

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Trenchant Capital Corp. (the “**Company**”)
9th Floor, 1021 West Hastings Street
Vancouver, BC V6E 0C3

Item 2 Date of Material Change

March 23, 2018

Item 3 News Release

News release dated March 26, 2018 was disseminated via GlobeNewswire.

Item 4 Summary of Material Change

The Company has closed the initial tranche of its prospectus offering as previously announced on February 21, 2018 (the “**Debenture Offering**”), pursuant to which it has raised gross proceeds of \$5,659,000 through the issuance of 5,659 8% Series B secured convertible debentures (the “**Debentures**”) priced at \$1,000 per Debenture. The syndicate for the Debenture Offering was led by Canaccord Genuity Corp. and Industrial Alliance Securities Inc. as co-lead agents, together with Raymond James Ltd., GMP Securities L.P., PI Financial Corp., Echelon Wealth Partners Inc., Integral Wealth Securities Ltd., Hampton Securities Limited and Mackie Research Capital Corporation (collectively, the “**Agents**”), who received a cash commission of 6.5% of the gross proceeds of the Debenture Offering. The net proceeds of the Debenture Offering were used to fund the Loan (as defined herein).

The Debenture Offering

The Debentures will mature on January 31, 2023 and the outstanding principal of the Debentures will bear interest (the “**Debenture Interest**”) at the rate of 8.0% per annum, payable quarterly in cash. Commencing on March 23, 2019, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company (each, a “**Common Share**”) at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the Common Shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.25 per Common Share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Debentures, and the Debenture Interest thereon, in cash, at any time after March 23, 2020 by paying the Debenture holders 105% of the outstanding principal amount of the Debentures in year three, 103% of the outstanding principal amount of the Debentures in year four, and 101% of the outstanding principal amount of the Debentures in year five, plus any accrued Debenture Interest thereon. The Company has pledged all of the outstanding shares of a wholly-owned subsidiary (the “**Lender**”) to the holders of the Debentures as security for the Company’s outstanding obligations under the Debentures. The holders of the Debentures have no recourse to the Company other than with respect to the

shares of the Lender. The Company intends to apply to list the Debentures on the TSX Venture Exchange (the "TSXV"), subject to there being a sufficient number of holders to meet the TSXV's distribution requirements.

The Omni Investment

The Company, through the Lender, has made an initial investment in the sum of \$5,659,000 to ABO Investments Limited Partnership (the "**Borrower**") pursuant to a loan agreement (the "**Loan Agreement**") dated December 21, 2017, as amended (the "**Omni Investment**"). The Borrower is a limited partnership related to the Hillcore Group ("**Hillcore**"). The Omni Investment is secured by the Borrower's 88.73% indirect equity interest in Omni Health Investments ("**Omni**"), one of Canada's largest long-term care operators.

Omni owns, operates and manages, under license from the Ontario government, 18 long-term care homes located throughout eastern and southwestern Ontario. Its corporate office is located in Peterborough, Ontario. With 1,500 beds and over 1,700 employees, Omni is the sixth largest long-term care operator in Canada measured by bed count. Omni has been recognized as one of Canada's Top 100 Employers on three occasions. For more details on Omni see: omniway.ca

The outstanding principal of the Omni Investment will bear interest at the rate of 10% per annum payable quarterly in cash and payable on the maturity date of January 27, 2023. The Borrower has paid the Company a fee equal to 7% of the funds advanced.

In connection with the Omni Investment, the Company made a loan in the principal amount of \$1,500,000 (the "**Sidecar Loan**") to the Borrower pursuant to a loan agreement dated December 21, 2017 (the "**Sidecar Loan Agreement**") between the Company and the Borrower. The Sidecar Loan will have the same term as, and be subordinated to, the Loan (save for bearing 8% interest) and will be funded from funds previously advanced to a company controlled by Hillcore in June 2017.

The Borrower has also granted the Company a five-year unit purchase option entitling it to purchase up to 15% of the Borrower's indirect holdings in Omni for an exercise price of up to \$7,725,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis based on the combined amount of funds actually advanced under the Loan Agreement and the Sidecar Loan Agreement.

The Hillcore Group

Hillcore is a leading independent Canadian investment and advisory firm that invests predominantly in the life sciences, real estate, seniors living, financial, industrial and energy sectors. With offices in Toronto, Vancouver, Calgary and Montreal, Hillcore employs approximately 2,500 people throughout Canada across its various groups and portfolio companies. Entities under management by Hillcore had an asset value in excess of \$4.5 billion as of December 31, 2016.

Hillcore Strategic Alliance

In 2016, the Company entered into a strategic alliance with Hillcore that grants the Company rights of first negotiation to provide special situation debt financing to Hillcore's pipeline of current and future private equity investments. The Company expects that such financings may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. The Company has also been granted certain back-in and tag along

negotiation rights, as well as negotiation rights, for capital market transactions with respect to projects for which the Company has provided financing. HCG5 Investment Limited Partnership (“HCG5”), a limited partnership related to Hillcore, holds approximately 17.3% of the issued and outstanding Common Shares.

As HCG5 holds 17.3% of the issued and outstanding Common Shares, the Loan and the Sidecar Loan constitute “related party transactions” as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), which requires that the Company, in the absence of exemptions, obtain a formal valuation for, and minority shareholder approval of, the related party transactions. The Company is relying on the exemptions from the formal valuation and minority shareholder approval requirements set out in sections 5.5(e) and 5.7(c) of MI 61-101. The Loan, the Sidecar Loan and related transactions were supported and approved, by Eric Boehnke, a director of the Company who is not an interested party to the Loan or the Sidecar Loan and related transactions, and who owns 4,955,793 Common Shares, representing 43.0% of the issued and outstanding Common Shares.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

A full description of the material change is described in Item 4 above and in the attached news release which was filed on SEDAR on March 26, 2018.

Disclosure Required by MI 61-101

Pursuant to MI 61-101, the Loan and the Sidecar Loan constitute “related party transactions”, as the Loan and the Sidecar Loan were made to an affiliate of Hillcore.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

See Item 4 above for a description of the Loan and the Sidecar Loan

(b) the purpose and business reasons for the transaction:

The Loan will represent the third investment of the Company since becoming an investment issuer.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

See (b) above.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

The Borrower, which is related to Hillcore, received the Loan and the Sidecar Loan from the Company.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

The Loan and the Sidecar Loan did not result in any change in the percentage of securities of the Company beneficially owned or controlled by any person or company referred to in subparagraph (i).

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

Each of the Loan and the Sidecar Loan was approved unanimously by the Company's board of directors, none of whom are related parties to HCG5 or Hillcore or interested parties in connection with the Loan Agreement or the Sidecar Loan Agreement. Eric Boehnke, a director of the Company, owns 4,958,293 Common Shares, representing 43.0% of the issued and outstanding Common Shares, as at the date hereof, and was not an interested party in connection with the Loan and the Sidecar Loan.

A special committee was not established in connection with the approval of the Loan and the Sidecar Loan, and no materially contrary view or abstention was expressed or made by any director.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

See Item 4 above for a description of the Loan Agreement and the Sidecar Loan Agreement.

- (i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:*

The Company relied on the exemptions in Sections 5.5(e) and 5.7(c) of MI 61-101 as the above transactions were approved by Eric Boehnke, a director of the Company who is not an interested party to these transactions and who owns 4,955,793 Common Shares, representing 43.0% of the issued and outstanding Common Shares as at the date hereof.

The Company did not file a material change report more than 21 days before making the Loan and the Sidecar Loan as the Company determined to make the Loan and the Sidecar Loan on an expedited basis.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Eric Boehnke, President and CEO
Telephone: (604) 307-4274

Item 9 Date of Report

April 3, 2018

Not for distribution to United States newswire services or
for dissemination in the United States.



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

March 26, 2018

Trading Symbol: TCC.H

TRENCHANT CLOSSES INITIAL TRANCHE OF PROSPECTUS FINANCING
Also Completes Omni Initial Investment

March 26, 2018, Toronto, ON - Trenchant Capital Corp. (TSX.V: TCC.H) (“Trenchant” or the “Company”) is pleased to announce that it has closed the initial tranche of its prospectus offering, as previously announced on February 21, 2018 (the “**Debenture Offering**”), pursuant to which it has raised gross proceeds of \$5,659,000 through the issuance of 5,659 8% Series B secured convertible debentures (the “**Debentures**”) priced at \$1,000 per Debenture. The syndicate for the Debenture Offering is being led by Canaccord Genuity Corp. and Industrial Alliance Securities Inc. as co-lead agents, together with Raymond James Ltd., GMP Securities L.P., PI Financial Corp., Echelon Wealth Partners Inc., Integral Wealth Securities Ltd., Hampton Securities Limited and Mackie Research Capital Corporation (collectively, the “**Agents**”), who received a cash commission of 6.5% of the gross proceeds of the Debenture Offering. The net proceeds of the Debenture Offering were used to fund the Loan (as defined herein).

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MI 61-101 Disclosure

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About Trenchant

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

Other Information

Please refer to the Company’s filing statement dated April 20, 2017, available under the Company’s profile on SEDAR at www.sedar.com, for further particulars on the Offerings, the Initial Investment and the Change of Business.

ON BEHALF OF THE BOARD

TRENCHANT CAPITAL CORP.

Per: “Eric Boehnke”
Eric Boehnke, CEO

For further information, please contact:

Trenchant Capital Corp.
Eric Boehnke, CEO
Phone: (604) 307-4274

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

Disclaimer for Forward-Looking Information

This news release includes certain “forward-looking statements” under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include statements that the Company may complete future tranches of the Offering, and the potential for listing of the Debentures on the TSXV. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors that may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: the Company’s inability to apply to list the Debentures on the TSXV; general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; and other risks outside of the Company’s control. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except as required by applicable laws, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.