petroleum Corp., which comprise the consolidated statements of financial position as at March 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Echelon Petroleum Corp. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Echelon Petroleum Corp.'s ability to continue as a going concern.

A handwritten signature in black ink that reads 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
February 23, 2016

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

Echelon Petroleum Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2015	March 31, 2014
ASSETS			
Current assets			
Cash		\$ 1,061	\$ 28,909
Prepaid expenses		-	252
GST receivable		807	-
TOTAL ASSETS		\$ 1,868	\$ 29,161
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	6,7	\$ 136,000	\$ 287,921
TOTAL LIABILITIES		136,000	287,921
SHAREHOLDERS' DEFICIT			
Share capital	8	3,451,518	3,451,518
Share- based payment reserve	8	343,158	343,158
Deficit		(3,928,808)	(4,053,436)
TOTAL DEFICIT		(134,132)	(258,760)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		\$ 1,868	\$ 29,161

Going concern (Note 1)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"John Legg"
John Legg, Director

Echelon Petroleum Corp.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Years ended	
		March 31, 2015	March 31, 2014
Revenues			
Oil sales, net	5	\$ -	\$ 1,371
Expenses			
Consulting and management fees	7	58,812	320,667
General and administrative		5,484	21,805
Investor relations		-	5,375
Professional fees	7	16,357	48,367
Rent	7	10,150	42,000
Transfer agent and filing fees		28,052	20,196
Travel and promotion		8,954	15,218
		(127,809)	(473,628)
Other items			
Gain on settlement of accounts payable		252,437	-
Impairment of mineral exploration and evaluation assets	4	-	(473,787)
Impairment of oil and gas exploration and evaluation assets	5	-	(1,147,015)
		252,437	(1,620,802)
Net and comprehensive income (loss)		\$ 124,628	\$ (2,093,059)
Earnings (loss) per share – basic and diluted	8	\$ 0.23	\$ (3.91)

See accompanying notes to the consolidated financial statements

Echelon Petroleum Corp.
Consolidated Statement of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)

	Notes	Share capital		Share-based payment reserve	Deficit	Total
		Number of shares	Amount			
Balance at March 31, 2013		534,490	\$ 3,442,818	\$ 343,158	\$ (1,960,377)	\$ 1,825,599
Net and comprehensive loss					(2,093,059)	(2,093,059)
Shares issued to acquire exploration and evaluation assets	4,8	1,394	8,700	-	-	8,700
Balance at March 31, 2014		535,884	3,451,518	343,158	(4,053,436)	(258,760)
Net and comprehensive income		-	-	-	124,628	124,628
Balance at March 31, 2015		535,884	\$ 3,451,518	\$ 343,158	\$ (3,928,808)	\$ (134,132)

See accompanying notes to the consolidated financial statements

Echelon Petroleum Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	March 31, 2015	March 31, 2014
Operating activities		
Net income (loss)	\$ 124,628	\$ (2,093,059)
Adjustments for non-cash items:		
Impairment of mineral exploration and evaluation assets	-	473,787
Impairment of oil and gas exploration and evaluation assets	-	1,147,015
Gain on settlement of accounts payable	(252,437)	-
Changes in non-cash working capital items:		
GST receivable	(807)	17,163
Prepaid expenses	252	8,248
Accounts payables and accrued liabilities	100,516	238,803
Net cash flows used in operating activities	(27,848)	(208,043)
Investing activities		
Mineral exploration and evaluation expenditures	-	(3,890)
Oil and gas exploration and evaluation expenditures	-	(30,489)
Net cash flows used in investing activities	-	(34,379)
Decrease in cash	(27,848)	(242,422)
Cash, beginning	28,909	271,331
Cash, ending	\$ 1,061	\$ 28,909
Non-cash transaction:		
Fair value of shares issued for acquisition of mineral exploration and evaluation assets	\$ -	\$ 8,700

1. Nature and continuance of operations

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 (“Exchange”). The Company is in the business of exploring resource properties.

The head office and principal address is located at 1030 West Georgia Street, Suite 1012, Vancouver, British Columbia, Canada, V6E 2Y3. The records and registered office is located at 885 West Georgia Street Suite 800, Vancouver, British Columbia, Canada, V6C 3H1.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in 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 exploration activities and 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 from loans from related parties and or the private placement of common shares.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on February 23, 2016 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated 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”).

Basis of preparation

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

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2015	March 31, 2014
0960128 B.C. LTD.	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

During the years ended March 31, 2015 and 2014, the Company’s subsidiary, 0960128 BC LTD, was inactive.

2. Significant accounting policies and basis of preparation (cont'd)

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment applied in preparing the Company's financial statements is the assessment of the Company's ability to continue as a going concern.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and the costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of resources in the specific area have not led to the discovery of commercially viable quantities of resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation expenditures attributable to that area of interest are first tested for impairment and then reclassified to mining property or oil and gas property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company with significant financial assets is managed by key management personnel on a fair value basis in accordance with a risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renunciation by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery or other income.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining or oil and gas assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining or oil and gas assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

2. Significant accounting policies and basis of preparation (cont'd)

Foreign currency translation (cont'd)

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. Accounting standards issued but not yet effective

The IASB or IFRIC have issued pronouncements effective for accounting periods beginning on or after April 1, 2015. Only those that may significantly impact the Company are discussed below:

IFRS 9 Financial Instruments

IFRS 9 contains accounting requirements for financial instruments and replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment: IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to annual periods beginning on or after January 1, 2018. The Company has not assessed the impact of this pronouncement.

Other pronouncements with future effective dates are not expected to have an impact on the consolidated financial statements of the Company.

4. Mineral exploration and evaluation assets

	Total for year ended March 31, 2015	Total for year ended March 31, 2014
Acquisition costs:		
Balance, beginning	\$ -	\$ 195,350
Cash	-	12,000
Shares	-	8,700
Write-off	-	(216,050)
Balance, Ending	-	-
Exploration and evaluation expenditures:		
Balance, beginning	-	265,847
Geophysical survey	-	15,600
Staking	-	989
Tax credit	-	(24,699)
Write-off	-	(257,737)
Balance, ending	-	-
Total	\$ -	\$ -

Xeno Property, British Columbia

In 2011, the Company entered into an option agreement to acquire a 100% interest in certain claims referred to as the Xeno property in British Columbia, Canada.

During the year ended March 31, 2014, the Company issued 1,212 common shares with a fair value of \$7,500 as part of the purchase price of the Xeno Property (Note 8).

During the year ended March 31, 2014, the Company decided not to continue with the property and recognized an impairment loss of \$470,587.

Lonnie Property, British Columbia

In 2011, the Company entered into an option agreement to acquire a 60% interest in certain mining claims referred to as the Lonnie Property in British Columbia.,

During the year ended March 31, 2014, the Company issued 182 commons shares with a fair value of \$1,200 as finders' fees for the Lonnie Property (Note 8).

In 2013, the Company terminated the option agreement for the Lonnie Property and recorded an impairment loss of \$226,401 to write off the Lonnie Property. During the year ended March 31, 2014, the Company recorded an impairment loss of \$3,200 to write off additional costs for the Lonnie Property.

5. Oil and gas exploration and evaluation assets

	Total for year ended March 31, 2015	Total for year ended March 31, 2014
Trego Property		
Acquisition costs:		
Balance, beginning	\$ -	\$ 439,464
Impairment	-	(439,464)
Balance, ending	-	-
Exploration and evaluation expenditures:		
Balance, beginning	-	677,062
Additions	-	30,489
Impairment	-	(707,551)
Balance, ending	-	-
Total	\$ -	\$ -

Trego County Property, Kansas, United States

In 2012 the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement with CircleStar Energy Corp. ("Circlestar") for an oil and gas exploration and development prospect located in Trego County, Kansas.

In 2013, the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement with CircleStar for the acquisition of additional interests. During the year ended March 31, 2014, the Company earned \$1,371 in net revenues from oil sales from production on the Trego Property.

During the year ended March 31, 2014, the Company decided not to continue with the Trego Property and recognized an impairment loss of \$1,147,015.

6. Accounts payables and accrued liabilities

	March 31, 2015	March 31, 2014
Accounts payable (Note 7)	\$ 136,000	\$ 91,133
Accrued liabilities	-	196,788
	\$ 136,000	\$ 287,921

7. Related party transactions

Related party balances:

The following amounts are due to related parties and included in accounts payable and accrued liabilities (Note 6):

	March 31, 2015	March 31, 2014
Directors of the Company	\$ 44,837	\$ 138,600

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

7. Related party transactions (cont'd)

The Company incurred the following transactions with the directors of the Company and companies that are controlled by directors of the Company.

	Years ended	
	March 31, 2015	March 31, 2014
Consulting fees	\$ 46,250	\$ 238,667
Rent	10,150	42,000
Professional fees	7,500	-
	\$ 63,900	\$ 280,667

Key management personnel compensation

	Years ended	
	March 31, 2015	March 31, 2014
Consulting fees	\$ 46,250	\$ 238,667
Professional	7,500	-
	\$ 53,750	\$ 238,667

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Share consolidation

Effective June 2, 2014, the Company consolidated its shares on a 7.5:1 basis. On March 5, 2015, the Company further consolidated its shares on a 5.5:1 basis. All share and per share numbers disclosed in these financial statements reflect post-consolidation amounts.

Issued share capital

At March 31, 2015 and 2014 there were 535,884 issued and fully paid common shares.

Share issuances for mineral and oil and gas exploration and evaluation assets

During the year ended March 31, 2014, the Company issued 1,212 common shares with a fair value of \$7,500 as part of the purchase price of the Xeno Property (Note 4).

During the year ended March 31, 2014, the Company issued 182 common shares with a fair value of \$1,200 as finders' fees for the Lonnie Property (Note 4).

Basic and diluted loss per share

The calculation of basic earnings per share for the year ended March 31, 2015 was based on the income attributable to common shareholders of \$124,628 and the weighted average number of common shares outstanding of 535,884.

The calculation of basic and diluted loss per share for the year ended March 31, 2014 was based on the loss attributable to common shareholders of \$2,093,059 and the weighted average number of common shares outstanding of 535,539.

8. Share capital (cont'd)

Escrow Shares

At March 31, 2015, there were no shares held in escrow. 8,182 shares in escrow were released on May 5, 2014.

Stock options

On March 3, 2010, the directors of the Company consented to adopt a Company Share Option Plan (the "Plan"). The shareholders of the Company approved the Plan on September 8, 2011. The Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at the time of the granting of options. Such options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The changes in options during the years ended March 31, 2015 and 2014 are as follows:

	Year ended March 31, 2015		Year ended March 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	18,938	\$ 7.70	27,493	\$ 8.69
Options expired	-		(8,555)	10.73
Options canceled	(18,938)	(7.70)	-	-
Options outstanding, ending	-	\$ -	18,938	\$ 7.70

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

9. Financial risk and capital management (cont'd)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollars while the functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars:

	March 31, 2015	March 31, 2014
Accounts payable	\$ 29,347	\$ 37,231

Based on the above net exposures, as at March 31, 2015, a 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by \$2,935.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

9. Financial risk and capital management (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2015	March 31, 2014
Loans and receivables:		
Cash	\$ 1,061	\$ 28,909

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2015	March 31, 2014
Non-derivative financial liabilities:		
Accounts payable	\$ 136,000	\$ 91,133

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

10. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended March 31, 2015	Year ended March 31, 2014
Net income (loss)	\$ 124,628	\$ (2,093,059)
Statutory tax rate	26%	26%
Expected income tax expense (recovery) at the statutory tax rate	32,403	(544,195)
Non-deductible items and other	27,811	(29,079)
Effect of change in tax rates	-	(17,122)
Change in valuation allowance	(60,214)	590,396
Income tax recovery	\$ -	\$ -

10. Income tax expense and deferred tax assets and liabilities (cont'd)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	March 31, 2015	March 31, 2014
Non-capital loss carry-forwards	\$ 1,789,336	\$ 1,817,800
Exploration and evaluation assets	1,853,905	1,985,974
Share issuance costs	42,292	113,352
	\$ 3,685,533	\$ 3,917,126

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools	Share issue costs
2031	\$ 90,697	\$ -	\$ -
2032	604,615	-	-
2033	524,874	-	-
2034	545,514	-	-
2035	23,636	-	-
No expiry	-	1,853,905	42,292
	\$ 1,789,336	\$ 1,853,905	\$ 42,292

ECHELON PETROLEUM CORP.
(Formerly Rara Terra Minerals Corp.)
Consolidated Financial Statements
Year Ended March 31, 2014

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Echelon Petroleum Corp.:

We have audited the accompanying consolidated financial statements of Echelon Petroleum Corp. (formerly Rara Terra Minerals Corp.), which comprise the consolidated statements of financial position as at March 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Echelon Petroleum Corp. as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Echelon Petroleum Corp.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, B.C.
July 29, 2014

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

Echelon Petroleum Corp.
(formerly Rara Terra Minerals Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2014	March 31, 2013
ASSETS			
Current assets			
Cash		\$ 28,909	\$ 271,331
Prepaid expenses		252	8,500
GST receivable		-	17,163
		29,161	296,994
Non-current assets			
Mineral exploration and evaluation assets	4	-	461,197
Oil and gas exploration and evaluation assets	5	-	1,116,526
		-	1,577,723
TOTAL ASSETS		\$ 29,161	\$ 1,874,717
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	6,7	\$ 287,921	\$ 49,118
TOTAL LIABILITIES		287,921	49,118
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	8	3,451,518	3,442,818
Share- based payment reserve	8	343,158	343,158
Deficit		(4,053,436)	(1,960,377)
TOTAL EQUITY (DEFICIENCY)		(258,760)	1,825,599
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 29,161	\$ 1,874,717

Going concern (Note 1)
Subsequent events (Note 11)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"John Legg"
John Legg, Director

Echelon Petroleum Corp.
(formerly Rara Terra Minerals Corp.)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Years ended	
		March 31, 2014	March 31, 2013
Revenues			
Oil sales, net	5	\$ 1,371	\$ -
Expenses			
Consulting and management fees	7	320,667	306,750
General and administrative		21,805	5,133
Investor relations		5,375	23,884
Professional fees		48,367	39,577
Property investigation costs	5	-	212,699
Rent	7	42,000	41,891
Transfer agent and filing fees		20,196	9,871
Travel and promotion		15,218	26,979
		473,628	666,784
Other items			
Impairment of mineral exploration and evaluation assets	4	473,787	226,401
Impairment of oil and gas exploration and evaluation assets	5	1,147,015	-
		1,620,802	226,401
Comprehensive loss		\$ 2,093,059	\$ 893,185
Loss per share – basic and diluted	8	\$ (0.71)	\$ (0.43)

Echelon Petroleum Corp.
(formerly Rara Terra Minerals Corp.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Notes	Share capital		Share-based payment reserve	Deficit	Total
		Number of shares	Amount			
Balance at March 31, 2012		2,163,320	\$ 2,603,099	\$ 269,875	\$ (987,155)	\$ 1,885,819
Comprehensive loss		-	-	-	(893,185)	(893,185)
Shares issued for cash – private placement	8	682,000	767,250	-	-	767,250
Share issue costs	8	-	(9,172)	-	-	(9,172)
Shares issued to acquire exploration and evaluation assets	4,8	33,000	21,450	-	-	21,450
Shares issued in connection to finders fees	5,8	49,375	44,437	-	-	44,437
Shares issued for cash – option exercise	8	12,000	15,754	(6,754)	-	9,000
Revaluation of warrants	8	-	-	80,037	(80,037)	-
Balance at March 31, 2013		2,939,695	3,442,818	343,158	(1,960,377)	1,825,599
Comprehensive loss					(2,093,059)	(2,093,059)
Shares issued to acquire exploration and evaluation assets	4,8	7,667	8,700	-	-	8,700
Balance at March 31, 2014		2,947,362	\$ 3,451,518	\$ 343,158	\$ (4,053,436)	\$ (258,760)

See accompanying notes to the consolidated financial statements

Echelon Petroleum Corp.
(formerly Rara Terra Minerals Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	March 31, 2014	March 31, 2013
Operating activities		
Net loss	\$ (2,093,059)	\$ (893,185)
Adjustments for non-cash items:		
Impairment of mineral exploration and evaluation assets	473,787	226,401
Impairment of oil and gas exploration and evaluation assets	1,147,015	-
Changes in non-cash working capital items:		
GST receivable	17,163	99,795
Prepaid expenses	8,248	(1,000)
Accounts payables and accrued liabilities	238,803	25,659
Due to related parties	-	(3,291)
Net cash flows used in operating activities	(208,043)	(545,621)
Investing activities		
Mineral exploration and evaluation expenditures	(3,890)	(208,398)
Oil and gas exploration and evaluation expenditures	(30,489)	(1,072,089)
Net cash flows used in investing activities	(34,379)	(1,280,487)
Financing activities		
Proceeds received for shares issued, net of issuance costs	-	767,078
Net cash flows from financing activities	-	767,078
Decrease in cash	(242,422)	(1,059,030)
Cash, beginning	271,331	1,330,361
Cash, ending	\$ 28,909	\$ 271,331
Non-cash transaction:		
Fair value of shares issued for acquisition of mineral exploration and evaluation assets	\$ 8,700	\$ 21,450
Fair value of shares issued for acquisition of oil and gas exploration and evaluation assets	\$ -	\$ 44,437

1. Nature and continuance of operations

Echelon Petroleum Corp. (the "Company") was incorporated in the name of Rara Terra Capital Corp. under the British Columbia Business Corporations Act on December 17, 2009. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange and in May 2011 completed its Qualifying Transaction and changed its name to Rara Terra Minerals Corp. In May 2013, the Company changed its name to Echelon Petroleum Corp. The Company is in the business of exploring resource properties.

The head office and principal address is located at 1030 West Georgia Street, Suite 1012, Vancouver, British Columbia, Canada, V6E 2Y3. The records and registered office is located at 885 West Georgia Street Suite 800, Vancouver, British Columbia, Canada, V6C 3H1.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in 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. As at March 31, 2014 the Company had not advanced its assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and 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 from existing working capital and or the private placement of common shares.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on July 29, 2014 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated 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").

Basis of preparation

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

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2014	March 31, 2013
0960128 B.C. LTD.	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

During the years ended March 31, 2014 and 2013, the Company's subsidiary, 0960128 BC LTD, was inactive.

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment applied in preparing the Company's financial statements is the assessment of the Company's ability to continue as a going concern.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and the costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

2. Significant accounting policies and basis of preparation (cont'd)

Exploration and evaluation expenditures (cont'd)

- substantive expenditure on further exploration for and evaluation of resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of resources in the specific area have not led to the discovery of commercially viable quantities of resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of oil and gas or mineral resources in an area of interest are demonstrable, exploration and evaluation expenditures attributable to that area of interest are first tested for impairment and then reclassified to mining property or oil and gas property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company with significant financial assets is managed by key management personnel on a fair value basis in accordance with a risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Current income tax (cont'd):

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery or other income.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining or oil and gas assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining or oil and gas assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

2. Significant accounting policies and basis of preparation (cont'd)

Restoration and environmental obligations (cont'd)

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 32 "Financial Instruments: Presentation"

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

3. Accounting standards issued but not yet effective (cont'd)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Mineral exploration and evaluation assets

	Xeno Property	Lonnie Property	Total for year ended March 31, 2014	Total for year ended March 31, 2013
Acquisition costs:				
Balance, beginning	\$ 195,350	\$ -	\$ 195,350	\$ 165,187
Cash	10,000	2,000	12,000	66,607
Shares	7,500	1,200	8,700	21,450
Write-off	(212,850)	(3,200)	(216,050)	(57,894)
Balance, Ending	-	-	-	195,350
Exploration and evaluation expenditures:				
Balance, beginning	265,847	-	265,847	292,562
Geophysical survey	15,600	-	15,600	146,252
Staking	989	-	989	14,509
Tax credit	(24,699)	-	(24,699)	(18,969)
Write-off	(257,737)	-	(257,737)	(168,507)
Balance, ending	-	-	-	265,847
Total	\$ -	\$ -	\$ -	\$ 461,197

Xeno Property, British Columbia

On June 9, 2011, the Company entered into an option agreement to acquire a 100% interest in certain claims referred to as the Xeno property in British Columbia, Canada for the following consideration:

- \$14,500 upon signing of the agreement (paid);
- \$12,500 (paid) and 10,000 common shares upon approval of the Exchange (issued with a fair value of \$18,750);
- \$10,000 (paid) and 6,667 common shares (issued with a fair value of \$4,500) on the 1st anniversary of the Exchange approval date; and
- \$10,000 (paid) and 6,667 (issued with a fair value of \$7,500) common shares on the 2nd anniversary of the Exchange approval date (Note 8).

On June 15, 2011, the Company entered into an option agreement to acquire a 100% interest in certain additional claims referred to as the Xeno property in British Columbia, Canada for the following consideration:

- \$28,000 upon signing of the agreement (paid);
- \$28,000 (paid) and 10,000 common shares upon approval of the Exchange (issued with a fair value of \$18,750); and
- \$50,000 (paid) and 15,333 common shares (issued with a fair value of \$10,350) on the 1st anniversary of the Exchange approval date.

4. Mineral exploration and evaluation assets (cont'd)

Xeno Property, British Columbia (cont'd)

During the year ended March 31, 2013, the Company staked an additional 2,099 hectares located contiguous to the Xeno Property.

During the year ended March 31, 2014, the Company decided not to continue with the property and recognized an impairment loss of \$470,587.

Lonnie Property, British Columbia

On January 31, 2011, the Company entered into an option agreement to acquire a 60% interest in certain mining claims referred to as the Lonnie Property in British Columbia, Canada for the following considerations:

- a) \$60,000 to be paid as:
 - \$10,000 refundable deposit paid Nov 29, 2010 (paid);
 - \$10,000 refundable deposit on agreement execution (paid);
 - \$20,000, renegotiated to \$4,607, on May 5, 2012 (paid); and
 - \$20,000 before May 5, 2013.

- b) \$500,000 exploration expenditures to be incurred as:
 - \$100,000 on or before May 5, 2012 (incurred);
 - \$100,000 on or before May 5, 2013; and
 - \$300,000 on or before May 5, 2014.

- c) Shares to be issued as:
 - 10,000 on or before May 5, 2011 (issued with a fair value of \$20,625);
 - 10,000 on or before May 5, 2012 (issued with a fair value of \$6,000);
 - 10,000 on or before May 5, 2013; and
 - 8,000 on or before May 5, 2014.

The Company agreed to pay two unrelated individuals cash payments of \$6,000 and share issuance of 30,000 shares in total as finders' fees:

- Cash payments of \$2,000 (paid) and issuance of 1,000 shares (issued with a fair value of \$2,062) on the acceptance date of May 5, 2011;
- Cash payments of \$2,000 (paid) and issuance of 1,000 shares (issued with a fair value of \$600) on May 5, 2012;
- Cash payments of \$2,000 (paid) and issuance of 1,000 shares (issued with a fair value of \$1,200); on May 5, 2013 (Note 8); and
- Issuance of 1,000 shares on May 5, 2014.

In April 2013, the Company terminated the option agreement for the Lonnie Property. During the year ended March 31, 2013, the Company recorded an impairment loss of \$226,401 to write off the Lonnie Property. During the year ended March 31, 2014, the Company recorded an impairment loss of \$3,200 to write off additional costs for the Lonnie Property.

5. Oil and gas exploration and evaluation assets

	Total for year ended March 31, 2014	Total for year ended March 31, 2013
Trego Property		
Acquisition costs:		
Balance, beginning	\$ 439,464	\$ -
Additions	-	439,464
Impairment	(439,464)	-
Balance, ending	-	439,464
Exploration and evaluation expenditures:		
Balance, beginning	677,062	-
Additions	30,489	677,062
Impairment	(707,551)	-
Balance, ending	-	677,062
Total	\$ -	\$ 1,116,526

Trego County Property, Kansas, United States

On November 15, 2012 the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement (“OGA”) with CircleStar Energy Corp. (“CircleStar”) wherein for consideration of US\$393,750, CircleStar sold to the Company a 75% working interest before payout (60% net revenue interest) and a 56.25% working interest after payout (45% net revenue interest) in an oil and gas exploration and development prospect located in Trego County, Kansas. In December 2012, the Company made payments totaling \$395,027 (US\$393,750) to CircleStar with respect to the drilling and completion of the first Trego County Property well prospect. The OGA also grants the Company a right of first refusal to participate and acquire interests in new well projects on the Trego County Property. If the Company does not participate in those future project well opportunities or fund its share of the associated costs, the Company will lose its right of first refusal to participate and acquire interests in any future project well opportunities.

During the year ended March 31, 2013, the Company issued 49,375 common shares with a fair value of \$44,437 pursuant to a finder’s agreement between the finder and the Company (Note 8).

On September 13, 2013, the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement with CircleStar for the acquisition of a 50% working interest before payout (40% net revenue interest) and a 37.5% working interest after payout (30% net revenue interest) in certain additional wells located on oil and gas properties in Trego County, Kansas. In consideration for the working interest, the Company must pay to CircleStar an amount of US\$331,640. The agreement replaces the non-binding Letter of Intent (“LOI”) with CircleStar entered into on March 28, 2013. Pursuant to the LOI, the Company advanced a due diligence payment in the amount of \$172,410 (US\$168,300) to fund a 3D seismic program on the project, which was included in property investigation costs on the statement of comprehensive loss for the year ended March 31, 2013 as the Company had not yet obtained the legal right to explore.

During the year ended March 31, 2014, the Company earned \$1,371 in net revenues from oil sales from production on the Trego Property.

During the year ended March 31, 2014, the Company decided not to continue with the Trego Property and recognized an impairment loss of \$1,147,015.

6. Accounts payables and accrued liabilities

	March 31, 2014	March 31, 2013
Accounts payable	\$ 91,133	\$ 24,782
Accrued liabilities (Note 7)	196,788	24,336
	\$ 287,921	\$ 49,118

7. Related party transactions

Related party balances:

The following amounts are due to related parties and included in accounts payable and accrued liabilities (Note 6):

	March 31, 2014	March 31, 2013
Directors of the Company	\$ 138,600	\$ -

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

The Company incurred the following transactions with the directors of the Company and companies that are controlled by directors of the Company.

	Years ended	
	March 31, 2014	March 31, 2013
Consulting fees	\$ 238,667	\$ 273,000
Rent	42,000	41,891
	\$ 280,667	\$ 314,891

Key management personnel compensation

	Years ended	
	March 31, 2014	March 31, 2013
Consulting fees	\$ 238,667	\$ 273,000

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Share consolidation

Effective June 2, 2014, the Company consolidated its shares on a 7.5:1 basis. All share and per share numbers disclosed reflect post-consolidation amounts.

Issued share capital

At March 31, 2014 there were 2,947,362 issued and fully paid common shares (March 31, 2013 – 2,939,695).

8. Share Capital (cont'd)

Share issuance for private placements

During the year ended March 31, 2013, the Company completed a non-brokered private placement of 682,000 common shares at \$1.125 per share for total proceeds of \$767,250. The Company incurred \$9,172 in share issuance costs related to this issuance.

Share issuances for mineral and oil and gas exploration and evaluation assets

During the year ended March 31, 2014, the Company issued 6,667 common shares with a fair value of \$7,500 as part of the purchase price of the Xeno Property (Note 4).

During the year ended March 31, 2014, the Company issued 1,000 common shares with a fair value of \$1,200 as finders' fees for the Lonnie Property (Note 4).

During the year ended March 31, 2013, the Company issued 22,000 common shares at a fair value of \$14,850 as part of the purchase price of the Xeno property (Note 4).

During the year ended March 31, 2013, the Company issued 10,000 common shares at a fair value of \$6,000 as part of the purchase price of the Lonnie property (Note 4). Further, the Company issued 1,000 common shares with a fair value of \$600 as finders' fees for the Lonnie Property (Note 4).

During the year ended March 31, 2013, the Company issued 49,375 common shares at a fair value of \$44,437 as finders fees related to the purchase of a working interest in the Trego County Oil and Gas Property, Kansas (Note 5).

Share issuances for exercise of options

During the year ended March 31, 2013, the Company issued 12,000 common shares for exercise of stock options at \$0.75 per share for total proceeds of \$9,000. A reversal of share-based payment reserves of \$6,754 was recorded in relation to the exercise of 12,000 stock options.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2014 was based on the loss attributable to common shareholders of \$2,093,059 (2013 - \$973,222) and the weighted average number of common shares outstanding of 2,945,482 (2013 - 2,258,562). The loss attributable to common shareholders is made up of the comprehensive loss for the year ended March 31, 2013 of \$893,185 and the incremental increase in the fair value of the warrants of \$80,037 charged to deficit.

Diluted loss per share for the year ended March 31, 2014 did not include the effect of 119,587 stock options as the effect would be anti-dilutive.

Escrow Shares

At March 31, 2014, there were 45,000 shares (2013 - 135,000) in escrow which were released on May 5, 2014 (Note 11).

8. Share Capital (cont'd)

Stock options

On March 3, 2010, the directors of the Company consented to adopt a Company Share Option Plan (the "Plan"). The shareholders of the Company approved the Plan on September 8, 2011. The Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at the time of the granting of options. Such options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The changes in options during the years ended March 31, 2014 and 2013 are as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	151,213	\$ 1.58	163,213	\$ 1.50
Options granted	-	-	-	-
Options exercised	-	-	(12,000)	0.75
Options expired	(47,053)	1.95	-	-
Options forfeited	-	-	-	-
Options outstanding, ending	104,160	\$ 1.40	151,213	\$ 1.58

Details of options outstanding as at March 31, 2014 are as follows:

Exercise price	Remaining contractual life	Number of options outstanding
\$0.75	1.41 years	48,000
\$1.95	2.09 years	68,160
		104,160

At March 31, 2014, the weighted average remaining contractual life of options outstanding was 1.78 years.

8. Share Capital (cont'd)

Warrants

The changes in warrants during the years ended March 31, 2014 and 2013 are as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	606,160	\$ 2.93	646,181	\$ 2.85
Warrants granted	-	-	-	-
Finder's warrants	-	-	-	-
Warrants exercised	-	-	-	-
Warrants expired	(606,160)	2.93	(40,021)	1.88
Warrants outstanding, ending	-	\$ -	606,160	\$ 2.93

During the year ended March 31, 2013, the Company extended the contractual life of 606,160 warrants by 1 year to November 3, 2013. The incremental increase in the fair value of these warrants was calculated to be \$80,037. This increase was charged to deficit. The incremental increase was calculated using the Black-Scholes Option Pricing Model and the following assumptions: expected life 1.15 years; volatility 157%; risk-free interest rate – 1.04%; and dividend rate – 0%.

Share-Based Payment Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and finders' fees until such time that the stock options and finders' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable. This risk is minimal as the receivables are due from the Government of Canada.

9. Financial risk and capital management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

The Company's non-derivative financial liabilities at March 31, 2014, which include accounts payable, are due within one year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollars while the functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars:

	March 31, 2014	March 31, 2013
Accounts payable	\$ 37,231	\$ 2,429

Based on the above net exposures, as at March 31, 2014, a 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by \$3,723.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2014	March 31, 2013
Cash	\$ 28,909	\$ 271,331

9. Financial risk and capital management (cont'd)

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2014	March 31, 2013
Non-derivative financial liabilities:		
Accounts payable	\$ 91,133	\$ 24,782

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

10. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013
Net loss	\$ (2,093,059)	\$ (893,185)
Statutory tax rate	26%	25%
Expected income tax recovery at the statutory tax rate	(544,195)	(223,296)
Non-deductible items and other	(29,079)	10,941
Effect of change in tax rates	(17,122)	-
Share issuance costs not recognized	-	(2,293)
Change in valuation allowance	590,396	214,648
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	March 31, 2014	March 31, 2013
Non-capital loss carry-forwards	\$ 1,817,800	\$ 1,512,306
Exploration and evaluation assets	1,985,974	13,564
Share issuance costs	113,352	186,356
	\$ 3,917,126	\$ 1,712,226

10. Income tax expense and deferred tax assets and liabilities (cont'd)

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools	Share issue costs
2030	\$ 9,914	\$ -	\$ -
2031	157,989	-	-
2032	604,615	-	-
2033	524,874	-	-
2034	520,408		
No expiry	-	1,985,974	113,352
	\$ 1,817,800	\$ 1,985,974	\$ 113,352

11. Subsequent events

The following events occurred subsequent to March 31, 2014:

- a) Effective June 2, 2014, the Company consolidated its common shares on a 7.5:1 basis (Note 8);
- b) On May 26, 2014, the Company entered into cancellation and release agreements with four former directors of the Company, which cancelled debts totaling \$182,500. As at March 31, 2014, \$138,600 is included in accounts payable and accrued liabilities relating to these directors;
- c) On May 26, 2014, the Company entered into a cancellation and release agreement with a company controlled by a director the Company, which cancelled a debt of \$63,750. As at March 31, 2014, \$51,188 is included in accounts payable and accrued liabilities relating to this company;
- d) On May 26, 2014, 104,160 stock options were cancelled as a result of director resignations; and
- e) On May 5, 2014, the remaining 45,000 escrow shares were released (Note 8).

TRENCHANT CAPITAL CORP.
(formerly Echelon Petroleum Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Years ended March 31, 2016 and 2015

Management's discussion and analysis ("MD&A") is prepared as of July 28, 2016, and provides a review of the performance of Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) ("Trenchant" or the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2016 and related notes included therein which are prepared in accordance with International Financial Reporting Standards. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all figures are stated in Canadian dollars. Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking information is expressly qualified in its entirety by this cautionary statement. The Company disclaims any obligation to update forward-looking information to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

RISKS AND UNCERTAINTIES

Risk factors include:

- The Company has no active business.
- The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the change of business described herein.
- It is possible the Company may never generate earnings or be in a position to pay dividends.
- The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.
- The Company has only limited funds available to identify and evaluate potential transactions and thereby cannot provide assurance the Company will be able to identify or complete the change of business or any other transaction.
- Possible tightening of the credit markets, global economic uncertainty, and counterparty risk.
- All assumptions regarding business prospects and opportunities.

Date of Report: July 28, 2016

Overall Performance

Nature of Business and Overall Performance

Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) 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").

The head office and registered and records address is located at 583 Beach Crescent, Suite 702, Vancouver, British Columbia, Canada, V6E 2Y3. The Company has one subsidiary, 0960128 B.C. Ltd.

In May 2011, the Company completed its qualifying transaction as a resource issuer and was engaged in the exploration and development of mineral and oil and gas natural resource properties. The Company subsequently became inactive and, in August 2015, was subject to a cease trade order issued by the British Columbia Securities Commission for failure to file financial statement, which was revoked on April 25, 2016.

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

The Company has announced that it is pursuing a change of business to become a Tier 2 Investment Issuer on the TSXV. The Company has executed a non-binding term sheet with Hillcore Group Ltd. ("Hillcore Group") pursuant to which the Company will loan a minimum of \$15,000,000 and a maximum of \$20,000,000 (the "Loan") to the Hillcore Group, or to one of its portfolio companies. The Company plans to fund the loan through an offering of convertible debentures, and also plans to issue \$3,000,000 in convertible preferred shares to provide working capital for due diligence on additional potential investments, and to satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer.

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Refer to the Company's news release dated June 7, 2016 for further details on the proposed change of business.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in 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 its ability to attain profitable operations and generate funds therefrom 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 from loans from related parties and or the private placement of common shares.

Selected Financial Information

	For the Year ended <u>March 31, 2016</u>	For the Year ended <u>March 31, 2015</u>	For the Year ended <u>March 31, 2014</u>
Total revenues	\$ -	\$ -	\$ 1,371
Loss before other items	(58,232)	(127,809)	(473,628)
Comprehensive income (loss)	(24,400)	124,628	(2,093,059)
Basic and diluted net loss per common share	(0.05)	(0.23)	(0.71)
Current assets	6,555	1,868	29,161
Total assets	6,555	1,868	29,161
Current liabilities	160,587	136,000	287,921
Share capital & share based payment reserve	3,799,176	3,794,676	3,794,676
Deficit	(3,953,208)	(3,928,808)	(4,053,436)
Dividends	n/a	n/a	n/a

The increase in total assets to \$6,555 in 2016 from \$1,868 in 2015 was primarily due to the increase to GST receivables and cash received from financing activities.

The financial data for the years ended March 31, 2016 and March 31, 2015 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Results of Operations

Expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
Consulting and management fees	\$ 7,954	\$ 58,812
Foreign exchange (gain) loss	(7,687)	3,880
General and administrative	1,145	1,604
Business development	12,300	-
Professional fees	12,590	16,357
Rent	-	10,150
Transfer agent and filing fees	10,534	28,052
Travel and promotion	21,396	8,954
Loss before other items	58,232	127,809
Other items	(33,832)	(252,437)
Comprehensive income (loss)	\$ (24,400)	\$ 124,628

The Company has not yet generated revenue to date and has reported net losses since inception. Comprehensive income (loss) during the year ended March 31, 2016 was (\$24,400) (March 31, 2015: \$124,628). The loss in 2016 was primarily the result of consulting and management fees, travel and promotion and business development costs. Management spend considerable time pursuing a change in business, negotiating agreements and securing financing. The Company had a gain of \$33,832 by settlement of an outstanding payable with a director and a creditor in the current year. The net income in the year ended March 31, 2016 primarily was the result of settlements with certain former and current directors, officers and consultants of the Company and their affiliates, whereby they agreed to forgive a total of \$246,250 of accrued management and consulting fees.

Three months ended March 31, 2016

The net income (loss) was \$6,932 for the three months ended March 31, 2016, (March 31, 2015 – (\$52,947)). Income in the three months ended March 31, 2016, were primarily the result of settlement gains of \$12,500 with a director and \$21,332 with a creditor (March 31, 2015 - \$Nil). Consulting and management fees were \$Nil (March 31, 2015 – \$12,500) and foreign exchange gains were \$7,687 (March 31, 2015 – (\$Nil)). Business development costs were \$12,300 (March 31, 2015 - \$Nil) and transfer agent and filing fees were \$8,871 (March 31, 2015 - \$16,012). Professional fees were \$10,151 (March 31, 2015 - \$14,737) and general and administrative expense recovery of \$3,265 (March 31, 2015 - \$9,698).

Consulting and management fees and business development costs were incurred in the current year in connection with a planned change of business of the Company and related financing.

Dividend Report & Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

For the Quarterly Periods ended:		March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Total Revenues	\$	-	-	-	
Net and comprehensive income (loss) for the period	\$	6,932 ¹	(9,700)	(4,530)	(17,102)
Loss per share, basic and diluted	\$	0.00	(0.02)	(0.00)	(0.03)

For the Quarterly Periods ended:		March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total Revenues	\$	-	-	-	-
Net and comprehensive income (loss) for the period	\$	(52,947) ²	(8,150)	413	185,312 ³
Income (loss) per share, basic and diluted	\$	(0.10)	(0.00)	0.00	0.06

1. The Company's loss for the period includes non-cash items of a gain from the settlement of a creditor debt of \$21,332, settlement of debt with a director of \$12,500 and foreign exchange gains of \$11,000
2. The Company's loss for the period includes transfer agent and filing fees of \$16,012 and professional fees of \$14,342. There were no non-cash items.
3. The Company's income for the period included non-cash items of gains from settlements of payables to directors in the amount of \$254,250, and creditors in the amount of \$7,770.

Financial Condition, Liquidity and Capital Resources

The Company has total assets of \$6,555 (March 31, 2015 - \$1,868). The primary assets of the Company are cash of \$2,053 (March 31, 2015 - \$1,061) and GST receivables of 4,502 (March 31, 2015 - \$807). The Company has negative working capital of (\$154,032) (March 31, 2015 - \$134,132).

At March 31, 2016, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$3,953,208 (March 31, 2015 - \$3,928,808).

On April 15, 2016, the Company issued 1,000,000 common shares at \$0.06 per share to settle a debt of \$60,000 and 10,000,000 common shares at \$0.06 per share for proceeds of \$600,000. No fees were incurred for this financing.

The Company has executed a non-binding term sheet with Hillcore Group Ltd. pursuant to which the Company will loan a minimum of \$15,000,000 and a maximum of \$20,000,000 to the Hillcore Group, or to one of its portfolio companies. The Company plans to fund the Loan through an offering of convertible debentures, and also plans to issue \$3,000,000 in convertible preferred shares to provide working capital for due diligence on additional potential investments and to satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer

The Company's ability to continue as a going concern is dependent upon its ability to complete the change of business and related financings, generate future profitable operations and raise further capital, the success of which cannot be assured.

As at March 31, 2016, the Company did not have any contractual obligations.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

As at March 31, 2016 the Company had amounts payable to Eric Boehnke, CEO, in the amount of \$86,666 (March 31, 2015 - \$24,462) and Big Sky Management, a Company controlled by the CEO, in the amount of \$5,060 for re-imbursement of various corporate expenses, (\$60,000 of which was settled in a shares for debt settlement subsequent to the period end), John Legg, director, for re-imbursement of expenses in the amount of \$4,769, and Jennie Choboter, CFO, in the amount of \$14,175 (March 31, 2015 - \$7,875) for professional fees. These amounts are due to related parties and included in accounts payable and accrued liabilities.

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

The Company entered into the following transactions with the directors and officers of the Company and companies that are controlled by directors of the Company.

	Years ended	
	March 31, 2016	March 31, 2015
Consulting and management fees:		
John Legg-director	\$ -	\$ 12,500
Roger Flowerdew, CFO	-	12,656
John Veltheer, director	-	12,656
Investment Consulting Ltd,	-	8,438
Rent:		
Network Exploration Ltd., CEO.	-	10,150
Professional fees		
Jennie Choboter, CFO	6,000	7,500
	\$ 6,000	\$ 63,900
Settlements-directors and officers	\$ 12,500	\$ 246,250

Critical Accounting Estimates

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2016 and 2015 (as are filed and reviewable on SEDAR (www.sedar.com)) the Company has no other critical accounting estimates.

Changes in Accounting Policies

There are no accounting policies that the Company has adopted, other than what was disclosed in the annual audited financial statements for the year ended March 31, 2016.

Critical Risk Factors

Risk of failure to complete the change of business and related financing

The Company is limited in financial resources and has no assurance that additional funding will be available to it to complete and fund the change of business.

Risk of Exchange Listing

The Company has no assurance that it can satisfy the minimum listing requirements of the TSXV for a Tier 2 Investment Issuer and resume trading

Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held

in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has not advanced its assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and 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 from existing working capital and or the private placement of common share.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

The Company's non-derivative financial liabilities at March 31, 2016, which include accounts payable, are due within one year.

	Within one year	Between one and five years	More than five years
Accounts payable	\$ 153,994	\$ -	\$ -

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. At March 31, 2016, there is no foreign currency exposure because there are no liabilities denominated in foreign currencies. This risk is considered minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Dependence on key personnel

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2016	March 31, 2015
Cash	\$ 2,053	\$ 1,061

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2016	March 31, 2015
Non-derivative financial liabilities:		
Accounts payable	\$ 153,994	\$ 136,000

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

Disclosure of Outstanding Share Data

Authorized: Unlimited common shares without par value

Issued - As of the date of this MD&A the following Shares, incentive stock options and warrants were outstanding;

Common Shares – 11,535,885
Incentive Stock Options – Nil
Warrants – Nil

Other Information and Board Approval

Additional information about the Company is available on SEDAR at www.sedar.com. This MD&A has been reviewed and approved by the Board of Directors of the Company.

CERTIFICATE OF THE COMPANY

DATED: April 20, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

"Eric Boehnke"

Eric Boehnke
Chief Executive Officer

"Jennie Choboter"

Jennie Choboter
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"John Legg"

John Legg
Director

"Thomas English"

Thomas English
Director

CERTIFICATE OF THE PROMOTER

DATED: April 20, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

"Eric Boehnke"

Eric Boehnke
Promoter

CERTIFICATE OF THE AGENTS

DATED: April 20, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

**INDUSTRIAL ALLIANCE SECURITIES
INC.**

(SIGNED) VILMA JONES

CANACCORD GENUITY CORP.

GMP SECURITIES L.P.

RAYMOND JAMES LTD.

(SIGNED) MICHAEL D. SHUH

(SIGNED) ANDREW KIGUEL

(SIGNED) J. GRAHAM FELL

ECHELON WEALTH PARTNERS INC.

**MACKIE RESEARCH CAPITAL
CORPORATION**

PI FINANCIAL CORP.

(SIGNED) DAVID CUSSON

(SIGNED) DAVID KEATING

(SIGNED) TRINA WANG

HAMPTON SECURITIES LIMITED

**INTEGRAL WEALTH SECURITIES
LIMITED**

LEEDE JONES GABLE INC.

(SIGNED) MIKE LIGETI

(SIGNED) MICHAEL BIGNELL

(SIGNED) RICHARD H. CARTER