



**1790 – 1066 West Hastings Street
Vancouver, BC V6E 3X1**

CSE FORM 2A

LISTING STATEMENT

**DATE: August 28, 2020
(except as otherwise indicated)**

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Definitions

The following is a glossary of certain definitions used in this Listing Statement. Terms and abbreviations used in this Listing Statement and also appearing in the documents attached as schedules to the Listing Statement (including the financial statements) are defined separately if the terms and abbreviations defined below are not used therein, except where otherwise indicated. Any capitalized term used but not defined in this Listing Statement have the meanings ascribed thereon in the CSE's Policies. Words below importing the singular, where the context requires, include the plural and *vice versa*, and words importing any gender include all genders. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

"ABO" means ABO Healthcare Limited Partnership, a British Columbia limited partnership, which owns 90.08% of the outstanding AHLP Units.

"ABO's General Partner" means ABO Healthcare GP Ltd., a British Columbia company, and the general partner of the ABO.

"Advance" means an advance in the principal amount of \$1,300,000 made by the Company to an Affiliate of Hillcore Group as an advance on a second investment transaction with Hillcore Group pursuant to an advance agreement dated June 29, 2017.

"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;

"Associate" has the meaning ascribed to it in the *Securities Act* (British Columbia), as amended.

"AHLP" means Abacus Healthcare Limited Partnership, an Ontario limited partnership and owner of 98.5% of the outstanding common shares of Omni.

"AHLP-GP" means 9334378 Canada Ltd., the general partner of AHLP.

"AHLP Units" means limited partner units in AHLP.

"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.

"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 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 Common Shares, other than pursuant to conversion of the Debentures or Series A Debentures, or conversion of any Preferred Shares; 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 Common 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.

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

“**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.

“**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 a corporation so as to affect materially the control of that corporation, or that holds more than 20% of the outstanding voting securities of a corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the corporation.

“**Conversion Eligibility Date**” means the first date on which the Debentures may be converted, which is March 23, 2019 being the first anniversary of the initial closing of the First Omni Debenture Offering.

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

“**Conversion Price**” means the greater of: (i) 95% of the VWAP of the Common Shares for the 30 trading-day period ending three Business Days prior to an applicable Conversion Notice Date; and (ii) \$1.25 per Common 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.

“**CSE**” means the Canadian Securities Exchange, operated by CNSX Markets Inc.

“**Debenture**” means an 8% secured convertible debenture of the Company which is governed by the Trust Indenture and “**Debentures**” means two or more of them.

“**Debenture Offer**” means an offer by the Company to purchase all of the Debentures then outstanding in connection with a Change of Control.

“Debenture Trustee” means Computershare Trust Company of Canada, the debenture trustee for the Debentures.

“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.

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

“Escrow Agreement” means the TSXV Form 5D value security escrow agreement dated May 18, 2017 among the Company, the Debenture Trustee and the holders of the Escrow Shares.

“Escrow Shares” means the Common Shares held in escrow under the Escrow Agreement.

“Final Exchange Bulletin” means the final bulletin issued by the TSXV on May 26, 2017 in connection with Company’s Change of Business to an Investment Issuer (each as defined in the Manual).

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

“First Omni Debenture Offering” means the offering of Debentures pursuant to the First Omni Debenture Prospectus to raise minimum gross proceeds of \$5,000,000 and maximum gross proceeds of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full), which offering closed in two tranches and raised aggregate gross proceeds of \$7,994,000, with \$5,659,000 being raised pursuant to the initial tranche which closed on March 23, 2018 and \$2,335,000 being raised pursuant to the second tranche which closed on May 17, 2018.

“First Omni Debenture Prospectus” means the Amended and Restated Prospectus of the Company dated February 21, 2018.

“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 and a Related Party.

“Hillcore” means Abacus Private Equity Ltd.

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

“**Hillcore Loan**” means the loan of the full proceeds of the Omni Investment from ABO to Hillcore for a term equal to the term of the Omni Investment at a rate of interest not less than the Fixed Rate (as defined in the Omni Loan Agreement) or, in the case of Default (as defined in the Omni Loan Agreement), the default rate.

“**Hillcore Loan Agreement**” means the loan agreement dated March 23, 2018 between ABO and Hillcore documenting the Hillcore Loan.

“**Holder**” means a holder of Debentures, and “**Holder**s” means any two or more of them.

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

“**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.

“**Listing Statement**” means this CSE Form 2A Listing Statement dated effective August 28, 2020;

“**LTC**” means long-term care.

“**Manual**” means the Corporate Finance Manual of the TSXV.

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

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

“**NEER**” means the New Experimental Experience Rating program provided through the Ontario Workplace Safety and Insurance Board which provides for annual rebates or surcharges based on an entity’s workplace safety record.

“**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) such borrower’s EBITDA for that period.

“**Omni**” means Omni Health Investments Inc., a company incorporated under the laws of the Province of Alberta.

“**Omni Investment**” means the loans in the aggregate minimum principal amount of \$5,000,000 and the aggregate maximum principal amount of \$23,000,000 (if the Over-Allotment Option is duly exercised in full) to be made by the Omni Lender to ABO in tranches pursuant to the Omni Loan Agreement, the first tranche of which was advanced on March 23, 2018 in the principal amount of \$5,659,000, the second tranche of which was advanced on May 17, 2018 in the principal amount of \$2,335,000, the third tranche of which was advanced on May 30, 2019 in the principal amount of \$2,428,000, and the fourth tranche of which was advanced on June 28, 2019 in the principal amount of \$1,761,000.

“**Omni Lender**” means 1141864 B.C. Ltd., a wholly-owned subsidiary of the Company, incorporated under the BCBCA.

“**Omni Loan Agreement**” means the loan agreement dated December 21, 2017, as amended on March 21, 2018, between the Omni Lender and ABO with respect to the Omni Investment.

“**Omni Pledge Agreement**” means the pledge of securities agreement dated March 23, 2018, as amended, between the Company and the Debenture Trustee, pursuant to which the Debenture Trustee is granted a first ranking security interest in the securities of the Omni Lender on behalf of itself and the Holders.

“**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.

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

“**Proposed Amendments**” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Listing Statement.

“**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 Person**” has the meaning ascribed to it in CSE Policy 1.

“**Second Omni Debenture Offering**” means the offering of Debentures pursuant to the Second Omni Debenture Prospectus to raise minimum gross proceeds of \$1,000,000 and maximum gross proceeds of \$12,000,000 (or \$13,800,000 in the event that the Over-Allotment Option is exercised in full), which offering closed in two tranches and raised aggregate gross proceeds of \$4,189,000, with \$2,428,000 being raised pursuant to the initial tranche which closed on May 30, 2019 and \$1,761,000 being raised pursuant to the second tranche which closed on June 28, 2019.

“**Second Omni Debenture Prospectus**” means the prospectus of the Company dated May 8, 2019.

“**Security Group**” means, collectively, ABO and ABO’s General Partner, as well as all subsidiaries thereof, including, without limitation, AHLP and Omni, together with their respective general partners, and “**member of the Security Group**” means any one of them.

“**Senior Credit Agreement**” means the credit agreement among Omni, through an operating subsidiary, a syndicate of lenders, and Sun Life Assurance Company of Canada as agent, pursuant to which Omni may borrow up to \$71,200,000.

“**Series A 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 Common Share, subject to adjustment on the occurrence of certain events.

“**Series A Debenture**” means a 9% secured convertible debenture of the Company and “**Series A Debentures**” means two or more of them.

“**Series A Indenture**” means the convertible debenture indenture dated May 18, 2017 between the Company and the Debenture Trustee with respect to the Series A Debentures.

“**Shareholders**” means the holders of Common 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.

“**Trenchant Loan Agreement**” means the loan agreement dated December 21, 2017 between Trenchant and ABO with respect to the assignment of the Advance to ABO.

“**Trust Indenture**” means the trust indenture dated March 23, 2018 Trenchant and the Debenture Trustee with respect to the Debentures.

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

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

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

“**Waiward Investment**” means the loan in the aggregate principal amount of \$7,740,000 made by the Waiward Lender to WILP pursuant to the terms of the Waiward Loan Agreement.

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

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

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

“**WILP**” means Waiward Investments Limited Partnership.

FORWARD-LOOKING STATEMENTS

Certain statements in this Listing Statement 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 Listing Statement. 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”. Forward-looking statements in this Listing Statement include, but are not limited to, statements with respect to:

- expectations as to future operations of the Company;
- the Company’s anticipated financial performance;
- the Company’s expectations regarding the ability of ABO to service the Omni 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 Omni Investment, 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 Company's limited operating history as an investment company; the fact that the sole recourse of the Debenture Trustee (on behalf of the Holders) against the Company shall be with respect to the first priority security interest granted to the Debenture Trustee in the securities of the Omni Lender, and the Debenture Trustee and the Holders shall have no right to payment from the Company, ABO, or against any of the Company's other property or assets, except as otherwise permitted by law, or against any of the assets of ABO or its Affiliates; 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 Common Share price; risks relating to the trading price of the Common Shares relative to net asset value; risks relating to available investment opportunities and competition for investments; risks relating to the Company's 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; risks related to the Omni Investment, risks relating to the LTC homes which Omni operate and risks relating to COVID-19, 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 ABO, 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 Listing Statement 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 Listing Statement 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 Listing Statement may also contain future oriented financial information ("**FOFI**") within the meaning of applicable securities laws. The FOFI has been prepared by the management of Omni to provide an outlook of the activities and results of Omni, 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 Omni 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 Listing Statement 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 Listing Statement 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 “*Definitions*” in this Listing Statement.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

The Company’s name is “Trenchant Capital Corp.” The head office and principal business office of the Company is located at 1790 – 1066 West Hastings Street, Vancouver, BC V6E 3X1, and its registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

2.2 Jurisdiction of Incorporation

The Company was incorporated under the BCBCA on December 17, 2009 under the name Rara Terra Capital Corp. The Company changed its name to Rara Terra Minerals Corp. on May 4, 2011, to Echelon Petroleum Corp. on May 3, 2013 and to Trenchant Capital Corp. on May 10, 2016.

On May 17, 2017, the Company designated an unlimited number Preferred Shares as series A preferred shares (the “**Series A Preferred Shares**”), having certain special rights and restrictions. See Section 10.1 – “*Description of Company’s Securities – Preferred Shares*” for a description of the special rights and restrictions of the Series A Preferred Shares.

On May 11, 2020, the Company amended the special rights and restrictions attached to the Series A Preferred Shares to extend the date for their automatic conversion into Common Shares. The conversion date has been extended from May 18, 2020 to the date that is the earlier of: (i) June 30, 2020, and (ii) the conversion date determined by the Board in their sole discretion, which conversion date must be on or after May 18, 2020, provided that the Company provides five (5) days prior written notice to the holders of the Series A Preferred Shares of such conversion date.

2.3 Inter-corporate Relationships

The Company has two wholly-owned subsidiaries, the Omni Lender (which was created for the sole purpose of making the Omni Investment) and the Waiward Lender (which was created for the sole purpose of making the Waiward Investment). The two subsidiaries are companies incorporated under the BCBCA.

2.4 Fundamental Change

This is not applicable to the Company.

2.5 Incorporation Outside Canada

This is not applicable to the Company.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Company is a Reporting Issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and its Common Shares trade on the CSE under the stock symbol "TCC", the Series A Debentures trade on the CSE under the stock symbol "TCC.DB" and the Debentures trade on the CSE under the stock symbol "TCC.DB.A". The Company previously had its Common Shares traded on the TSXV since August 2010 under the symbol "TCC", its Series A Debentures since October 2017 under the symbol "TCC.DB" and its Debentures since October 2018 under the symbol "TCC.DB.A".

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 Common 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. The BCSC revoked the cease trade order on April 25, 2016, when the outstanding filings were completed, and the TSXV reinstated trading in the Common Shares on the NEX board on May 3, 2016.

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 3,000 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 \$8.5 billion. Entities under management by Hillcore Group had an asset value in excess of \$4.5 billion as of December 31, 2019.

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 with respect to 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 10.66% of the issued and outstanding Common Shares.

Change of Business

On May 10, 2016, the Company changed its name from "Echelon Petroleum Corp." to "Trenchant Capital Corp." to facilitate a proposed change of business from Resource Issuer to Investment Issuer (each as defined in the Manual).

Initial Investment

On March 2, 2017, the Waiward Lender entered into the Waiward Loan Agreement with WILP, a limited partnership related to Hillcore Group, pursuant to which the Waiward Lender agreed to loan up to \$20,000,000 to WILP, secured by WILP's indirect equity interest in Waiward Steel LP, one of Canada's largest steel fabricators and erectors.

The Waiward Loan Agreement provides that the outstanding principal of the Waiward Investment bears interest at a rate of 12.5% per year, with 10% payable quarterly in cash and 2.5% being added quarterly to the outstanding principal of the loan and payable on the maturity date of March 31, 2022. WILP also agreed to pay a finance fee equal to 7% of the amount of the funds advanced, and issue the Company a five-year unit purchase option entitling it to purchase up to 10% of WILP's indirect holdings in Waiward Steel, as more particularly described below. WILP may prepay the outstanding principal of the Waiward Investment, and the interest thereon, at any time after two years from the Waiward Investment closing date, by paying the Waiward Lender 105% of the outstanding principal amount of the Waiward Investment in year 3, 103% of the outstanding principal amount of the Waiward Investment in year 4 and 101% of the outstanding principal amount of the Waiward Investment in year 5, plus any applicable interest thereon. The Waiward Investment is secured by a pledge of WILP's indirect interest in Waiward Steel. The Waiward Loan Agreement also provides that the Company will provide management services to WILP, have observer rights at board meetings of WILP, and have the right to appoint a nominee to the board of directors of WILP.

On May 18, 2017, the Company issued 5,522 Series A Debentures under a prospectus dated April 20, 2017 for gross proceeds to the Company of \$5,522,000, and advanced the sum of \$5,522,000 to WILP under the Waiward Loan Agreement. Also on May 18, 2017, the Company closed a non-brokered private placement pursuant to which it issued 6,750,000 Series A Preferred Shares at a price of \$0.40 per Series A Preferred Share, for gross proceeds of \$2,700,000. The proceeds of the private placement of the Series A Preferred Shares were used to pay: (i) the fees and expenses related to both private placements which closed on May 18, 2017, the Waiward Investment and the change of business transaction, and (ii) for general working capital. See Section 10.1 - "Description of the Securities" for a description of the Preferred Shares, the Series A Preferred Shares and the Series A Debentures.

On May 26, 2017 the TSXV accepted for filing the Company's Change of Business to an Investment Issuer (each as defined in the Manual).

Subsequent Investments in WILP

On June 26, 2017, the Company issued a second tranche of 1,488 Series A Debentures under the prospectus dated April 20, 2017, for gross proceeds to the Company of \$1,488,000.

On July 19, 2017, the Company issued a third and final tranche of 730 Series A Debentures under the prospectus dated April 20, 2017, for gross proceeds to the Company of \$730,000.

All of the proceeds from the sales of the Series A Debentures, totaling \$7,740,000, were advanced to WILP as the Waiward Investment.

In connection with the Waiward Investment, the Company was granted a unit purchase option entitling the Company to purchase up to 3.9% of WILP's indirect holdings in Waiward Steel, with an escalating exercise price based upon the projected earnings of Waiward Steel. The unit purchase option expires on March 31, 2022.

The Series A Debentures were listed on the TSXV in October 2017 under the symbol "TCC.DB" and trade in \$100 units.

Hillcore Advance

On June 29, 2017, the Company made the Advance in the principal amount of \$1,500,000 from its treasury to an Affiliate of Hillcore Group as an advance on a second investment transaction with Hillcore Group. The terms of the Advance provided that, in the event that the Company and Hillcore Group do not agree to terms for a second investment (in addition to the Waiward Investment) or a second investment does not close by September 29, 2017, the Advance would be invested into WILP in a sidecar loan. On September 29, 2017, the Company and the Affiliate of Hillcore Group agreed to extend the September 29, 2017 date to December 31, 2017. In June 2019, \$200,000 of the Advance was repaid, reducing the amount owing to \$1,300,000.

Effective December 21, 2017, the Company and the Affiliate of Hillcore Group agreed that the Advance would be assigned to ABO, subject to the terms of the Trenchant Loan Agreement, which provides that the Advance may be repaid by ABO at any time, will mature on January 27, 2023, and bears interest at the rate of 8% per annum, payable annually on June 30 of each calendar year. The Advance was also secured by a pledge of the AHLP Units held by ABO, which security is subordinated to the security interest of the Omni Lender. Accordingly, the Trenchant Loan Agreement was a condition to the closing of the Omni Investment.

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore. Hillcore was indebted to the Company pursuant to the Advance in the principal amount of \$1,300,000 and \$279,649.32 on account of interest. Hillcore also owned 3,437,500 Series A Preferred Shares and was owed \$337,213.11 in dividends on such Series A Preferred Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the Advance against the transfer of Hillcore's Series A Preferred Shares to the Company and to fully and finally settle the interest on the Advance payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Preferred Shares. Following the completion of this settlement on June

11, 2020, the Company cancelled the 3,437,500 Series A Preferred Shares it received from Hillcore and returned them to treasury.

Omni Investment

On December 21, 2017, the Omni Lender, a wholly-owned subsidiary of the Company, entered into the Omni Loan Agreement with ABO. Pursuant to the terms of the Omni Loan Agreement, as amended on March 21, 2018, the Omni Lender agreed to make the Omni 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 ABO consents and the over-allotment option is duly exercised in full), subject to the terms and conditions set out therein. Pursuant to the terms of the Omni Loan Agreement, the Omni Investment is to be drawn down by ABO in one or more drawdowns, with the initial drawdown to be drawn down on or prior to March 31, 2018, and to be in an amount not less than \$5,000,000, and the final drawdown to be drawn down on or prior to June 30, 2018 (or such other date as may be mutually agreed by the parties). ABO used the proceeds of the Omni Investment to fund the Hillcore Loan. ABO is a limited partnership related to Hillcore Group and indirectly controls an 88.73% interest in Omni. ABO agreed to pledge its AHLP Units, representing 90.08% of the outstanding units in the capital of AHLP, as security for the Omni Investment, and to provide other security as set out below. See Section 4 - *"Narrative Description of the Business – The Omni Investment"* for additional details.

On March 23, 2018, the Company completed the initial closing of the First Omni Debenture Offering and raised gross proceeds of \$5,659,000. On May 17, 2018, the Company completed the second and final closing of the First Omni Debenture Offering and raised gross proceeds of \$2,335,000. The net proceeds of the First Omni Debenture Offering were used to fund the Omni Investment. On March 23, 2018, ABO made the initial drawdown of the First Omni Debenture Offering of \$5,659,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan. On May 17, 2018, ABO made the second drawdown of the First Omni Debenture Offering of \$2,335,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan. On May 30, 2019, the Company completed the initial closing of the Second Omni Debenture Offering and raised gross proceeds of \$2,428,000. On June 28, 2019, the Company completed the second and final closing of the Second Omni Debenture Offering and raised gross proceeds of \$1,761,000. The net proceeds of the Second Omni Debenture Offering were used to fund the Omni Investment. On May 30, 2019, ABO made the initial drawdown of the Second Omni Debenture Offering of \$2,428,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan. On June 28, 2019, ABO made the second drawdown of the Second Omni Debenture Offering of \$1,761,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan.

See Section 10.1 - *"Description of the Securities"* for a description of the Debentures.

The Debentures were listed on the TSXV in October 2018 under the symbol "TCC.DB.A" and trade in \$100 units.

Series A Preferred Shares

On May 15, 2020, the Company amended its Articles and the special rights and restrictions attached to its Series A Preferred Shares to extend the date for their automatic conversion into Common Shares. The conversion date has been extended from May 18, 2020 to the date that is the earlier of: (i) June 30, 2020, and (ii) the conversion date determined by the board of directors of the Company in their sole discretion, which conversion date must be on or after May 18, 2020,

provided that the Company provides five (5) days prior written notice to the holders of the Series A Preferred Shares of such conversion date. The proposed amendment was approved by holders of more than 66.66% of the outstanding Series A Preferred Shares, by the Board, and by the TSXV. On June 19, 2020, 3,281,250 Series A Preferred Shares were converted into 3,281,250 Common Shares at a deemed price of \$0.40 per Common Share. In connection with the conversion of the Series A Preferred Shares, the Company settled an aggregate of \$190,567.20 in dividends on the Series A Preferred Shares which became payable to the holders of the Series A Preferred Shares by the issuance of an aggregate of 3,811,344 Common Shares at a deemed price of \$0.05 per Common Share. One holder of the Series A Preferred Shares elected to receive cash for the dividend in the amount of \$1,262.30. See Section 10.1 - "*Description of the Securities*" for a description of the Series A Preferred Shares.

Debt Settlement with Hillcore

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore. Hillcore was indebted to the Company pursuant to the Advance in the principal amount of \$1,300,000 and \$279,649.32 on account of interest. Hillcore also owned 3,437,500 Series A Preferred Shares and was owed \$337,213.11 in dividends on such Series A Preferred Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the Advance against the transfer of Hillcore's Series A Preferred Shares to the Company and to fully and finally settle the interest on the Advance payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Preferred Shares. Following the completion of this settlement on June 11, 2020, the Company cancelled the 3,437,500 Series A Preferred Shares it received from Hillcore and returned them to treasury.

Sale of TCC Management Inc.

On May 26, 2020, the Company transferred its 100% ownership, being 100 common shares, of TCC Management Inc. for nominal consideration. As a result of the transfer, TCC Management Inc. is no longer a subsidiary of the Company.

3.2 Significant Acquisition and Disposition

Please refer to Section 3.1 – *General Development of the Business*.

3.3 Trends, Commitments, Events or Uncertainties

For a detailed discussion of these risk factors, refer to Section 17 – *Risk Factors* in this Listing Statement. Apart from the risks noted in Section 17 – *Risk Factors*, the Company is not aware of any other trends, commitments, events or uncertainties that are reasonably likely to have a material adverse effect on the Company's business, financial condition or results of operations.

4. NARRATIVE DESCRIPTION OF BUSINESS

4.1 General

Overview

The Company is in the business of providing special situation debt financing to established companies with a 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 seeks 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. That said, recent investment transactions completed by the Company have been structured so as to utilize special purpose debt vehicles or convertible securities in order to achieve the Company's business objectives and mitigate potential downside risk and dilution to Shareholders.

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.

Business Objectives and Milestones

Upon listing on the CSE and subject to the qualifications set out below, the Company's business objectives for the forthcoming 12 to 24 months include assessing the following investment opportunities and, if warranted, making one or more of the following investments:

1. Target company: an Alberta-based industrial company with sales of \$50MM+, a strong book of business, and a mezzanine financing opportunity of \$5 to \$10 million.
2. Target companies: seniors living operations with Quebec, Ontario and BC based operations, enterprise values of \$100 to \$300 million, and mezzanine financing opportunity of \$10 to \$50 million per deal.
3. Real estate opportunities: industrial/commercial real estate, primarily Ontario and Alberta-based, with \$50 to \$100 million asset values and mezzanine financing opportunities of \$10 to \$20 million per deal.

Any investments that the Company makes will need to be assessed and completed in accordance with the Investment Policy. Although the Company has substantially completed its due diligence on the aforementioned prospective investment opportunities, additional due diligence may be needed. Due to the COVID-19 global health pandemic and the current state of the economy and

markets globally, federally and provincially within Canada, some or all of the proposed investments set out above may not prove to be favorable for the Company. Accordingly, the Company intends to monitor economic developments that may impact its proposed investments and assess the related risks prior to completing any investment. The Company may decide, for sound business reasons, not to pursue the investments set out above or to pursue other opportunities prior of those described herein.

The milestones to be satisfied prior to the Company proceeding with any particular investment include completion of satisfactory due diligence on the investment, economic and market factors being favorable for the particular investment, the ability of the Company to obtain financing to fund any investment on terms that are favorable to the Company, and other conditions customary to investment of this nature. The estimated legal costs for completing each of the aforementioned proposed investments is approximately \$25,000. There may be additional financing costs related to the funding of an investment. The milestones set forth above reflect the Company's current judgment and belief regarding the direction of its business. Actual events, expenditures and results will almost always vary, sometimes materially, from any estimates, predictions, projections or assumptions suggested herein.

If the Company's own financial resources and future cash-flows from operations are insufficient to satisfy its capital requirements, the Company may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity securities will result in dilution to the Shareholders. The incurrence of indebtedness will result in increased debt service obligations and could require the Company to agree to operating and financial covenants that could restrict the Company's operations or modify its plans to grow the business. Financing may not be available in amounts or on terms acceptable to the Company, if at all. Any failure by the Company to raise additional funds on terms favorable to the Company, or at all, will limit the Company's ability to expand its business operations and could harm its overall business prospects.

Available Funds and Principal Purposes

The Company estimates that it will have sufficient cash flow to carry out its business plan as currently contemplated. As at July 31, 2020, the Company had an estimated working capital of \$45,730 (unaudited).

The estimated administration costs of the Company to achieve its stated business objectives for the 12-month period following Listing, excluding interest expenses, are an aggregate of \$179,000, with an average monthly cost of approximately \$14,917. An estimated breakdown of these costs is as follows:

	Monthly (\$)	Yearly (\$)
Management and consulting fees	2,500	30,000
Rent and utilities	4,500	54,000
Legal and audit fees	5,417	65,000
CSE and transfer agent fees	2,500	30,000
TOTAL:	14,917	179,000

The estimated costs for completing each of the proposed investments described above under the heading "*Business Objectives and Milestones*" is expected to be approximately \$25,000, as the Company has substantially completed its due diligence review of each prospective investment

opportunity. However, there may be additional financing costs related to the funding of an investment. In this regard, the Company anticipates that, in order fund its stated business objectives for the 12-month period following Listing, it will need to raise additional capital through the offering of convertible notes of the Company, similar to the Debentures, or conversely via a combination of equity and debt instruments. Accordingly, the terms under which the Company may advance these funds to a prospective investee will require further negotiation and, as such, the terms and conditions of each loan or loan facility cannot be determined at this time. Further, the sale of additional equity securities will result in dilution to the Shareholders and the incurrence of additional indebtedness will result in increased debt service obligations which may, as a result, require the Company to agree to operating and financial covenants that could restrict the Company's operations or modify its plans to grow the business.

Market

The Company seeks 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 CSE'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 (outside of the resource extraction and resource exploration sectors) with a solid track record of earnings and demonstrated potential for future growth, (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.

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.

See the Company's Investment Policy attached as Schedule C to this Listing Statement.

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

Investment Committee

The Company's Investment Committee is comprised of Eric Boehnke, Chief Executive Officer, Thomas English, director, and Jennie Choboter, Chief Financial Officer and director.

The Investment Committee monitors the Company's investment portfolio on an ongoing basis and reviews the status of its investments at least monthly. The Investment Committee is subject to the direction of the Board, and must consist of at least three members, including two members of the Board. The members of the Investment Committee are appointed by the Board, and may be removed or replaced by the Board. Each member of the Investment Committee is required to be financially literate. The members of the Investment Committee are comprised of 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 are 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.

Waiward Investment

Pursuant to the terms of the Waiward Loan Agreement, Waiward Lender agreed to loan up to \$20,000,000 to WILP, secured by WILP's indirect equity interest in Waiward Steel LP, one of Canada's largest steel fabricators and erectors, subject to the terms and conditions set out therein.

On May 18, 2017, the Company issued 5,522 Series A Debentures under a prospectus dated April 20, 2017 for gross proceeds to the Company of \$5,522,000, and advanced the sum of \$5,522,000 to WILP under the Waiward Loan Agreement. Also on May 18, 2017, the Company closed a non-brokered private placement pursuant to which it issued 6,750,000 Series A Preferred Shares at a price of \$0.40 per Series A Preferred Share, for gross proceeds of \$2,700,000. The proceeds of the private placement of the Series A Preferred Shares were used to pay: (i) the fees and expenses related to both private placements which closed on May 18, 2017, the Waiward Investment and the change of business transaction, and (ii) for general working capital.

On June 26, 2017, the Company issued a second tranche of 1,488 Series A Debentures under the prospectus dated April 20, 2017, for gross proceeds to the Company of \$1,488,000. On July 19, 2017, the Company issued a third and final tranche of 730 Series A Debentures under the prospectus dated April 20, 2017, for gross proceeds to the Company of \$730,000. All of the proceeds from the sales of the Series A Debentures, totaling \$7,740,000, were advanced to WILP as the Waiward Investment.

In connection with the Waiward Investment, the Company was granted a unit purchase option entitling the Company to purchase up to 3.9% of WILP's indirect holdings in Waiward Steel, with an escalating exercise price based upon the projected earnings of Waiward Steel. The unit purchase option expires on March 31, 2022.

The Waiward Loan Agreement provides that the outstanding principal of the Waiward Investment bears interest at a rate of 12.5% per year, with 10% payable quarterly in cash and 2.5% being added quarterly to the outstanding principal of the loan and payable on the maturity date of March 31, 2022. WILP also agreed to pay a finance fee equal to 7% of the amount of the funds advanced, and issue the Company a five-year unit purchase option entitling it to purchase up to 10% of WILP's indirect holdings in Waiward Steel, as more particularly described below. WILP may prepay the outstanding principal of the Waiward Investment, and the interest thereon, at any time after two years from the Waiward Investment closing date, by paying the Waiward

Lender 105% of the outstanding principal amount of the Waiward Investment in year 3, 103% of the outstanding principal amount of the Waiward Investment in year 4 and 101% of the outstanding principal amount of the Waiward Investment in year 5, plus any applicable interest thereon. The Waiward Investment is secured by a pledge of WILP's indirect interest in Waiward Steel. The Waiward Loan Agreement also provides that the Company will provide management services to WILP, have observer rights at board meetings of WILP, and have the right to appoint a nominee to the board of directors of WILP. See Section 3.1 - "*General Development of the Business - Initial Investment*" for more details.

Hillcore Advance

On June 29, 2017, the Company made the Advance in the principal amount of \$1,500,000 from its treasury to an Affiliate of Hillcore Group as an advance on a second investment transaction with Hillcore Group. The terms of the Advance provided that, in the event that the Company and Hillcore Group do not agree to terms for a second investment (in addition to the Waiward Investment) or a second investment does not close by September 29, 2017, the Advance would be invested into WILP in a sidecar loan. On September 29, 2017, the Company and the Affiliate of Hillcore Group agreed to extend the September 29, 2017 date to December 31, 2017.

Effective December 21, 2017, the Company and the Affiliate of Hillcore Group agreed that the Advance would be assigned to ABO, subject to the terms of the Trenchant Loan Agreement, which provides that the Advance may be repaid by ABO at any time, will mature on January 27, 2023, and bears interest at the rate of 8% per annum, payable annually on June 30 of each calendar year. The Advance was also secured by a pledge of the AHLP Units held by ABO, with security is subordinated to the security interest of the Omni Lender. Accordingly, the Trenchant Loan Agreement was a condition to the closing of the Omni Investment.

In June 2019, \$200,000 of the Advance was repaid, reducing the amount owing to \$1,300,000. On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore. Hillcore was indebted to the Company pursuant to the Advance in the principal amount of \$1,300,000 and \$279,649.32 on account of interest. Hillcore also owned 3,437,500 Series A Preferred Shares and was owed \$337,213.11 in dividends on such Series A Preferred Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the Advance against the transfer of Hillcore's Series A Preferred Shares to the Company and to fully and finally settle the interest on the Advance payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Preferred Shares. Following the completion of this settlement on June 11, 2020, the Company cancelled the 3,437,500 Series A Preferred Shares it received from Hillcore and returned them to treasury.

The Omni Investment

Pursuant to the terms of the Omni Loan Agreement, the Omni Lender agreed to make the Omni 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 ABO consents and the Over-Allotment Option is duly exercised in full), subject to the terms and conditions set out therein.

On March 23, 2018, ABO made the initial drawdown of the First Omni Debenture Offering of \$5,659,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan. On May 17, 2018, ABO made the second drawdown of the First Omni Debenture Offering of

\$2,335,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan. On May 30, 2019, ABO made the initial drawdown of the Second Omni Debenture Offering of \$2,428,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan. On June 28, 2019, ABO made the second drawdown of the Second Omni Debenture Offering of \$1,761,000 under the Omni Loan Agreement, and used this amount to fund the Hillcore Loan.

ABO is a limited partnership related to Hillcore Group and indirectly controls an 88.73% interest in Omni. ABO has agreed to pledge its AHLP Units, representing 90.08% of the outstanding units in the capital of AHLP, as security for the Omni Investment, and to provide other security as set out below.

The outstanding principal of the Omni Investment bears interest at the rate of 10% per annum, and the Omni Investment will mature on January 27, 2023. Interest will be calculated as of the last day of each quarter during the term of the Omni Investment, beginning on March 31, 2018 (in any case, a "**Loan Interest Calculation Date**"). ABO has also agreed to pay the Finance Fee to the Omni Lender.

ABO may prepay the outstanding principal of the Omni Investment and any accrued and unpaid interest thereon in whole or in part at any time without penalty or bonus, provided that ABO shall reimburse the Omni Lender for any break funding costs or make-whole amount or prepayment penalty incurred by the Omni Lender in connection with any early repayment or redemption of the equivalent principal amount of Debentures which is required as a result of such early repayment or redemption, provided that the terms of the Debentures have been approved by ABO prior to the issuance thereof (in any case, the "**Break Costs**"). All proceeds received by ABO arising from: (i) any public or private offering of equity securities of ABO, ABO's General Partner or the Security Group to any Person that is not an Affiliate of ABO, including an outright sale of any member of the Security Group; or (ii) the realization against any security upon an event of default under the Omni Loan Agreement, shall be applied against the balance of the principal of the Omni Investment remaining unpaid, together with applicable Break Costs. Such mandatory prepayment may be waived by the Omni Lender in its sole discretion.

The Omni Loan Agreement provides that, in connection with the initial closing of the First Omni Debenture Offering, Trenchant, ABO and the sole shareholder of ABO's General Partner (the "**GP Shareholder**") will enter into a management agreement, the form of which is attached to the Omni Loan Agreement, pursuant to which, among other things: (i) Trenchant will agree to provide management services to ABO, including strategic guidance, program development, logistical analysis and financial consulting services (collectively, the "**Services**"); (ii) ABO and the GP Shareholder will agree to grant Trenchant certain corporate governance rights, including observer rights at board meetings of ABO's General Partner and of AHLP-GP, and the right to appoint a nominee to the board of directors of ABO's General Partner; and (iii) ABO will agree to reimburse Trenchant for all reasonable expenses incurred in connection with providing the Services. The management agreement was entered into on March 23, 2018.

On the initial closing of the First Omni Debenture Offering, Trenchant was also granted a five-year unit purchase option by ABO, entitling Trenchant to purchase up to 15% of ABO's holdings in AHLP. The actual percentage interest available to be acquired will be based upon the combined amount of funds advanced under the Omni Loan Agreement and funds advanced pursuant to the Advance. See Section 3.1 - "*General Development of the Business - Hillcore Advance*" for more details.

The Omni Investment is evidenced by a promissory note issued by ABO to the Omni Lender. The Omni Investment is secured by, or pursuant to the terms of, as applicable:

- (i) a securities pledge agreement from ABO pursuant to which ABO has pledged its AHLP Units (which will be 90.08% of the outstanding AHLP Units) in favour of the Omni Lender, and, in connection therewith, deliver the Omni Lender a certificate representing such AHLP Units, together with applicable stock powers of attorney with respect thereto, and authorizing resolutions and consents;
- (ii) a full recourse guarantee with assignment and postponement of claims from ABO's General Partner and a securities pledge agreement from ABO's General Partner pursuant to which ABO's General Partner has pledged all of the issued and outstanding units of ABO registered in its name in favour of the Omni Lender, and, in connection therewith, delivered the Omni Lender a certificate representing such units, together with applicable stock powers of attorney with respect thereto, and authorizing resolutions and consents; and
- (iii) a direction from ABO to Hillcore (and acknowledged and agreed by Hillcore) to pay the interest on the Hillcore Loan directly to the Omni Lender.

Pursuant to the terms of the AHLP limited partnership agreement, in the event that the Omni Lender realizes on the security set forth above, the transfer of the AHLP Units owned by ABO to the Omni Lender will need to be approved by the minority holders of the AHLP Units (which such holders will, in connection with the closing of the first advance under the Omni Loan Agreement, undertake to do on occurrence of an Event of Default (as defined in the Omni Loan Agreement)). Further, such holders will have the option to tender their respective AHLP Units to AHLP for purchase or redemption at fair market value. See Section 17 - "*Risk Factors – Put Right of Minority AHLP Unitholders on Event of Default*".

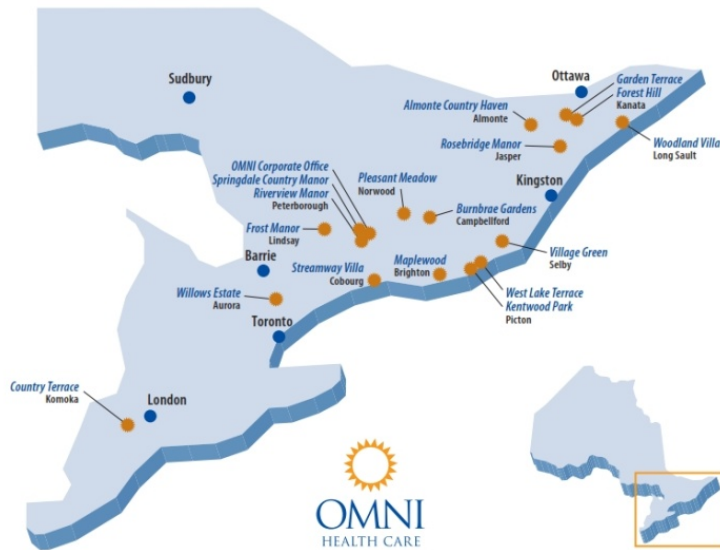
Omni Health Investments Inc.

Business

Hillcore Group acquired Omni in 2007. Omni owns, operates and manages, under license from the Ontario government, 18 long-term care (LTC) 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 6th largest LTC home operators in Canada, measured by bed count. Omni has been recognized as one of Canada's Top 100 Employers on three occasions.

Key metrics include:

- **Favorable Demographics** - Current waiting list of approximately 36,000 seniors for LTC beds in the Province of Ontario. Currently there are only 78,800 beds in the entire province.
- **Low Vacancy/High Demand** - Omni experiences an occupancy rate in excess of 98%.
- **Significant Barriers to Entry** - The industry is heavily regulated by the Province of Ontario and no new licenses have been issued since the late 1990s.



- **Stable & Predictable Cash Flows** – Approximately 70% of Omni’s funding is received directly from government, with funding levels increasing every year.

- **Distinguishable Brand** - Omni was the only unionized Top 100 Employer in Canada 3 years in a row.

Number of Homes: 18

Number of Beds: 1,499

Composition: 21.30% A bed licenses
8.10% B bed licenses
69.20% C bed licenses
1.30% Retirement

Omni is mandated to convert its existing C bed licenses to A bed licenses, with funding from the government of Ontario, which will accrete as value to Omni.

Omni, through an operating subsidiary, has entered into a credit agreement (the “**Senior Credit Agreement**”) with a syndicate of lenders, and Sun Life Assurance Company of Canada as agent, pursuant to which it may borrow up to \$71,200,000. The terms of the Senior Credit Agreement prohibit distributions during the life of the Senior Credit Agreement. In addition, Omni, through an operating subsidiary, is party to a credit facility subordinate to the Senior Credit Agreement pursuant to which it has been advanced \$14.4 million, towards which only interest payments are required until December 31, 2032, and which may be repaid at any time without penalty. Under the terms of the Hillcore Loan Agreement, Hillcore will borrow from ABO an amount equal to the principal of the Omni Investment, and pay interest to ABO in an amount equal to the interest due from ABO to the Omni Lender on the Omni Investment, in order to ensure that ABO is able to fund its interest payments.

Management

Patrick McCarthy, President and Chief Executive Officer

Patrick McCarthy joined Omni in 2008 as President and CEO, and has overall responsibility for the strategic direction of Omni and the operations of Omni's long-term care homes. Mr. McCarthy is a CPA, CA, with over 20 years of experience in senior financial and operations management roles with private and publicly traded entities in the long-term care and retirement housing markets, having operations in central and western Canada and in several US states. Mr. McCarthy has held positions as Vice President of the Ontario Long Term Care Association and the Ontario Retirement Communities Association. Prior to joining Omni, Mr. McCarthy was CEO of a family-owned company operating a portfolio of long-term care, retirement and multi-residential apartments located in southwestern Ontario. Mr. McCarthy holds a Bachelor of Commerce (Honours) degree from the University of Windsor.

Shawn Riel, Chief Operating Officer

Shawn Riel joined Omni in 1979, and was appointed Chief Operating Officer in 2012. Ms. Riel currently has overall responsibility for the day to day operations of Omni's 18 long-term care homes, including quality improvement and risk management activities, monitoring of compliance with Ministry of Health standards, and budget management for effective quality care outcomes. Ms. Riel has progressed through Omni in various roles. She has spent the past eighteen years in Operations at the Omni home office. During the last several years, she led Omni in Ontario's Resident Assessment Instrument – Minimum Data Set (MDS-RAI) assessments, clinical documentation computerization, and supportive measures for dementia residents, and was most recently the corporate lead for the corporate accreditation. Ms. Riel has also been a member of the Ontario Long Term Care Association's Quality and Risk Committee.

Due Diligence Process

Trenchant's management team has conducted due diligence on the business and affairs of ABO, AHLP and Omni, including:

- review of Omni's reviewed unaudited interim financial statements and the audited financial statements of Omni's key subsidiary, Omni Healthcare LP;
- review of Omni's operating model and financial projections;
- review of the limited partnership agreement of AHLP and other constating documents;
- review of industry and competition comparables, sectoral revenue streams, growth plans and sectoral risks;
- site visits;
- interviews with members of ABO's and Omni's senior management; and
- weekly calls with ABO.

In determining that ABO's cash flow will be sufficient to fund ABO's interest payments and to repay the Omni Investment in full, and that the pledge of ABO's 90.08% interest in AHLP will be adequate collateral for ABO's obligations under the Omni Loan Agreement, the Company considered:

- Omni's historical revenues, which were in excess of \$95,000,000 per annum for each of 2016, 2017 and 2018;
- Omni's assets, liabilities, earnings and cash flows;
- that the Omni Loan Agreement includes certain negative covenants, including a contractual restriction on further borrowings and the incurrence or assumption of additional debt, directly or indirectly, by ABO; and
- the demonstrated predictability and reliability of Omni's revenue and earnings, as set out in the ratio analysis below.

Since the closings of the First Omni Debenture Offering and the Second Omni Debenture Offering as well as the Omni Lender making the first, second, third and fourth advances under the Omni Loan Agreement, ABO has used these funds towards the Hillcore Loan.

Recent Developments

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus, COVID-19 ("**COVID-19**"), a global pandemic. To mitigate the impact of the COVID-19 virus on its LTC homes and business, Omni has put in place certain internal policies and procedures to minimize the possible exposure or communication of COVID-19 and to help safeguard the health and safety of its residents and employees. Specifically, all visits to LTC homes have been suspended until further notice in order to protect Omni residents, with the exception of limited visiting for residents who are very ill or requiring end-of-life care. Further, all staff and visitors to Omni LTC homes are actively screened to ensure entry is not provided to anyone who has symptoms, contact with others experiencing symptoms or confirmed/probable cases, or those who have recently returned from out of country travel.

Despite these various measures, Omni experienced a single outbreak of COVID-19 in one of its 18 long-term care facilities, the Almonte Country Haven residence located in Almonte, Ontario (the "**Almonte Residence**"). Accordingly, seventy-two of the Almonte Residence's 82 residents contracted COVID-19 between the end of March and mid-June, 2020. There were a number of residents of the Almonte Residence who passed away as a result of COVID-19 infection.

On June 30, 2020, Omni announced that the Leeds, Grenville and Lanark District Health Unit had officially declared the outbreak over at the Almonte Residence. Accordingly, Omni's infection prevention and control measures will stay heightened at the Almonte Residence, and the facility will continue daily COVID-19 screening. Further, additional protocols have also been put in place in all of Omni's LTC facilities to align with those recently prescribed safety and screening protocols enacted by the Ontario Ministry of Health and Long-term Care ("**MOHLTC**").

In spite of this, Omni has not, as of the date of this Listing Statement, experienced a decline in top-line revenues or profitability since COVID-19's outbreak. A major contributing factor to this is the fact that Omni's LTC facilities are directly funded by the MOHLTC, while the private pay portion

of its funding predominantly comes from residents' government pensions. Further, when a home is in quarantine (COVID-19, seasonal flu, measles, etc.), and the MOHLTC no longer allows further admission to a LTC facility or community, the MOHLTC continues to fund the facility at levels prior to the imposition of the quarantine. Conversely, COVID-19 has resulted in an increase in those operational costs associated with the cleaning and sterilization of Omni's LTC facilities. However, the rise in these costs has been, as of the date of this Listing Statement, offset by the temporary increase in LTC funding by the MOHLTC.

Although, the cumulative effects of COVID-19 have not resulted in a material impact on Omni's revenues, costs and profits as of the date of this Listing Statement, the effects of the COVID-19 pandemic on these metrics may change the longer the pandemic subsists. Omni continues to closely monitor developments related to COVID-19, including the existing and potential impact of COVID-19 on its business, operations and LTC facilities in general. See Section 17 - "Risk Factors".

Key Ratios and other Summary Disclosures

Omni had gross revenues of approximately \$95,000,000 for each of the fiscal years ended December 31, 2018, 2017 and 2016, and approximately \$73,000,000 for the nine-month period ended December 31, 2019.

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

	12 months ended March 31, 2020	12 months ended March 31, 2019
Debt Service Ratio	1.28	1.28
Fixed Charge Coverage Ratio	1.17	1.17
Net Debt to EBITDA Ratio	6.11	6.70

The Company has confirmed the sufficiency of ABO's cash flow to service the Omni Investment through the Hillcore Loan, and the adequacy of the security package provided by ABO, and believes that ABO's cash flow and pledged collateral are sufficient and adequate to service the Omni Investment.

As required by the Investment Policy, the following are the approximate percentage increases in Omni's revenues and net income for the 12 months ended December 31, 2019 and for its most recently completed fiscal year ended December 31, 2018:

Trailing 12 months increase (decrease) in	12 months ended March 31, 2020	12 months ended March 31, 2019
Revenue	(1.00)%	(1.31)%
Net Income	(1.18)%	2.77%

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

Potential Future Deal Flow

- Target company: an Alberta-based industrial company with sales of \$50MM+, a strong book of business, and a mezzanine financing opportunity of \$5 to \$10 million.
- Target companies: seniors living operations with Quebec, Ontario and BC based operations, enterprise values of \$100 to \$300 million, and mezzanine financing opportunity of \$10 to \$50 million per deal.
- Real estate opportunities: industrial/commercial real estate, primarily Ontario and Alberta-based, with \$50 to \$100 million asset values and mezzanine financing opportunities of \$10 to \$20 million per deal.

The Company has identified three potential investments and conducted preliminary due diligence on such investments, but there has been no negotiation of terms. The potential future deals listed are for illustrative purposes only. There is no guarantee that future deals will pass additional due diligence review, that market factors will support such investments, or that the Company will be able to negotiate terms acceptable to it in connection therewith. See *"Business Objectives and Milestones"*.

Notwithstanding the foregoing, the sole recourse of the Debenture Trustee (on behalf of the Holders) against the Company shall be with respect to the first priority security interest granted to the Debenture Trustee in the securities of the Omni Lender, and the Debenture Trustee and the Holders shall have no right to payment from the Company or ABO, or against any of the Company's other property or assets, except as otherwise permitted by law, or against any of the assets of ABO or its Affiliates.

4.2 Asset Backed Securities

The Company does not have any asset backed securities.

4.3 Companies with Mineral Projects

The Company does not have any mineral projects.

4.4 Companies with Oil and Gas Operations

The Company does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual Information

The following selected financial information is subject to the detailed information contained in the financial statements of the Company and related notes thereto appearing elsewhere in this Listing Statement. This information should only be read in conjunction with the financial statements, and accompanying notes, included elsewhere in this Listing Statement. The selected financial information is derived from the audited financial statements of the Company for the years ended

March 31, 2020, 2019 and 2018. This information should only be read in conjunction with the audited financial statements for the years ended March 31, 2020, March 31, 2019 and March 31, 2018, and accompanying notes, which are attached hereto as Schedule D.

	For the Year Ended March 31 (audited)		
	2020 (\$)	2019 (\$)	2018 (\$)
Interest Income	2,277,186	1,887,833	862,567
Total Expenses	2,384,382	1,935,054	1,211,564
Net and comprehensive income (loss)	(107,196)	(47,221)	(348,997)
Income (Loss) per Share – Basic and diluted	(0.01)	(0.00)	(0.03)
Balance Sheet Data:	As at March 31, 2020 (\$)	As at March 31, 2019 (\$)	As at March 31, 2018 (\$)
Total Assets	22,795,149	18,348,571	15,801,564
Total Long Term Financial Liabilities	19,370,729	15,274,802	13,058,668
Total Current Assets	899,077	717,590	739,417
Total Current Liabilities	1,219,408	860,902	595,247
Shareholders' Equity (deficit)	2,205,012	2,212,867	2,147,649

5.2 Consolidated Financial Information – Quarterly Information

The results of the Company for each of the eight most recently completed quarters ending at the end of the most recently completed fiscal year, namely March 31, 2020, are summarized below:

Fiscal 2020 (unaudited and prepared in accordance with GAAP)				
	March 31, 2020 (\$)	December 31, 2019 (\$)	September 30, 2019 (\$)	June 30, 2019 (\$)
Interest Income	588,864	595,442	593,182	499,698
Total Expenses	634,107	564,456	593,945	591,875
Net and Comprehensive Income and (Loss)	(45,243)	30,986	(763)	(92,177)
Income (Loss) per Share – Basic and diluted	(0.01)	0.00	0.00	(0.00)
Dividends	-	-	-	-

Fiscal 2019 (unaudited and prepared in accordance with GAAP)				
	March 31, 2019 (\$)	December 31, 2018 (\$)	September 30, 2018 (\$)	June 30, 2018 (\$)
Interest Income	476,215	482,137	483,345	446,136
Total Expenses	598,357	442,022	405,549	489,126
Net and Comprehensive Income and (Loss)	(122,142)	40,115	77,796	(42,990)
Income (Loss) per Share – Basic and diluted	(0.01)	0.00	0.00	(0.00)
Dividends	-	-	-	-

5.3 Dividends

The rights and restrictions of the Series A Preferred Shares include the right to receive annual preferential, non-cumulative dividends at a fixed rate of 8% per annum. The Series A Preferred Shares were issued on May 18, 2017. On June 6, 2018, the Company approved the payment of the annual dividend on the 6,750,000 Series A Preferred Shares outstanding as at that date in the aggregate amount of \$216,000. On June 12, 2018, the Company issued 102,222 Common Shares as settlement of \$46,000 of the dividend payable, \$4,000 was paid in cash, and \$166,000 was accrued as payable to certain holders of the Series A Preferred Shares. On July 4, 2019, the Company approved the payment of the annual dividend on the 6,750,000 Series A Preferred Shares outstanding as at that date in the aggregate amount of \$50,000. As at March 31, 2020, there were accrued dividends payable on the Series A Preferred Shares of \$547,250 (estimated to be \$Nil (unaudited) as at July 31, 2020). The Company has not declared dividends on any other class of its securities.

On June 19, 2020, 3,281,250 Series A Preferred Shares were converted into 3,281,250 Common Shares at a deemed price of \$0.40 per Common Share. In connection with the conversion of the Series A Preferred Shares, the Company settled an aggregate of \$190,567.20 in dividends on the Series A Preferred Shares which became payable to the holders of the Series A Preferred Shares by the issuance of an aggregate of 3,811,344 Common Shares at a deemed price of \$0.05 per Common Share. One holder of the Series A Preferred Shares elected to receive cash for the dividend in the amount of \$1,262.30.

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore. Hillcore was indebted to the Company pursuant to the Advance in the principal amount of \$1,300,000 and \$279,649.32 on account of interest. Hillcore also owned 3,437,500 Series A Preferred Shares and was owed \$337,213.11 in dividends on such Series A Preferred Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the Advance against the transfer of Hillcore's Series A Preferred Shares to the Company and to fully and finally settle the interest on the Advance payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Preferred Shares. Following the completion of this settlement on June 11, 2020, the Company cancelled the 3,437,500 Series A Preferred Shares it received from Hillcore and returned them to treasury.

See Section 10.1 - “Description of the Securities” for a description of the Series A Preferred Shares.

Other than as required in connection with the declaration and payment of dividends on the Series A Preferred Shares in accordance with the rights and restrictions thereof, 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.

5.4 Foreign Generally Accepted Accounting Principles (GAAP)

The financial statements of the Company are prepared in accordance with IFRS.

6. MANAGEMENT’S DISCUSSION AND ANALYSIS

The Company’s management’s discussion and analysis of its financial statements for the years ended March 31, 2020 and March 31, 2019 are attached hereto as Schedule D.

7. MARKET FOR SECURITIES

Prior to listing, each of the Common Shares, Series A Debentures and the Debentures were listed on the TSXV under the respective symbols “TCC”, “TCC.DB” and “TCC.DB.A”. Accordingly, the Common Shares, Series A Debentures and the Debentures are currently listed on the CSE under the respective symbols “TCC”, “TCC.DB” and “TCC.DB.A”.

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Company as of March 31, 2020. This table should be read in conjunction with the Section 6 - “Management’s Discussion and Analysis” of this Listing Application and the consolidated financial statements and related notes appearing elsewhere in this Listing Application.

	March 31, 2020 (\$)
Shareholders’ equity	
Share capital	4,170,018
Preferred shares	2,180,176
Share-based payment reserve	508,938
Deficit	(4,654,120)
Total equity	2,205,012
Total current liabilities	1,219,408
Total liabilities	20,590,137

Except as disclosed below, there have been no material changes in our share and loan capital since March 31, 2020:

On June 11, 2020, the Company issued 3,281,250 Common Shares upon conversion of the Series A Preferred Shares at a deemed price of \$0.40 per Common Share.

On July 28, 2020, the Company issued 3,811,344 Common Shares at a deemed price of \$0.05 per Common Share in settlement of \$190,567.20 dividends owing on the Series A Preferred Shares.

As of the date hereof, the outstanding capital of the Company consists of:

Designation of Security	Authorized	Outstanding As At The Date Hereof (Unaudited)
Common Shares	unlimited	18,761,951
Series A Preferred Shares ⁽¹⁾	unlimited	0
Stock Options ⁽²⁾		1,160,000
Series A Debentures ⁽³⁾		7,740
Debentures ⁽⁴⁾		12,183

(1) 3,437,500 of the Series A Preferred Shares were cancelled on June 11, 2019 and 3,281,250 Series A Preferred Shares were converted into Common Shares on June 19, 2020 at a price of \$0.40 per Common Share.

(2) Pursuant to the Stock Option Plan, the number of Common Shares reserved for issuance will be a maximum of 10% of the issued and outstanding Common Shares as at the date of grant. See "Options to Purchase Securities".

(3) The Series A Debentures are governed by the terms of the Series A Indenture.

(4) An aggregate of 12,183 Debentures were issued pursuant to the First Omni Debenture Offering and the Second Omni Debenture Offering, which Debentures are governed by the terms of the Trust Indenture.

9. OPTIONS TO PURCHASE SECURITIES

The Company has adopted the Stock Option Plan. The purpose of the Stock Option Plan is to: (i) attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under the Stock Option Plan and (ii) recognize contributions made by eligible persons and to create an incentive for their continuing assistance to the Company and its affiliates. The Stock Option Plan is administered by the Board, which has full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such directors, officers, employees, or consultants of the Company and its affiliates, if any, as the Board may from time to time designate. The exercise price of options will be determined by the Board, but after listing of the Common Shares on the Exchange such price will not be less than the minimum prevailing price permitted by the Exchange. All options granted under the Stock Option Plan will expire not later than the maximum exercise period as determined by the applicable securities laws and the policies of the Exchange. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; (iii) one year from the date of disability; or (iv) one year from the date of death. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

Unless authorized by the shareholders of the Company in accordance with applicable securities laws, the number of Common Shares reserved for issuance under the Stock Option Plan, together

with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Common Shares, is subject to the restrictions imposed under applicable securities laws.

As at the date of this Listing Statement, there are 1,160,000 stock options outstanding as follows:

Persons who hold Options	Number of Stock Options ⁽¹⁾	Exercise Price (\$)	Expiry Date	Current Market Value of Shares under Option ⁽²⁾
All officers of the Company, as a group (2 persons)	305,000	0.25	March 29, 2022	(\$62,525)
All directors and past directors of the Company who are not also officers, as a group (1 person)	180,000	0.25	March 29, 2022	(\$36,900)
All other employees and past employees of the Company (None)	-	-	-	-
All consultants of the Company (4 persons)	675,000	0.25	March 29, 2022	(\$138,375)
All other persons (None)	-	-	-	-
Total	1,160,000			

(1) The stock options vest annually over three years, with 1/3 of the stock options vesting each year commencing on the date of grant, being March 29, 2019.

(2) Based on a market price of \$0.045 per Common Share on the TSXV on May 27, 2020.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of Company's Securities

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the date of this Listing Statement, there are 18,761,951 Common Shares outstanding.

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

All of the Common Shares rank equally as to voting rights, participation in assets and in all other respects. None of the Common Shares are subject to any call or assessment nor pre-emptive or conversion rights. There are no provisions attached to the Common 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 which may be issued in one or more series. As of the date of this Listing Statement 6,718,750 Preferred Shares have been designated as Series A Preferred Shares. The Series A Preferred Shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of Series A Preferred Share may, commencing on May 18, 2018, convert their Series A Preferred Shares into Common Shares on a one for one basis (the “**Exchange Ratio**”), subject to a semi-annual maximum conversion limit of such number of Common Shares as is equal to 25% of a particular holder’s Series A Preferred Shares. The Series A Preferred Shares will automatically convert into Common Shares on a one for one basis on the date that is the earlier of: (i) June 30, 2020, and (ii) the conversion date determined by the Board in their sole discretion, which conversion date must be on or after May 18, 2020, provided that the Company provides five (5) days prior written notice to the holders of the Series A Preferred Shares of such conversion date. On June 19, 2020, 3,281,250 Series A Preferred Shares were converted into 3,281,250 Common Shares at a deemed price of \$0.40 per Common Share. In connection with the conversion of the Series A Preferred Shares, the Company settled an aggregate of \$190,567.20 in dividends on the Series A Preferred Shares which became payable to the holders of the Series A Preferred Shares by the issuance of an aggregate of 3,811,344 Common Shares at a deemed price of \$0.05 per Common Share. One holder of the Series A Preferred Shares elected to receive cash for the dividend in the amount of \$1,262.30.

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore. Hillcore was indebted to the Company pursuant to the Advance in the principal amount of \$1,300,000 and \$279,649.32 on account of interest. Hillcore also owned 3,437,500 Series A Preferred Shares and was owed \$337,213.11 in dividends on such Series A Preferred Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the Advance against the transfer of Hillcore’s Series A Preferred Shares to the Company and to fully and finally settle the interest on the Advance payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Preferred Shares. Following the completion of this settlement on June 11, 2020, the Company cancelled the 3,437,500 Series A Preferred Shares it received from Hillcore and returned them to treasury.

Holders of Preferred Shares are not entitled to receive notice of, attend, or vote at, any general meeting of the shareholders of the Company.

Holders of Series A Preferred Shares shall be entitled to receive, in priority to the rights of the holders of any other class of shares in the capital of the Company with respect to the payment of dividends, but on an equal basis with the holders of any other series of Preferred Shares (other than those that rank junior to the Series A Preferred Shares), fixed preferential non-cumulative dividends thereon in an amount per Series A Preferred Share equal to 8% of the initial issue amount per annum, payable on an annual basis, within 30 days of the end of such annual period. Dividends shall accrue on each Series A Preferred Share from the date of issuance thereof or such other date as the Board may determine on the date of issuance. The Company shall pay such dividends out of monies and/or assets properly payable for the payment of dividends, in such form as the Board may determine from time to time. Any such dividends may be declared and paid to the exclusion of the holders of all other classes or series of shares in the capital of the Company.

In the event of any distribution of the assets of the Company on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its Shareholders for the purpose of winding-up its affairs, the holders of the Series A Preferred Shares shall participate rateably with the holders of the Common Shares as if the Series A Preferred Shares were converted into Common Shares.

If, at any time or from time to time while any Series A Preferred Share is outstanding, the Company effects a subdivision or consolidation of the outstanding Common Shares, the Exchange Ratio in effect shall be changed as of the close of business on the date such subdivision or consolidation becomes effective, such that:

- (i) in the case of a subdivision of the Common Shares, the number of conversion shares issuable on conversion shall be determined by multiplying (A) the number of Series A Preferred Shares to be converted by (B) the subdivision ratio expressed as a fraction; and
- (ii) in the case of a consolidation of the Common Shares, the number of conversion shares issuable on conversion shall be determined by multiplying (A) the number of Series A Preferred Shares to be converted by (B) the consolidation ratio expressed as a fraction.

If at any time or from time to time there shall be a Change of Control, then, as a part of and as a condition to such Change of Control, prompt notice of such Change of Control shall be delivered to the holders of Series A Preferred Shares and provision shall be made so that the holders of the Series A Preferred Shares shall thereafter be entitled to receive upon conversion of the Series A Preferred Shares the same kind and amount of shares or other securities or property (including cash) of the Company, or of the successor corporation resulting from such Change of Control, to which such holder would have been entitled if such holder had converted its Series A Preferred Shares immediately prior to the effective time of such Change of Control. In any such case, appropriate adjustment, (including adjustment of the Exchange Ratio then in effect and the number of Common Shares or other securities issuable upon conversion of the Series A Preferred Shares) shall be applicable after such Change of Control in as nearly an equivalent manner as may be practicable.

Neither the Preferred Shares nor the Series A Preferred Shares are, and are not expected to be, listed for trading on the CSE or on any other stock exchange or quotation system.

Debentures

Series A Debentures

The Series A Debentures are currently listed on the CSE under the symbol "TCC.DB" and trade in \$100 units. Previously, the Series A Debentures traded on the TSXV since October 2017. The Series A Debentures are subject to the Series A Indenture.

The following is a summary of the material attributes and characteristics of the Series A Debentures and is subject to, and qualified in its entirety by reference to, the terms of the Series A Indenture.

The maturity date of the Series A Debentures is March 31, 2022. The Series A Debentures 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 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).

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

The Series A Debentures will be secured by a Pledge of Securities Agreement between the Company and the Debenture Trustee (the "**Pledge Agreement**"). Under the Pledge Agreement, Debenture Trustee has been granted a first priority security interest in the securities of the Lender as agent for the holders of the Series A Debentures. Following and during the continuance of an Event of Default (as defined in the Series A Indenture), the Debenture Trustee will have the rights described in the Pledge Agreement. In the event that the Company defaults in its obligations under the Series A Indenture, the sole recourse of the Debenture Trustee (on behalf of the holders of the Series A Debentures) against the Company shall be with respect to the first priority security interest granted to the Debenture Trustee in the securities of the Waiward Lender, and the Debenture Trustee and the holders of the Series A 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.

Commencing on May 18, 2018, the outstanding principal amount of the Series A Debentures may be converted into fully paid and non-assessable Common 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 Series A 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. Any such conversion will be at the Series A Conversion Price. Assuming a minimum Series A Conversion Price of \$1.00, this represents a conversion rate of 1,000 Shares per \$1,000 principal amount of Series A 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 Series A Indenture.

Holders converting their Series A 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 Series A Debentures shall become holders of record of Common Shares

on the Business Day immediately after the conversion date. If a Series A Debenture is surrendered for conversion on an Interest Calculation Date, the person entitled to receive Common Shares in respect of the Series A Debenture so surrendered for conversion shall not become the holder of record of such Common Shares until the Business Day following the applicable Interest Payment Date.

Subject to the provisions thereof, the Series A Indenture will provide for the adjustment of the Series A Conversion Price in certain events. No fractional Common 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 \$5.00.

At any time after May 18, 2019, 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 Series A Debentures at the Redemption Price, which will be: (i) commencing on May 19, 2019 and ending on May 18, 2020, 105% of the outstanding principal amount of the Series A Debentures plus any accrued and unpaid interest thereon; (ii) commencing on May 19, 2020 and ending on May 18, 2021, 103% of the outstanding principal amount of the Series A Debentures plus any accrued and unpaid interest thereon; and (iii) commencing on May 19, 2021 and ending on the date which is one day prior to the maturity date, 101% of the outstanding principal amount of the Series A 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 Series A Debentures at any time prior to the Redemption Date in accordance with the terms of the Series A Indenture, provided that if a holder elects to convert their Series A Debentures, the redemption amount shall be equal to the actual principal amount of the Series A 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.

Debentures

The Debentures are currently listed on the CSE under the symbol "TCC.DB.A" and trade in \$100 units. Previously, the Debentures traded on the TSXV since October 2018. The Debentures are subject to the Trust Indenture.

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.

The maturity date of the Debentures is January 31, 2023 (the "**Maturity Date**"). The Debentures bear interest from the date of issue at the rate of 8.0% 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 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).

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 Common Shares. Interest on the Debentures will be payable only in cash.

Commencing on the Conversion Eligibility Date, the outstanding principal amount of each Debenture may be converted, at the option of the Holder, into fully-paid and non-assessable Common Shares at the Conversion Price, which will be equal to the greater of: (i) 95% of the VWAP of the Common Shares for the 30 trading day period ending three Business Days prior to the applicable conversion date; and (ii) \$1.25 per Common Share, subject to the Conversion Restriction, which provides that, except in connection with a redemption by the Company, 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 in any 180 day period.

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

Each Debenture will be convertible into Common Shares at the option of the Holder at any time and prior to the close of business on the earliest 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 Time of Expiry, subject, except in the case of a redemption by the Company, to the Conversion Restriction, which provides 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 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) \$1.25 per Common Share. Assuming a minimum conversion price of \$1.25, this represents a conversion rate of 800 Common 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.

If, prior to the Time of Expiry, the Company fixes a record date for the payment of a cash dividend or distribution to the holders of all or substantially all of the outstanding Common 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 Common 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 Common Share on such record date minus the amount in cash per Common Share distributed to holders of Shares, provided that the Conversion Price so adjusted is not less than \$1.25. 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 Common 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 Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder of record of such Common 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 Common Shares; (ii) the distribution of Common Shares to holders of all or substantially all of the outstanding Common Shares by way of dividend or otherwise, other than an issue of securities to holders of Common 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 Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price (as defined in the Trust Indenture) of the Common Shares; and (iv) the distribution to all holders of Common 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 are allowed to participate as though they had converted their Debentures into Common 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: (i) any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation or merger of the Company with or into any other entity, (ii) any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other entity, or (iii) a liquidation, dissolution or winding-up of the Company, the terms of the conversion privilege shall be adjusted so that each Holder 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 Common 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 Common Shares into which the Debenture was convertible prior to the effective date.

No fractional Common 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.

The Debentures are redeemable at any time, and 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 one year and one day after the Conversion Eligibility Date and ending on the date which is two years after the Conversion Eligibility Date, 105% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; (ii) commencing on the date which is two years and one day after the Conversion Eligibility Date and ending on the date which is three years after the Conversion Eligibility Date, 103% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon; and (iii) commencing on the date which is three years and one day after the Conversion Eligibility Date 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.

At maturity, the Company will repay the indebtedness represented by the Debentures then outstanding by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with all accrued and unpaid interest thereon, less any tax required by law to be deducted.

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 the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event, together with the Debenture Offer. The Debenture Trustee will thereafter promptly mail to each Holder 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 the Debenture Trustee by the Company within 10 days following expiry of the Debenture Offer and, as soon as possible thereafter, by the Debenture Trustee to the Holders 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.

If a Change of Control occurs in which 10% or more of the consideration for the outstanding Common 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 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 the Debenture Trustee and the Holders by the Company in the applicable Change of Control notice):

$COCCP = ECP / (1 + CP \times (c/t))$ 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.

10.2 Debt Securities

The Series A Debentures will be listed on the CSE. See Section 10.1 – “*Description of the Securities – Series A Debentures*” above for a description of the Series A Debentures.

The Debentures will be listed on the CSE. See Section 10.1 – “*Description of the Securities – Debentures*” above for a description of the Debentures.

10.3 Not numbered in CSE Form 2A.

10.4 Other Securities

This section is not applicable to the Company.

10.5 Modification Terms

See section 10.1 and 10.2 above.

10.6 Other Attributes

See section 10.1 and 10.2 above.

10.7 Prior Sales of Common Shares

In the 12 months prior to the date of this Listing Statement, the Company issued the following securities:

Date of Issue	Type of Security	Price	Number
May 30, 2019	Debentures	\$1,000 ⁽¹⁾	2,428
June 28, 2019	Debentures	\$1,000 ⁽²⁾	1,761
July 8, 2019	Common Shares	\$0.40 ⁽³⁾	31,250
June 19, 2020	Common Shares	\$0.40 ⁽⁴⁾	3,281,250
July 28, 2020	Common Shares	\$0.05 ⁽⁵⁾	3,811,344

(1) These Debentures were issued at a price of \$1,000 per Debenture pursuant to a prospectus dated May 8, 2019, for aggregate proceeds of \$2,428,000.

(2) These Debentures were issued at a price of \$1,000 per Debenture pursuant to a prospectus dated May 8, 2019, for aggregate proceeds of \$1,761,000.

(3) These Common Shares were issued on conversion of 31,250 Series A Preferred Shares without the payment of any additional consideration.

(4) These Common Shares were issued on conversion of 3,281,250 Series A Preferred Shares without the payment of any additional consideration.

(5) These Common Shares were issued in settlement of dividends owing to the holders of Series A Preferred Shares at a deemed price of \$0.05 per Common Share.

10.8 Stock Exchange Price

The Common Shares are currently listed on the CSE under the symbol "TCC". Previously, the Common Shares traded on the TSXV since August 2010. The following table sets out the high, low and closing trading prices and total trading volume of the shares of the Common Shares on the TSXV on a monthly basis for each month of the current quarter, for each month of the quarter immediately preceding the current quarter, and on a quarterly basis for the next preceding seven quarters:

Period	TSXV			
	High	Low	Close	Volume Traded
August 1, 2020 to August 28, 2020	\$0.045	\$0.04	\$0.045	17,000
Month ended July 31, 2020	\$0.055	\$0.055	\$0.055	75,000
Month ended June 30, 2020	No trades			

	TSXV			
Period	High	Low	Close	Volume Traded
Month ended May 31, 2020	\$0.09	\$0.045	\$0.045	48,560
Month ended April 30, 2020	No trades			
Quarter ended March 31, 2020	No trades			
Quarter ended December 31, 2019	\$0.35	\$0.09	\$0.09	48,000
Quarter ended September 30, 2019	\$0.50	\$0.35	\$0.35	2,058
Quarter ended June 30, 2019	\$0.45	\$0.27	\$0.45	22,500
Quarter ended March 31, 2019	\$0.27	\$0.20	\$0.27	7,014
Quarter ended December 31, 2018	\$0.30	\$0.24	\$0.245	73,500

The Series A Debentures are currently listed on the CSE under the symbol “TCC.DB” and trade in \$100 units. Previously, the Series A Debentures traded on the TSXV since October 2017. The following table sets out the high, low and closing trading prices and total trading volume of the shares of the Series A Debentures on the TSXV on a monthly basis for each month of the current quarter, for each month of the quarter immediately preceding the current quarter, and on a quarterly basis for the next preceding seven quarters:

	TSXV			
Period	High	Low	Close	Volume Traded
August 1, 2020 to August 28, 2020	\$55.01	\$55.01	\$55.01	46,000
Month ended July 31, 2020	No trades			
Month ended June 30, 2020	No trades			
Month ended May 31, 2020	\$61.00	\$61.00	\$61.00	5,000
Month ended April 30, 2020	\$72.01	\$50.00	\$50.00	50,000
Quarter ended March 31, 2020	\$74.00	\$72.01	\$72.01	86,000
Quarter ended December 31, 2019	\$75.00	\$70.00	\$72.01	155,000
Quarter ended September 30, 2019	\$75.01	\$70.00	\$70.00	10,000
Quarter ended June 30, 2019	\$80.00	\$71.00	\$75.01	65,000
Quarter ended March 31, 2019	\$75.00	\$70.00	\$71.00	92,000
Quarter ended December 31, 2018	\$80.00	\$70.00	\$70.00	175,000
Quarter ended September 30, 2018	\$85.00	\$65.00	\$70.00	291,000

The Debentures are currently listed on the CSE under the symbol “TCC.DB.A” and trade in \$100 units. Previously, the Debentures traded on the TSXV since October 2018. The following table sets out the high, low and closing trading prices and total trading volume of the shares of the Debentures on the TSXV on a monthly basis for each month of the current quarter, for each month of the quarter immediately preceding the current quarter, and on a quarterly basis for the next preceding seven quarters:

Period	TSXV			
	High	Low	Close	Volume Traded
August 1, 2020 to August 28, 2020	\$61	\$60	\$60	1,000
Month ended July 31, 2020	No trades			
Month ended June 30, 2020	No trades			
Month ended May 31, 2020	\$61	\$61	\$61	5,000
Month ended April 30, 2020	No trades			
Quarter ended March 31, 2020	\$75	\$60	\$61	102,000
Quarter ended December 31, 2019	\$95	\$70	\$75	136,000
Quarter ended September 30, 2019	\$95	\$85	\$91	137,000
Quarter ended June 30, 2019	\$85	\$70	\$85	58,000
Quarter ended March 31, 2019	\$101	\$70	\$70	125,000
Quarter ended December 31, 2018 ⁽¹⁾	\$100	\$94	\$94	51,000

(1) The Debentures began trading on the TSXV in October, 2018.

11. ESCROWED SECURITIES AND POOLING AGREEMENTS

As at the date of this Listing Statement, the Company has no shares subject to escrow or pooling agreements.

12. PRINCIPAL SHAREHOLDERS

12.1 Principal Shareholders

To the knowledge of the Company, no Person owns of record or beneficially, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding Common Shares, other than:

Name and Municipality of Residence	Number of Common Shares Owned	Percentage of Shares Owned ⁽¹⁾
Eric Boehnke West Vancouver, BC	4,981,928	26.55%
Thomas English Toronto, ON	5,767,445	30.74%
HCG5 Investment Limited Partnership Vancouver, BC ⁽²⁾	2,000,000	10.66%

(1) Based on 18,761,951 Common Shares outstanding as at the date hereof. In addition, Mr. Boehnke owns \$9,500 of Debentures that were issued pursuant to the First Omni Debenture Offering, which are convertible into 7,600 Common Shares at a deemed price of \$1.25 per Common Share.

(2) HCG5 is controlled by Jean-Marc Bougie, CEO of the Hillcore Group.

13. DIRECTORS AND OFFICERS

13.1 13.2, 13.3, 13.5 Directors and Officers

The following table sets the name, residence and principal occupation of each director and executive officer of the Company. In addition, the table shows the date on which each individual first became a director and/or officer and the number of common shares of the Company that each individual beneficially owns, or exercises control or direction over, directly or indirectly, as of the date of this Listing Statement. The information as to shares owned beneficially, not being within the knowledge of the Company, has been forwarded by the directors and officers individually.

Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years ⁽¹⁾	Director Since	Number of Shares Owned ⁽¹⁾	Percentage ⁽²⁾
Eric Boehnke ⁽³⁾ 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.	May 26, 2014	4,981,928 ⁽⁴⁾	26.55%
Thomas English ⁽³⁾ 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.	May 25, 2016	5,767,445 ⁽⁵⁾	30.74%
Jennie Choboter ⁽³⁾ Mission, BC <i>Director, CFO and Secretary</i>	CFO of the Company since May 2014 and Director since December 20, 2018; and CFO of the British Columbia Innovation Council since December 2012.	December 20, 2018	Nil ⁽⁶⁾	N/A

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

⁽²⁾ Based on 18,761,951 Common Shares outstanding as at the date hereof.

⁽³⁾ Member of the Audit Committee and the Investment Committee.

⁽⁴⁾ Does not include 180,000 stock options each of which is exercisable into one Common share at a price of \$0.25 per share until March 29, 2022 and \$9,500 of Debentures that were issued pursuant to the First Omni Debenture Offering, which are convertible into 7,600 Common Shares at a deemed price of \$1.25 per Common Share.

⁽⁵⁾ Does not include 180,000 stock options each of which is exercisable into one Common share at a price of \$0.25 per share until March 29, 2022

⁽⁶⁾ Does not include 125,000 stock options each of which is exercisable into one Common share at a price of \$0.25 per share until March 29, 2022.

As of the date of this Listing Statement, the directors and executive officers of the Company beneficially own, directly or indirectly, as a group 10,749,373 shares of our common stock representing approximately 57.29% of all outstanding shares of our common stock on a non-dilutive basis.

13.4 Board Committees

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 set out at Schedule B attached hereto.

Composition of Audit Committee

The members of the Company's Audit Committee are:

Eric Boehnke	Not Independent ⁽¹⁾	Financially literate ⁽²⁾
Jennie Choboter	Not 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. Ms. Choboter is not independent, as she is the CFO of the Company. The Audit Committee is not 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 – *Audit Committees* ("**NI 52-110**") which require all Audit Committee members to be independent. However, pursuant to subsection 6.1.1(3) of NI 52-110 and the policies of the CSE, a majority of the members of the Audit Committee must not be executive officers, employees or Control Persons of the Company. Given this, the Company has not complied with the requirements of section 6.1.1 of NI 52-110 since December 2018, as a majority of the Company's Audit Committee members are also executive officers of the Company. Since this time, the Company has undertaken efforts to recruit an additional independent director to its Board and Audit Committee; however, these efforts have been unsuccessful to date. The Company has been unable to identify a suitable candidate who can provide the range of accounting experience and expertise required by the Company's business activities and operations within management's business and industry contacts.

While the Company continues to pursue a suitable candidate to join its Board and Audit Committee, the Company believes it is nevertheless imperative that such an individual be knowledgeable and conversant in the language of finance and accounting as well as be well versed in the business of the Company. That said, the Company intends to expand its recruitment efforts to individuals outside the Company's current talent pool and look to find suitable individuals from related industries. In the interim, the Board has determined that the lack of a majority of

independent directors on the Audit Committee will not materially adversely affect the ability of the Audit Committee to act independent and to satisfy the other requirements of NI 52-110.

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 a former Executive Vice-Chairman, director and CEO of Terrace Energy Corp., a TSXV listed oil and gas exploration and production company with projects in the United States. In addition, Mr. Boehnke 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.

Thomas 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.

Jennie Choboter 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.

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, 2020 and March 31, 2019, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
March 31, 2020	\$22,000	\$Nil	\$2,000	\$23,000
March 31, 2019	\$22,000	\$Nil	\$2,000	\$26,000

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, Jennie Choboter 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 not independent. Eric Boehnke is not independent as he is the CEO of the Company. Jennie Choboter is not independent as she is the CFO 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 currently directors of other reporting issuers as set out below:

Name of Director	Names of Other Reporting Issuers
Eric Boehnke	Dragonfly Capital Corp. (NEX:DRC)
Thomas English	Cryptologic Corp. (formerly Vogogo Inc.) (CSE: CRY) BC Craft Supply Co. Ltd. (formerly Pasha Brands Ltd.) (CSE:CRFT)

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

In addition to the Audit Committee, the Board also has an Investment Committee. The Investment Committee is comprised of Eric Boehnke, Chief Executive Officer, Thomas English, director, and Jennie Choboter, Chief Financial Officer and director. The Investment Committee monitors the Company's investment portfolio on an ongoing basis and reviews the status of its investments at least monthly. See Section 4- "*Narrative Description of the Business – Investment 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.

13.5 Director and Officer Principal Occupations

The principal occupation of the Company's directors and officers is disclosed in the table above.

13.6 Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the knowledge of the Company, no director, officer or promoter of the Company, or a securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been, within 10 years before the date of this Listing Statement, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable Securities Laws, 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 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 management discussion and analysis for the year ended March 31, 2015, and trading in the Common 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 board of the TSXV on May 3, 2016.

13.7 Penalties or Sanctions

To the knowledge of the Company, no proposed director, officer or promoter of the Company, or a securityholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a 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 securityholder making a decision about the Transaction.

13.8 Settlement Agreements

This section is not applicable to the Company.

13.9 Personal Bankruptcies

To the knowledge of the Company, no proposed director, officer or promoter of the Company, or a securityholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years before the date of this Listing Statement, 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 the director, officer or promoter.

13.10 Existing or Potential Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests with they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Except as described in "Interest of Management and Others in Material Transactions" below, to the knowledge of the Company, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management, as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promotes and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

13.11 Management

The following is a brief description of the proposed key members of management of the Company. In addition to the information below, see the table in Section 13.1 – *Directors and Officers – Name, Occupation and Security Holding* for more information.

Eric Boehnke – CEO and Director

Mr. Boehnke, age 54, has been the principal of Big Sky Management Ltd., a private company providing corporate finance services to private and public companies, since 1996. Over a 20-year career, Mr. Boehnke has been active in both private and public venture financings in the mining, technology, and oil and gas sectors where he has served as a director and officer for a number of public companies. Mr. Boehnke holds a Bachelor of Science degree from the University of Toronto.

Mr. Boehnke devotes approximately 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.

Jennie Choboter – Director, CFO and Secretary

Ms. Choboter, age 74, 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 devotes approximately 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.

Thomas English - Director

Mr. English, age 44, 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.

Mr. English devotes approximately 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.

14. CAPITALIZATION

14.1 Issued Capital

The following tables provide information about our capitalization as of the date of this Listing Statement:

Issued Capital ⁽¹⁾	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total Outstanding (A)	18,761,951	37,408,351	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	12,749,373	13,191,973	67.95%	35.26%%
Total Public Float (A-B)	6,012,578	24,216,378	32.05%	64.74%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in shareholder agreement and securities held by control block holders (C)	-	-	-	-
Total Tradeable Float (A-C)	18,761,951	37,408,351	100%	100%

⁽¹⁾ Figures are reported to the best of the knowledge of management of the Company.

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered “public securityholders of the Company, being persons other than persons enumerated in section (B) of the *Issued Capital* table above:

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	1	97
100 – 499 securities	1	485
500 – 999 securities	3	2,384
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	1	2,424
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	12	6,007,188
Unable to confirm	-	-
TOTAL:	18	6,012,578

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial “public securityholders of the Company⁽¹⁾, being persons other than persons enumerated in section (B) of the *Issued Capital* table above who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	30	919
100 – 499 securities	16	4,637
500 – 999 securities	31	18,827
1,000 – 1,999 securities	28	31,403
2,000 – 2,999 securities	8	20,539
3,000 – 3,999 securities	4	13,408
4,000 – 4,999 securities	4	17,196
5,000 or more securities	34	5,905,643
Unable to confirm	-	
TOTAL:	155	6,012,578

⁽¹⁾ The amounts included in this table are based on a share range report dated June 1, 2020 and a registered shareholders list dated June 29, 2020. The Company may have other beneficial holders of its securities that it is not aware of. Certain of the shareholders in this table may be insiders of the Company, however such information is not distinguished in the share range report and accordingly is outside the knowledge of the Company.

Non-Public Securityholders (Registered)

For the purposes of this chart, “non-public securityholders” are persons enumerated under (B) in the *Issued Capital* table above.

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	3	12,749,373
Unable to confirm	-	-
TOTAL:	3	12,749,373

14.2 Convertible Securities

The following table summarizes the outstanding securities convertible into common shares in our authorized capital as of the date of this Listing Statement:

Description of Security (include conversion/exercise terms, including conversion/exercise price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Options ⁽¹⁾	1,160,000	1,160,000
Series A Debentures ⁽²⁾	7,740	7,740,000
Debentures ⁽³⁾	12,183	9,746,400

(1) The stock options are exercisable at a price of \$0.25 until March 29, 2022 and vest annually over three years, with 1/3 of the stock options vesting each year commencing on the date of grant, being March 29, 2019.

(2) The Series A Debentures are governed by the terms of the Series A Indenture and may be converted into Common Shares at a price of \$1.00 per Common Share.

(3) The Debentures are governed by the terms of the Trust Indenture and may be converted into Common Shares at a price of \$1.25 per Common Share.

14.3 Other Listed Securities

The Company has no other listed securities reserved for issuance that are not included in section 14.2.

15. EXECUTIVE COMPENSATION

For the purposes of this section:

“**Compensation Securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted share units granted or issued by a company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to a company or any of its subsidiaries (if any).

“**NEO**” means, in relation to a company, each of the following individuals:

- (a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation – Venture Issuers*, for that financial year, and

- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year; and

“**plan**” includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets out details of all payments, grants, awards, gifts and benefits paid or awarded to each director and NEO in the two most recently completed financial years:

Name and Position	Year Ended March 31	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites ⁽¹⁾ (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Eric Boehnke ⁽²⁾ <i>President, CEO and Director</i>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Jennie Choboter ⁽³⁾ <i>CFO, Secretary and Director</i>	2020 2019	31,701 6,300	Nil Nil	Nil Nil	Nil Nil	Nil Nil	31,701 6,300
Thomas English ⁽⁴⁾ <i>Director</i>	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

(1) “Perquisites” include perquisites provided to a NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director’s total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director’s salary for the financial year if the NEO or director’s total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director’s total salary for the financial year is \$500,000 or greater.

(2) Eric Boehnke has been the CEO and a director of the Company since May 26, 2014.

(3) Jennie Choboter has been the CFO and Secretary of the Company since May 26, 2014 and a director of the Company since December 10, 2018.

(4) Thomas English has been a director of the Company since May 25, 2016.

Stock Options and Other Compensation Securities

During the year ended March 31, 2020, the Company did not issue any Options.

As at March 31, 2020:

- (a) Eric Boehnke, the CEO and a director of the Company, owned an aggregate of 180,000 compensation securities, comprised solely of Options, each of which is exercisable into one Common Share exercisable at a price of \$0.25 per Common Share until March 29, 2022;
- (b) Jennie Choboter, the CFO, Secretary and a director of the Company, owned an aggregate of 125,000 compensation securities, comprised solely of Options, each of which is exercisable

into one Common Share exercisable at a price of \$0.25 per Common Share until March 29, 2022; and

- (c) Thomas English, a director of the Company, owned an aggregate of 180,000 compensation securities, comprised solely of Options, each of which is exercisable into one Common Share exercisable at a price of \$0.25 per Common Share until March 29, 2022.

All of the Options set out above vest annually over three years, with 1/3 of the Options vesting each year commencing on the date of grant, being March 29, 2019. See Section 9 - *“Options to Purchase Securities”*.

Stock Option Plans and Other Incentive Plans

A description of the Stock Option Plan is included under the heading *“Options to Purchase Securities”*.

Employment, Consulting and Management Agreements

The Company is not party to any formal employment, consulting or management agreements with respect to any NEOs or directors.

Oversight and Description of Director and NEO Compensation

As the Company does not have a compensation committee, the Board has the responsibility to administer compensation policies related to the executive management, being the CEO, the CFO and the Secretary, including the grant of Compensation Securities. The Board periodically reviews the Company's compensation structure to ensure that compensation realistically reflects the responsibilities of such positions based on such factors as time commitment, level of responsibility, comparative fees paid other companies in the same industry in North America, and the Company's current financial position. Moreover, NEO compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. Historically, such compensation has been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance.

In the future, the Company may grant stock options under the Stock Option Plan. A determination to make such a grant may take into account the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company, as well as the number of stock options, if any, previously granted to each executive officer, and the exercise price of any outstanding stock options, to ensure that such grants are in accordance with the policies of the CSE, and to align the interests of the executive officers with the interests of the Shareholders.

The Board has not adopted any specific policies or practices to determine the compensation for the Company's directors and officers, other than as disclosed above. Given the Company's current stage of development, the Company has not established a compensation committee.

Pension Plan Benefits

The Company does not have any pension plans that provide for payments or benefits to the NEOs at, following, or in connection with retirement, including any defined benefits plan or any defined contribution plan. The Company does not have a deferred compensation plan with respect to any NEO.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 Aggregate Indebtedness

Other than disclosed herein, no directors, executive officers or employees, and no former directors, executive officers or employees, are indebted to the Company as at the date of this Listing Statement or were indebted to the Company since the beginning of the most recently completed financial year of the Company.

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

No directors or executive officers of the Company, or Associates of such directors or executive officers, are indebted to the Company as at the date of this Listing Statement or were indebted to the Company since the beginning of the most recently completed financial year of the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

17. RISK FACTORS

There are inherent risks related to the business of the Company, 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 Common Shares. It is possible that other risks and uncertainties that affect the business of the Company will arise or become material from time to time.

Risks Related to the Business of the Company

Repayment Risk

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

Substantial Debt Obligations

The significant amount of debt the Company has, as a result of the issuance of the Series A Debentures and the Debentures issued pursuant to the First Omni Debenture Offering and Second Omni Debenture Offering, and will continue to 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.

No Prior Public Market for the Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under the First Omni Debenture Prospectus and the Second Omni Debenture Prospectus. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the price at which the Debentures trade may be adversely affected. The market price of the Debentures may be volatile and subject to wide fluctuations and will be based on a number of factors, including: (i) the prevailing interest rates being paid by companies similar to the Company; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Company; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) changes in the industry in which the Company operates and competition affecting the Company; and (viii) general market and economic conditions in North America and globally. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Default by and Bankruptcy of ABOs

The failure of any borrower indebted to the Company, including WILP and, on completion of the Omni Investment, ABO, to satisfy its borrowing obligations, including any covenants imposed, could lead to defaults and the termination of such 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 such borrower. In certain circumstances, a borrower's default under one loan could also trigger cross-defaults under other agreements and jeopardize the borrower's ability to meet its obligations to the Company. Should a 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 a 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.

Put Right of Minority AHLP Unitholders on Event of Default

Pursuant to the terms of the AHLP limited partnership agreement, in the event that the Omni Lender realizes on the security set forth above, the transfer of the AHLP Units owned by ABO to the Omni Lender will need to be approved by the minority holders of the AHLP Units (which such holders will, in connection with the closing of the first advance under the Omni Loan Agreement, undertake to do on occurrence of an Event of Default (as defined in the Omni Loan Agreement)). Further, such holders will have the option to tender their respective AHLP Units to AHLP for purchase or redemption. On receipt of written notice requiring redemption or purchase, the AHLP-GP shall cause AHLP to, directly or indirectly, acquire the AHLP Units of such holders for fair market value (as determined by agreement of any such selling holders and the AHLP-GP or, failing that, by independent appraisal by a qualified business valuator appointed by any such selling holders), within 10 business days. The purchase price, to the extent not paid in cash, will be a debt obligation of AHLP and shall be an obligation to be paid in priority to any distribution to ABO or to the AHLP-GP, or to any successor, assign, creditor or transferee of ABO and/or ABO's General Partner, including the Omni Lender.

A Positive Return in an Investment in the Debentures is not Guaranteed

There is no guarantee that an investment in the Debentures will earn any positive return in the short term or long term. A purchase under the Offering involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Debentures is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Inability to Satisfy Payments

The Debentures mature on January 31, 2023. The likelihood that holders of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the Company's financial condition and creditworthiness. There is no guarantee that the Company will have sufficient cash available to make interest payments or repay the principal outstanding on the Debentures on a timely basis or at all. See "*Earnings Coverage*", which is relevant to an assessment of risk that the Company may be unable to pay interest or principal on the Debentures when due.

Change of Control

Within 30 days following the occurrence of a 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 Common Shares based on the number of Common 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.

Redemption Prior to Maturity

At any time, 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.

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 holders 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 applicable maturity date or that it will be able to raise sufficient capital on acceptable terms by the applicable maturity date to repay the Debentures.

Creditworthiness of Borrowers

The operations of the Company will depend on the creditworthiness of WILP and ABO, and other entities which the Company may make investments 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.

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 on maturity), 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"). The deeming rule does not apply in respect of certain "excluded obligations", although it is not clear whether a particular convertible debenture would qualify as an "excluded obligation". If a convertible debenture is not an "excluded obligation", issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is "participating debt interest", and if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that any excess that arises because of a transfer or assignment of a "standard convertible debenture" (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants sent to the CRA on May 10, 2010) by a non-resident person to a person resident in Canada (including the issuer of the debenture) does not generally constitute "participating debt interest", and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). The Debentures should generally meet the criteria set

forth in the CRA's statement. Nevertheless, there is a risk that amounts paid or payable by the Company to a holder of Debentures on account of interest or any "excess" amount may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with a relevant tax treaty). The Trust Indenture will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that it is required to withhold Canadian withholding tax on the payment of interest (including any excess that may be considered to be participating debt interest).

Shareholder Rights

Holders of Debentures are not, and will not be, entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than in limited circumstances), but if a holder of Debentures subsequently converts its Debentures into Common Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Company delivers Common 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 Common 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 Common Shares that result from such amendment.

Risk of Payment Defaults Under Investment Agreements

While the Company intends to structure its investments, including the Omni 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 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 have, and 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 Common 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 market price of the Common 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 Common 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 Common 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 Common 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 Preferred Shares will also dilute the interests of existing Shareholders.

Financing Risks

The Company has only a limited history of revenue and there can be no assurance that the Company will realize significant earnings or revenue in the future. In addition, the Company's

business model is 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 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 is in an early stage of development. As such, there is 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

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 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 competes 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 substantially larger and have considerably greater financial resources than the Company. Competitors may have a lower cost of funds and many 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 Waiward Investment and the Omni 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 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. 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 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 Listing Statement 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.

Audit Committee Composition

Since December 2018, the Company has been in default of the audit committee composition requirements as set forth in section 6.1.1 of NI 52-110 and the policies of the CSE as a majority of its Audit Committee members are executive officers, employees or Control Persons of the Company. As a result, the ability of the Audit Committee to effectively exercise independent judgement over the Company's financial reporting may be impeded which, in turn, could have a material adverse effect on the Company's financial reporting process. Although the Board believes the current composition of the Audit Committee facilitates a strong, effective and independent committee of the Board, the lack of independence of the Audit Committee may result in circumstances which materially adversely affect the Audit Committee's ability to act independent and to satisfy the other requirements of NI 52-110 and the policies of the CSE.

Litigation

To the Company's knowledge, as of the date of this Listing Statement, 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 Common 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.

COVID-19 Coronavirus Outbreak

The current global uncertainty with respect to the spread of COVID-19, the rapidly evolving nature of the pandemic and local and international developments related thereto, including its effect on the broader global economy and capital markets, may have a negative effect on the Company and its operations. While the precise impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having both direct and indirect impacts on businesses in Canada and around the world and could result in certain disruptions to the business and operations of the Company as well as a diversion of management attention which, in turn, could have a material adverse effect on the Company generally. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company, including its ability to raise additional financing. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect the Company's business and the value of the Company's securities.

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 Waiward Investment and the Omni 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.
- The material adverse effects experienced by investee companies due to the current COVID-19 pandemic, including, but not limited to, decreased global economic activity, disruptions to global supply chains, and the volatility of the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to each investee company, including their ability to raise capital.

Risks Related to the Business of Omni

General Business Risks

Omni is subject to general business risks inherent in the senior care industry, including: increased government regulation and oversight; changing consumer preferences; fluctuations in occupancy levels and business volumes; the inability to achieve adequate government funding increases; increases in labour costs and other operating costs; possible future changes in labour relations; competition from, or the oversupply of, other similar properties; changes in neighbourhood or location conditions and general economic conditions; health related risks; disease outbreaks and control risks; changes in accounting principles and policies; the imposition of increased taxes or new taxes; capital expenditure requirements; changes in interest rates; and changes in the availability and cost of long-term financing, which may render refinancing of long-term debt difficult or unattractive. Any one of, or a combination of, these factors may adversely affect the business, results of operations and financial condition of Omni.

In addition, there are inherent legal, reputational and other risks involved in providing housing and health care services to seniors. The vulnerability and limited mobility of some seniors enhances such risks. Such risks include fires or other catastrophic events at a property which may result in injury or death, negligent or inappropriate acts by employees or others who come into contact with Omni's residents, and unforeseen events at Omni's centres that result in damage to Omni's brand or reputation or to the industry as a whole.

Risks Related to a Pandemic, Epidemic or Outbreak of a Contagious Illness, such as COVID-19

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis at one of the LTC homes which Omni operates could have a material adverse effect on the business, results of operations and financial condition of Omni.

Federal, provincial or local health agencies may, or Omni may choose to, ban or limit admissions to its LTC homes and retirement communities and/or suspend or limit the home health care services Omni provides as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in reduced occupancy and service volumes. Even in the absence of any such ban, limit or suspension, Omni's clients may postpone or refuse services or delay residency in an attempt to avoid possible exposure. Also, enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or address actual illness in Omni's LTC homes and retirement communities or in respect of home health care clients (for example, enhanced screening and protective equipment) would result in increased costs. In addition, a pandemic, epidemic or other outbreak might adversely impact Omni's operations by causing staffing and supply shortages.

Although continued or enhanced government funding or assistance may mitigate some of these impacts, there is no certainty the extent to which that will be the case. In addition, outbreaks, such as the recent COVID-19, cause Omni's facilities and management to spend considerable time planning for and addressing such events, which diverts their attention from other business concerns. Further, such outbreaks may impact the overall economy so that credit markets are adversely affected, which may make it more difficult for Omni to access the credit markets or, if able to do so, at a higher cost or less advantageous terms, potentially impacting, among other things, re-financings and its development plans and timelines. There can be no assurances that a pandemic, epidemic or outbreak of a contagious illness, such as COVID-19, would not have a

material adverse effect on the business, results of operations and financial condition of Omni. See *"Narrative Description of Business – General – Recent Developments"* for more information regarding Omni and COVID-19.

Government Funding and Regulatory Changes

Omni's earnings are highly reliant on government funding and reimbursement programs, and the effective management of staffing and other costs of operations, which are strictly monitored by government regulatory authorities. Given that Omni operates in a labour-intensive industry, where labour costs account for a significant portion of Omni's operating costs, government funding constraints could have a significant adverse effect on the results from operations and cash flows of Omni. Management is unable to predict whether governments will adopt changes in their funding and reimbursement programs, and if adopted and implemented, what effect such changes will have on Omni.

All long-term care providers are subject to surveys, inspections, audits and investigations by government authorities to ensure compliance with applicable laws and licensure requirements of the various government funding programs. Long-term care centres must comply with applicable regulations that, depending on the jurisdiction in which they operate, may relate to such things as staffing levels, resident care standards, occupational health and safety, resident confidentiality, billing and reimbursement, along with environmental and other standards. Retirement communities are also subject to extensive government regulation and oversight, licensure requirements and the potential for regulatory change. The government review process is intended to determine compliance with survey and certification requirements, and other applicable laws. Remedies for survey deficiencies can be levied based upon the scope and severity of the cited deficiencies. Remedies range from the assessment of fines to the withdrawal of payments under the government funding programs. Should a deficiency not be addressed through a plan of correction, a centre can be decertified from the funding program. Omni makes every effort to avoid and mitigate notices of deficiencies through quality assurance strategies. As well, all efforts are undertaken to correct all legitimate problem areas that have been identified through regulatory inspections.

The revocation of a license by authorities or the cancellation of a service contract due to inadequate performance by the operator has been historically infrequent and is usually preceded by a series of warnings, notices and other sanctions. Omni has never had such a license or service contract revoked in Canada.

Non-compliance with applicable laws and licensure requirements governing LTC and retirement communities could result in adverse consequences, including severe penalties, which may include criminal sanctions and fines, civil monetary penalties and fines, administrative and other sanctions, including exclusion from participation in government funded programs, or one or more third-party payor networks. Omni may be required to refund amounts that have been paid to it by government funding programs. These penalties could have a material adverse effect on the business, results of operations or financial condition of Omni.

LTC Funding in Ontario

The provincial regulation of LTC homes includes the control of resident co-payment fees. The MOHLTC funds care and support programs provided in LTC homes and subsidizes accommodation costs for qualifying residents. As a result of increasing healthcare costs, especially

those attributable to the current COVID-19 pandemic, the risk exists that funding agencies may, in the future, reduce the level of, or eliminate, such fees, payments or subsidies. There can be no assurance that the current level of such fees, payments and subsidies will continue or that such fees, payments and subsidies will increase commensurate with expenses. A reduction of these fees, payments or subsidies could have an impact on the business, operating results or financial condition of Omni.

Financing Risk

Omni expects its working capital needs and capital expenditure needs to increase in the future as it continues to expand and enhance its portfolio. Omni's ability to raise additional capital will depend on the financial success of its current business and the successful implementation of its key strategic initiatives, financial, economic and market conditions, and other factors, some of which are beyond its control. No assurance can be given that it will be successful in raising the required capital at reasonable cost and at the required times, or at all. If Omni is unsuccessful in raising additional capital, it may not be able to continue its business operations and advance its growth initiatives.

A portion of Omni's cash flow is devoted to servicing its debt and there can be no assurance that Omni will continue to generate sufficient cash flow from operations to meet the required interest and principal payments on its debt. If Omni were unable to meet such interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. If this were to occur, it could have an impact upon the business, operating results or financial condition of Omni. Omni is subject to the risk that its existing indebtedness may not be able to be refinanced at maturity or that the terms of any refinancing may not be as favourable as the terms of its existing indebtedness. If Omni requires additional debt financing, its lenders may require it to agree on restrictive covenants that could limit its flexibility in conducting future business activities or that contain customary provisions that, upon an event of default or other breach of debt covenant, result in the acceleration of repayment of amounts owed. Some of Omni's current debt instruments include such covenants.

Debt Financing

The Senior Credit Agreement is a demand facility that is secured by 18 long-term care centres in Ontario and is guaranteed by certain subsidiaries of Omni. The Senior Credit Agreement contains normal and customary terms, including annual re-appraisals of certain nursing homes, that could limit the maximum level of the line of credit and other restrictions on certain subsidiaries of Omni making certain payments, investments, loans and guarantees. A demand for repayment of amounts drawn on the line of credit could inhibit the flow of cash dividends by Omni on a temporary or more permanent basis until alternative financing is obtained. In addition, Omni, through an operating subsidiary, is party to a credit facility subordinate to the Senior Credit Agreement pursuant to which it has been advanced \$14.4 million towards which only interest payments are required until December 31, 2032, and which may be repaid at any time without penalty.

Redevelopment of Class B and C Homes

In October 2014, an announcement was made by the MOHLTC in regards to an LTC home renewal strategy to support operators in upgrading older LTC homes. Omni expects to develop older homes through this program. The redevelopment of Omni's Class B and Class C beds into Class A

beds may include significant capital outlays. To the extent such redevelopment plans proceed on significantly different timing or terms, including with respect to the levels of expected MOHLTC funding, there could be an adverse effect on the Omni's business operations. Pursuant to the Senior Credit Agreement, Omni is required to make certain annual capital expenditures to the redevelopment of Class B and C beds in accordance with the terms of the Senior Credit Agreement.

Liability and Insurance

The businesses that are carried on by Omni, directly or indirectly, entail an inherent risk of liability. Management expects that, from time to time, Omni may be subject to lawsuits as a result of the nature of its business. Omni maintains business and property insurance policies in amounts and with such coverage and deductibles as deemed appropriate, based on the nature and risks of the business, historical experience and industry standards.

There can be no assurance, however, that claims in excess of the insurance coverage, or in excess of Omni's reserves, or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. Furthermore, there are certain types of risks, generally of a catastrophic nature, such as war, non-certified acts of terrorism, or environmental contamination, which are either uninsurable or are not insurable on an economically viable basis. A successful claim against Omni not covered by, or in excess of, such insurance, or in excess of Omni's reserves for self-insured retention levels, could have a material adverse effect on the business, results of operations and financial condition of Omni. Claims against Omni, regardless of their merit or eventual outcome, may also have a material adverse effect on the ability of Omni to attract residents, expand the business of Omni or maintain favourable standings with regulatory authorities.

Tax Rules and Regulations

Omni is subject to audits from federal, state and provincial tax jurisdictions and is therefore subject to risk in the interpretation of tax legislation and regulations. Tax regulations are complex and require careful review by Omni's tax management and its external tax consultants. Differences in interpretation of those tax rules and regulations could result in tax assessments and penalties for the untimely payment of the determined tax liability, which could have a material adverse effect on the business, results of operations and financial condition of Omni.

Privacy of Client Information and Cyber Security

As a custodian of a large amount of personal information, including health information, relating to its clients and employees, Omni is exposed to the potential loss, misuse or theft of any such information. In addition, cyber-attacks against large organization are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. Omni mitigates this risk by deploying appropriate information technology systems, including controls around logical access, physical access and data management, and training its employees relating to safeguarding of sensitive information.

There are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under PIPEDA, protect medical records and other personal health information by limiting their use and disclosure of health information to the

minimum level reasonably necessary to accomplish the intended purpose. If Omni was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of Omni.

Although to date Omni has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that Omni will not incur such losses in the future. Omni's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, Omni may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Occupancy and Business Volumes

Senior care providers compete primarily on a local and regional basis with many other health care, long-term care and retirement living providers, including profit-oriented and not-for-profit organizations, hospital-based LTC units, rehabilitation hospitals, home health care agencies, and rehabilitative therapy providers. Omni's ability to compete successfully varies from location to location and depends on a number of factors, including the number of competitors in the local market, the types of services available, local reputation for quality care, the commitment and expertise of its staff, its local service offerings, the cost of care in each locality, and the physical appearance, location, age and condition of its centres. Increased competition could limit Omni's ability to attract and retain residents and clients, maintain or increase occupancy levels and business volumes, or to expand its business. If Omni is unable to attract residents and clients, then it could materially adversely affect the business, results of operations and financial condition of Omni.

Real Property Ownership

All real property investments are subject to a degree of risk. They are affected by various factors, including changes in general economic conditions (such as the availability of long-term mortgage funds) and in local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to patients and residents, competition from other available space and various other factors. In addition, fluctuations in interest rates could have a material adverse effect on the business, results of operations and financial condition of Omni.

Senior care and living centres are limited in terms of alternative uses; therefore, their values are directly driven by the cash flow from operations. The value of Omni's properties depends, in part, on government funding and reimbursement programs. Omni's income and funds available for distribution would be adversely affected if governments reduced their funding or reimbursement programs. In addition, overbuilding in any of the market areas in which Omni operates could cause these properties to experience decreased occupancy or depressed margins, which could have a material adverse effect on the business, results of operations and financial condition of Omni. Moreover, certain significant expenditures involved in real property investments, such as real estate taxes, maintenance costs and mortgage payments, represent liabilities that must be met regardless of whether the property is producing any income.

Real property investments are relatively illiquid, thereby limiting the ability of Omni to vary its portfolio in a timely manner in response to changed economic or investment conditions. By specializing in long-term care and retirement living centres, Omni is exposed to adverse effects on these segments of the real estate market. There is a risk that Omni would not be able to sell its real property investments or that it may realize sale proceeds below their current carrying value.

Capital Intensive Industry

Omni must commit a substantial portion of its funds to maintain and enhance its senior care and living centres and equipment to meet regulatory standards, operate efficiently and remain competitive in its markets. To the extent redevelopment plans are not implemented or proceed on significantly different timing or terms, including the levels of expected government subsidy funding, they, as well as other future capital requirements, could adversely impact the amount of cash available to Omni and have a material adverse effect on the business, results of operations and financial condition of Omni.

Environmental Liabilities

As an owner of interests in real property, Omni is subject to government laws and regulations relating to environmental matters. Omni may become liable for the costs of removal or remediation of certain hazardous, toxic, or regulated substances present at, released on or disposed of from its properties, regardless of whether or not Omni knew of, or was responsible for, their presence, release or disposal. The failure to remove, remediate, or otherwise address such substances, if any, may adversely affect the ability to sell such properties or to borrow using such properties as collateral and could potentially result in claims by public or private parties, including by way of civil action.

In addition, environmental laws may change and Omni may become subject to more stringent environmental laws in the future. Compliance with more stringent environmental laws, which may be more rigorously enforced, could have a material adverse effect on the business, results of operations and financial condition of Omni.

Dependence on Key Personnel

The success of Omni depends, to a significant extent, on the efforts and abilities of its executive officers and other members of management, as well as its ability to attract and retain qualified personnel to manage existing operations and future growth. Although Omni has entered into employment agreements with certain of its key employees, it cannot be certain that any of these individuals will not voluntarily terminate his or her employment with Omni. The loss of an executive officer or other key employee could negatively affect Omni's ability to develop and pursue its business strategy, which could have a material adverse effect on the business, results of operations and financial condition of Omni.

Personnel Costs

The long-term care industry is labour intensive. Omni competes with other health care providers in attracting and retaining qualified and skilled personnel to manage and operate the day-to-day operations of each of its centres and home health care services. The health care industry continues to face shortages of qualified personnel, such as nurses, certified nurse's assistants, nurse's aides, and therapists. The shortage of qualified personnel and general inflationary pressures may require

Omni to enhance its pay and benefits package to compete effectively for such personnel. Omni may not be able to recover such added costs through increased government funding and reimbursement programs, or through increased rates charged to residents and clients. The inability to retain and/or attract qualified personnel and meet minimum staffing levels may result in: a reduction in occupancy levels and volume of services provided; the use of staffing agencies at added costs; an increased risk in the inability to provide continuity of care between staff, residents and clients; and an increased risk of an LTC or retirement community being subject to fines and penalties. An increase in personnel costs or a failure to attract, train and retain qualified and skilled personnel could adversely affect the business, results of operations and financial condition of Omni.

Competition

Numerous other seniors housing facilities compete with Omni in seeking residents. The existence of competing owners and competition for residents could have an adverse effect on Omni's ability to find residents for its seniors housing properties and on the rents charged, and could adversely affect Omni's revenues along with its ability to meet its debt obligations.

Geographic concentration

A majority of the business and operations of Omni are conducted in Ontario. The fair value of the Omni's assets and the income generated therefrom could be negatively affected by changes in local and regional economic conditions.

18. PROMOTER CONSIDERATION

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 and arranging the Offering. Mr. Boehnke beneficially owns, controls or directs, directly or indirectly, 4,981,928 Common Shares, representing 26.55% of the total issued and outstanding Common Shares. 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 Listing Statement, nor has been, within ten years before the date hereof:

- (i) a director, CEO or CFO of any Person that was subject to an order that was issued:
 - (a) while he was acting in the capacity as director, CEO or CFO, or
 - (b) after he ceased to be a director, CEO or CFO and which resulted from an event that occurred while he was acting in the capacity as director, CEO or CFO;
- (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.

19. LEGAL PROCEEDINGS

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 Listing Statement, to the Company's knowledge, no material claims or litigation have been brought against the Company.

20. 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 Listing Statement as a principal securityholder, and no Associate or Affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction in the three years preceding the date of the Listing Statement or in any proposed transaction that has materially affected or will materially affect the Company.

HCG5 holds 2,000,000 Common Shares, representing 10.66% of the issued and outstanding Common Shares as at the date hereof. Accordingly, the Omni Investment constituted a "related party transaction" as such term is defined in MI 61-101 and, as a result, required that the Company obtain a formal valuation for, and minority shareholder approval of, the Omni Investment, unless applicable exemptions thereto were available under MI 61-101. In this regard, the Company relied 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 Omni Investment and related transactions were supported by Eric Boehnke, a director of the Company, who owns 4,981,928 Common Shares, representing 26.55% of the issued and outstanding Common Shares, as at the date hereof, and who was not an interested party in connection with the Omni Investment.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

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

21.2 Transfer Agent and Registrar

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 Common Shares.

22. MATERIAL CONTRACTS

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

1. the Waiward Loan Agreement dated effective March 2, 2017, as amended, between the Waiward Lender and WILP with respect to the Waiward Investment;
2. the Escrow Agreement dated May 18, 2017 among the Company, the Debenture Trustee and the holders of the Escrow Shares;
3. the Omni Loan Agreement dated December 21, 2017, as amended on March 21, 2018, between the Omni Lender and ABO with respect to the Omni Investment;
4. the agency agreement dated January 31, 2018 among the Company, 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 relating to the First Omni Debenture Offering;
5. the agency agreement dated May 8, 2019 among the Company, Industrial Alliance Securities Inc. as lead agent, together with Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., PI Financial Corp., Hampton Securities Limited and Integral Wealth Securities Ltd., relating to the Second Omni Debenture Offering;
6. the Trenchant Loan Agreement dated December 21, 2017 between Trenchant and ABO with respect to the assignment of the Advance to ABO;
7. the Trust Indenture March 23, 2018 Trenchant and the Debenture Trustee with respect to the Debentures;
8. the Omni Pledge Agreement dated March 23, 2018, as amended, between the Company and the Debenture Trustee;
9. the Guarantee, Indemnity and Postponement of Claims Agreement dated March 23, 2018 between the Company and ABO Healthcare GP Ltd.;
10. the Guarantee, Indemnity and Postponement of Claims Agreement dated March 23, 2018 between ABO Healthcare GP Ltd. and the Omni Lender;
11. the Hillcore Loan Agreement dated March 23, 2018 between ABO and Hillcore documenting the Hillcore Loan;
12. the Unit Purchase Option Agreement dated March 23, 2018 for the Omni Investment;

13. the Management Agreement dated March 23, 2018 with ABO Healthcare GP Ltd. as a general partner of ABO Healthcare Limited Partnership and ABO Trust;
14. the office lease agreement dated April 23, 2018 between the Company and Oxford properties Group;
15. Debt settlement agreement dated June 16, 2020 between the Company and Waterpoint Financial Group, Inc.;
16. Debt settlement agreement dated June 18, 2020 between the Company and Steve Hanson.
17. Debt settlement agreement dated June 18, 2020 between the Company and JMM Trading LP.
18. Debt settlement agreement dated June 27, 2020 between the Company and Romeo D'Angela.
19. Debt settlement agreement dated June 30, 2020 between the Company and Graham Saunders.
20. Debt settlement agreement dated June 30, 2020 between the Company and Koyich Hold Co.
21. Debt settlement agreement dated June 30, 2020 between the Company and Thomas English.

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.

23. INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an Associate or Affiliate of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. Dale Matheson Carr-Hilton Labonte LLP is independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Company and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its respective securities.

25. FINANCIAL STATEMENTS

The Company's audited financial statements, with the accompanying notes, for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 are attached hereto as Schedule D.

SCHEDULE A

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Trenchant Capital Corp., hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Trenchant Capital Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, BC, this 28th day of August, 2020.

"Eric Boehnke"

Name: Eric Boehnke

Title: Chief Executive Officer and a director

"Jennie Choboter"

Name: Jennie Choboter

Title: Chief Financial Officer, Secretary
and a director

"Thomas English"

Name: Thomas English

Title: Director

SCHEDULE B

Audit Committee Charter

RARA TERRA CAPITAL CORP.
(the “Corporation”)

AUDIT COMMITTEE CHARTER

1. MANDATE

The audit committee will assist the board of directors of the Corporation (the “Board”) in fulfilling its financial oversight responsibilities. The committee will review and consider, in consultation with the Corporation’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 Corporation’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 Corporation. 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 Corporation’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 Corporation;
- (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 Corporation's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

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 Corporation. 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 Corporation; 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 Corporation 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

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

Interim Financial Statements

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

Release of Financial Information

- (h) 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 Corporation's public disclosure of financial information extracted or derived from the Corporation'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 Corporation or any subsidiary of the Corporation 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 Corporation 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 Corporation regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation 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 Corporation'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 Corporation 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 financials statements are consistent with changes in the Corporation'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 Corporation's financial and operating controls are functioning effectively;

(vii) the Corporation 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 Corporation’s counsel, any legal matters that could have a significant impact on the Corporation’s financial statements.

SCHEDULE C

Investment Policy



INVESTMENT POLICY

Overview and Mission

The business objective of Trenchant Capital Corp. (the “**Company**”) is to identify promising established companies with a solid track record of earnings and demonstrated potential for future growth across multiple sectors, using management’s experience in deal sourcing, capital structuring and fundraising to maximize returns for the Company’s shareholders. The Company will focus on providing special situation debt financing to portfolio companies, generating shareholder equity by taking and where prudent, exercising, equity purchase rights in portfolio companies, participating in potential going-public transactions or other liquidity events in portfolio companies, and seeking to preserve capital and limit downside risk through securely structuring its investments.

Investment Objectives and Strategy

The following shall be the guidelines for the Company’s investment strategy:

1. The Company shall seek to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth.
2. The Company shall seek to generate shareholder equity by taking and where prudent, exercising, equity purchase rights in portfolio companies.
3. The Company shall seek to participate in potential going-public transactions or other liquidity events in portfolio companies.
4. The Company shall seek to preserve capital and limit downside risk through securely structuring its investments.
5. Target investments shall have a demonstrated history of sustainable cash flow or, at a minimum, strong prospect for positive cash flow in the first year following investment, and be operating in a sector or industry that the Company believes has good growth potential.
6. Target investments shall have a capable and experienced management team.

7. Target investments will not have operations that include direct participation in resource extraction or resource exploration.
8. The Company shall seek to work closely with management of portfolio companies, either by securing board observation rights and/or board appointment rights, or management service arrangements. The Company may seek a more active role in situations where involvement of the Company is expected to make a significant difference to success and resulting appreciation of the target business. The Company may seek opportunities through which the Company can potentially add value by its involvement, not only financially but also by the contribution of guidance and additional management expertise.
9. The Company will have 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.
10. The Company may act as a third party advisor with respect to opportunities with target or other companies in exchange for a fee.
11. The Company may not invest in physical commodities, derivatives, "short" sales, substantial "passive" equity positions or other similar transactions.
12. The Company may not invest in the securities of any mutual fund, or purchase or sell mortgages.
13. Liquidity shall be a consideration but not a requirement.
14. All investments shall be made in full compliance with all applicable laws in relevant jurisdictions, and shall be made in accordance with and governed by the rules and policies in effect with respect to a particular industry or sectoral regulatory environment.
15. Uninvested funds, from time to time, shall be placed into high-quality money market investments, including government, municipal and corporate debt instruments, as appropriate.

From time to time, the board of directors of the Company (the "**Board**") may authorize such additional or alternative investments outside of the guidelines described herein as it sees fit for the benefit of the Company and its shareholders.

The Company's investment strategy and restrictions may be amended from time to time on the recommendation of senior management and approval by the Board.

Investment Committee

The Company will establish an investment committee (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.

Investment Portfolio

The nature and timing of the Company’s investments will depend, in part, on available capital at any particular time and the acquisition and disposition opportunities identified and available to the Company. Until such time as the Company has developed its own capital pool, it may finance investments by distributing its securities, either by way of private placement or public offering.

Subject to the availability of capital, as noted above, the Company intends to develop investments in a portfolio of operating businesses with sectoral and geographic diversification. The composition of the assets and enterprises owned by the Company is intended to vary over time depending on the Company’s assessment of a number of factors, including the performance of financial markets and credit risk.

The officers and directors of the Company will work to source and uncover appropriate acquisition or disposition opportunities, as well as to provide input and assistance in the management and operation of portfolio companies. Appropriate due diligence shall be performed prior to a decision to reject or move a proposed investment forward.

Negotiation of the terms of investment will be a key determinant of the ultimate value of any opportunity to the Company. Negotiations may be ongoing before and after the performance of due diligence. The representatives of the Company involved in such negotiations will be determined in each case by the circumstances.

Conflicts of Interest

If there is a conflict of interest involving an employee, officer or director of the Company in connection with any investment or disposition of an investment position by the Company, the Company may only proceed after receiving approval from disinterested directors of the Board. The Company is also subject to the “related party” transaction policies of the TSX Venture

Exchange, which mandate disinterested shareholder approval in connection with certain transactions.

Management Participation

The Company plans to secure board observation rights and/or board appointment rights, or management service arrangements, with portfolio companies. The nominee of the Company in each such circumstance shall be determined by the Board.

Monitoring and Reporting

The Company's Chief Financial Officer shall be primarily responsible for the reporting process whereby the performance of each investment is monitored. Quarterly financial and other progress reports shall be gathered from each portfolio company, and these shall form the basis for a quarterly review of the Company's portfolio by management and the Board. Any deviations from expectation are to be investigated by management, and if deemed to be significant, reported to the Board.

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 (as defined herein), the Company is required 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 Management's Discussion and Analysis (the "MD&A"), whether the Company considers such borrower's cash flow and pledged collateral are sufficient and adequate;
- disclose in the 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 (as defined herein),
 - Fixed Charge Coverage Ratio (as defined herein), and
 - Net Debt to EBITDA Ratio (as defined herein);
- disclose in the 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.

A full report of the status and performance of the businesses in which the Company has an interest is to be prepared and presented to the Board at the end of each fiscal year.

Dividends

The Company does not expect to declare dividends in the near future, except as required by the rights and restrictions of particular securities, as it intends to reinvest in new opportunities in accordance with this policy. This policy may be amended as the Company's business develops, or otherwise, from time to time, on approval of the Board.

Glossary of Terms

For the purposes of this policy, the following terms shall have the following meanings:

"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.

"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.

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"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.

"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.

"Special Situation Debt" means debt and debt-like securities, excluding all senior secured or vendor take-back debt, but including secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-levered/holdco debt.

SCHEDULE D
FINANCIAL STATEMENTS

TRENCHANT CAPITAL CORP.
Consolidated Financial Statements
Year Ended March 31, 2020

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Trenchant Capital Corp.

Opinion

We have audited the consolidated financial statements of Trenchant Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 27, 2020



An independent firm
associated with Moore
Global Network Limited

Trenchant Capital Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Current assets			
Cash		\$ 63,848	\$ 105,481
Accounts receivable		17,400	4,350
Prepays		36,538	57,898
Interest receivable	4	781,291	549,861
		899,077	717,590
Long-term assets			
Property and Equipment, net	3	105,590	34,395
PIK interest receivable	4	567,482	362,586
Loans receivable	4	21,223,000	17,234,000
TOTAL ASSETS		\$ 22,795,149	\$ 18,348,571
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 610,699	\$ 478,902
Dividends payable	9	547,250	382,000
Lease liability, current portion	6	61,459	-
		1,219,408	860,902
Long-term Liabilities			
Lease liability	6	16,684	-
Preferred share liability	9	-	188,833
Debentures	8	19,354,045	15,085,969
TOTAL LIABILITIES		20,590,137	16,135,704
SHAREHOLDERS' EQUITY			
Share capital	9	4,170,018	4,157,518
Preferred shares	9	2,180,176	2,192,676
Share-based payment reserve	9	508,938	409,597
Deficit		(4,654,120)	(4,546,924)
TOTAL EQUITY		2,205,012	2,212,867
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 22,795,149	\$ 18,348,571

Going concern (Note 1)

Subsequent events (Note 12)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"Tom English"
Tom English, Director

Trenchant Capital Corp.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years ended	
		March 31, 2020	March 31, 2019
Revenues			
Interest income	4	\$ 2,277,186	\$ 1,887,833
Expenses			
Accretion	8	199,601	155,688
Business development		84,176	78,117
Consulting		20,257	20,940
Depreciation	3	63,168	3,451
General and administrative		7,366	58,971
Interest	6, 8, 9	1,640,564	1,363,239
Professional fees	7	187,004	120,467
Share-based payment	9	99,341	66,439
Transfer agent and filing fees		82,906	67,742
		2,384,382	1,935,054
Net loss and comprehensive loss		\$ (107,196)	\$ (47,221)
Loss per share – basic and diluted	9	\$ (0.01)	\$ (0.00)

Trenchant Capital Corp.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital				Share-based payment reserve	Deficit	Total
	Number of Common shares	Number of Preferred shares	Common shares	Preferred shares			
Balance at March 31, 2018	11,535,885	6,750,000	\$ 4,111,518	\$ 2,192,676	\$ 343,158	\$ (4,499,703)	\$ 2,147,649
Issue of common shares (Note 9)	102,222	-	46,000	-	-	-	46,000
Issue of stock options (Note 9)	-	-	-	-	66,439	-	66,439
Comprehensive loss	-	-	-	-	-	(47,221)	(47,221)
Balance at March 31, 2019	11,638,107	6,750,000	\$ 4,157,518	\$ 2,192,676	\$ 409,597	\$ (4,546,924)	\$ 2,212,867
Balance at March 31, 2019	11,638,107	6,750,000	\$ 4,157,518	\$ 2,192,676	\$ 409,597	\$ (4,546,924)	\$ 2,212,867
Preferred share conversion (Note 9)	31,250	(31,250)	12,500	(12,500)	-	-	-
Share-based payments (Note 9)	-	-	-	-	99,341	-	99,341
Comprehensive loss	-	-	-	-	-	(107,196)	(107,196)
Balance at March 31, 2020	11,669,357	6,718,750	\$ 4,170,018	\$ 2,180,176	\$ 508,938	\$ (4,654,120)	\$ 2,205,012

See accompanying notes to the consolidated financial statements

Trenchant Capital Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	March 31, 2020	March 31, 2019
Operating activities		
Net loss	\$ (107,196)	\$ (47,221)
Adjustments for non-cash items:		
Accretion expense	199,601	155,688
Accrued interest expense	34,917	50,789
Depreciation	63,168	3,451
Share-based compensation	99,341	66,439
Changes in non-cash working capital items:		
Receivables	(13,050)	(4,350)
Prepaid expenses	21,360	(48,473)
Interest receivable	(231,430)	(508,791)
Accounts payables and accrued liabilities	131,797	95,655
Net cash flows provided from (used in) operating activities	198,508	(236,813)
Investing activities		
Advance of loans	(4,189,000)	(2,335,000)
Furniture and fixtures	-	(37,846)
Repayment of loan receivable	200,000	-
PIK receivable	(204,896)	-
Net cash flows used in investing activities	(4,193,896)	(2,372,846)
Financing activities		
Repayment of lease obligation	(64,720)	-
Issuance of debentures	4,189,000	2,335,000
Debenture financing costs	(120,525)	(109,343)
Payment of dividend	(50,000)	-
Net cash flows provided from financing activities	3,953,755	2,225,657
Decrease in cash	(41,633)	(384,002)
Cash, beginning	105,481	489,483
Cash, ending	\$ 63,848	\$ 105,481
Non-cash activities		
Accrual of dividend payable	\$ 215,250	\$ 216,000

1. Nature and continuance of operations

Trenchant Capital 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”).

The Company’s head office is located at suite 1790, 1066 West Hastings Street, Vancouver, BC, V6E 2X1. The Company has three subsidiaries, 0960128 B.C. Ltd. and 1141864 B.C. Ltd. and TCC Management Inc.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has incurred losses since its inception and had an accumulated deficit of \$4,654,120 at March 31, 2020, which has been funded primarily by issuance of securities debentures and loans from related parties. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company was formed as a Capital Pool Company on the TSXV. In May 2011, the Company completed its qualifying transaction as a resource issuer and was engaged in the exploration and development of natural resource properties. In May 2016, the Company pursued a change of business to become a Investment Issuer on the TSXV (the “Change of Business”). In connection with the Change of Business the Company changed its name to Trenchant Capital Corp. on May 16, 2017 and commenced trading on the TSXV under the symbol “TCC.H”. The Company’s secured convertible debentures commenced trading on the TSXV under the symbol “TCC.DB” and “TCC.DB.A”(Note 8).

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on July 27, 2020 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”).

Revenue recognition

Interest income on loans is determined using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the income over the life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

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

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets/liabilities	Classification - IFRS 9
Cash	FVTPL
Interest receivable	Amortized cost
PIK interest receivable	Amortized cost
Loans receivable	Amortized cost
Accounts payable	Amortized cost
Dividends payable	Amortized cost
Preferred share liabilities	Amortized cost
Debentures	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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

Financial instruments (cont'd)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in the statements of comprehensive loss.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. As at March 31, 2020 and 2019, property and equipment consists of furniture and right of use assets which are amortized over their useful life estimated as follows:

Furniture and fixtures	straight line method over 5 years
Right of use assets	term of the lease

The depreciation expense for each period is recognized in the statements of comprehensive loss.

Basis of preparation

The consolidated financial statements 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 entity. Details of the controlled entity is as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2020	March 31, 2019
0960128 B.C. Ltd.	Canada	100%	100%
1141864 B.C. Ltd.	Canada	100%	100%
TCC Management Inc	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

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

Consolidation (cont'd)

During the years ended March 31, 2020 and 2019, the Company's subsidiary, TCC Management Inc, 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 fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

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 are the assessment of the Company's ability to continue as a going concern and the recoverability of deferred tax assets.

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.

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

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.

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 and its subsidiaries' 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.

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

Changes in Accounting Policy – Leases

The accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended March 31, 2019 with the exception of the following:

(a) Changes in Accounting Policies – Leases

Effective April 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after April 1, 2019. The Company recognizes a right-of-use asset and a lease liability at the initial application date. The right-of-use asset is measured based on the present value of the remaining lease payments at the initial application date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated from the initial application date using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under IAS 17, Leases ("IAS 17"), the Company's accounting policy was as follows:

The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement.

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease.

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

Changes in Accounting Policies – Leases (cont'd)

Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in net finance expenses (income) in net loss. A leased asset was depreciated over the term of the lease.

An operating lease was a lease other than a finance lease. Operating lease payments were recognized in net loss on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

(b) Impact of transition to IFRS 16– Leases

Effective April 1, 2019 the Company adopted IFRS 16 using the modified prospective approach. Accordingly, comparative figures as at and for the year ended March 31, 2019 have not been restated and continue to be reported under IAS 17.

On initial application for leases previously classified as operating leases under IAS 17, the Company has elected to record the right-of-use asset based on the corresponding lease liability. For recording the new right-of-use asset under IFRS 16, the Company discounted future lease payments using its incremental borrowing rate as at April 1, 2019 of 8% per annum.

The recognized right-of-use asset relates to the Company's lease agreements which is included under property and equipment on the consolidated statement of financial position as follow:

	April 1, 2019
Right-of-use asset, net book value (Note 3)	\$ 134,363
Lease Liability (Note 6)	\$ 134,363

3. Property and Equipment

	Equipment	Right of use	Total
Cost			
March 31, 2018	\$ -	\$ -	\$ -
Additions	37,846	-	37,846
March 31, 2019	37,846	-	37,846
Additions (Note 2)	-	134,363	134,363
March 31, 2020	37,846	134,363	172,209
Amortization			
March 31, 2018	-	-	-
Charge for the period	(3,451)	-	(3,451)
March 31, 2019	(3,451)	-	(3,451)
Charge for the period	(7,569)	(55,599)	(63,168)
March 31, 2020	(11,020)	(55,599)	(66,619)
Net book value			
March 31, 2019	34,395	-	34,395
March 31, 2020	\$ 26,826	\$ 78,764	\$ 105,590

Trenchant Capital Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the years ended March 31, 2020 and 2019

4. Loans

	March 31, 2020	March 31, 2019
Balance, beginning of year	\$ 17,234,000	\$ 14,899,000
Addition	4,189,000	2,335,000
Principal payments received	(200,000)	-
Balance, ending of year	\$ 21,223,000	\$ 17,234,000

The following summarizes information about loan receivable outstanding at March 31, 2020:

	March 31, 2020
Waiward loans	
May 18, 2017	\$ 5,522,000
June 26, 2017	1,488,000
July 19, 2017	730,000
Total	7,740,000
ABO loans	
March 2018	5,659,000
March 2018	1,300,000
May 2018	2,335,000
May 2019	2,428,000
June 2019	1,761,000
Total	13,483,000
	\$ 21,223,000

Waiward Loans

The Company has entered into a loan agreement (the "Loan Agreement") dated March 2, 2017 (which replaces the loan agreement dated October 28, 2016) with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to the Hillcore Group Ltd. ("Hillcore"), pursuant to which a wholly owned subsidiary of the Company (the "Lender") has agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Waiward Loan") to the Borrower, secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), a Canadian steel fabricator and erector.

The Waiward loans were made by the Company's subsidiary, 0960128 B.C. Ltd., and bear interest at 12.5% per annum, with 10% payable quarterly in cash and 2.5% added quarterly to the principal balance and payable at maturity on March 31, 2022.

Interest earned during the year ended March 31, 2020 was \$1,024,482, (2019 - \$997,224), of which \$205,306 (2019 - \$198,596) was receivable at March 31, 2020 and \$567,482 (2019 - \$199,439) was interest accrued for payment in kind ("PIK"). The loan is secured by the Borrower's indirect equity interest in Waiward Steel.

Trenchant Capital Corp.
Notes to the Consolidated Financial Statements
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For the years ended March 31, 2020 and 2019

4. Loans (cont'd)

ABO Loans

In December 2017 the Company' subsidiary 1141864 B.C. Ltd. agreed to lend \$5,659,000 to ABO Investments Limited Partnership ("ABO"). The loan bears interest at the rate of 10%, payable quarterly in cash until maturity on January 27, 2023 (the "ABO Loan"). On May 17, 2018, the Company closed the second tranche of the Omni Debentures (Note 8) for which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Omni Debentures. On May 13, 2019, the Company closed the third tranche of the Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures. On June 28, 2019, the Company closed the fourth tranche of the Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

Interest earned in the year ended March 31, 2020 was \$1,133,783 (2019 - \$572,221), of which \$302,911 (2019 - \$201,493) was receivable at March 31, 2020. The loan is secured by ABO's indirect equity interest in Omni Health Investments Inc.

In December 2017, the Company agreed to loan the advance to ABO in a sidecar loan on the same terms as, and be subordinated to, the ABO Loan. The loan bears interest at the rate of 8.0% per annum, payable annually in cash until maturity on January 27, 2023. ABO repaid \$200,000 of the loan in June 2019. Interest earned in the year ended March 31, 2020 was \$118,921 (2019 - \$121,276). The receivable as at March 31, 2020 is \$273,074 (2019 - \$154,153).

5. Accounts payable and accrued liabilities

	March 31, 2020	March 31, 2019
Accounts payable (Notes 7 and 8)	\$ 588,699	\$ 458,402
Accrued liabilities	22,000	20,500
	\$ 610,699	\$ 478,902

6. Lease liabilities

On May 2, 2028, the Company entered into a lease agreement for use of office premises. The term of lease is 3 years from September 1, 2018. The schedule of monthly payments is below:

	Monthly lease payment
September 1, 2018 to August 31, 2019	\$ 4,936
September 1, 2019 to August 31, 2020	5,053
September 1, 2020 to August 31, 2021	\$ 5,171

On March 31, 2020, the balance of the lease liability is as follows:

	Lease liability
Balance, April 1, 2019	\$ -
Additions (Note 2)	134,363
Interest	8,500
Payments	(64,720)
Balance, March 31, 2020	\$ 78,143

Trenchant Capital Corp.
Notes to the Consolidated Financial Statements
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For the years ended March 31, 2020 and 2019

6. Lease liabilities (cont'd)

	March 31, 2020
Short term	\$ 61,459
Long term	16,684
Total	\$ 78,143

7. Related party transactions

Related party balances:

The following amounts are due from (due to) related parties and included in accounts payable (Note 5):

	March 31, 2020	March 31, 2019
CFO	\$ (5,250)	\$ (1,575)
CEO	3,390	-
	\$ (1,860)	\$ (1,575)

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

Key management personnel compensation

	March 31, 2020	March 31, 2019
CFO – Professional fees	\$ 31,701	\$ 6,300

8. Debentures

	March 31, 2020	March 31, 2019
Balance, beginning	\$ 15,085,969	\$ 12,704,624
Proceeds from issuance of debentures	4,189,000	2,335,000
Deferral of financing costs	(120,525)	(109,343)
Interest expense	1,605,647	1,312,450
Interest paid or payable	(1,605,647)	(1,312,450)
Accretion of financing costs	199,601	155,688
	\$ 19,354,045	\$ 15,085,969

The Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of secured convertible debentures (the “Debentures”) priced at \$1,000 per Debenture (the “Debenture Offering Price”). The Debenture Offering closed for aggregate gross proceeds of \$7,740,000. The debenture was loaned to Waiward (Note 4). Effective on October 26, 2017, the Debentures commenced trading on the TSXV under the symbol “TCC.DB” (Note 1).

The Debentures will mature on March 31, 2022 and the outstanding principal of the Debentures will bear interest (the “Debenture Interest”) at the rate of 9% per annum, payable quarterly in cash.

8. Debentures (cont'd)

During the year ended March 31, 2020, the Company has recognized an accretion expense of \$120,153 (2019 - \$106,926) related to this Debenture Offering. During the year ended March 31, 2020, interest expense of \$696,600 (2019 - \$696,000) was paid and accrued, of which \$174,150 (2019 - \$174,150) was included in accounts payable.

Commencing on May 18, 2018, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company 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) \$1.00 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 accrued but unpaid interest thereon, in cash, at any time after May 18, 2019, being two years after the closing of the first tranche of the Debenture Offering, 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 but unpaid interest thereon.

The terms of the Debentures are set out in a trust indenture entered into between the Company and Computershare Trust Company of Canada ("Computershare"). The Company pledged all of the outstanding shares of 0960128 B.C. Ltd. to Computershare, on behalf of the holders of the Debentures, as security for the Company's outstanding obligations under the Debentures. The holders of Debentures have no recourse to the Company other than with respect to such shares.

The Omni Debentures

In December 2017 the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Debenture. The net proceeds of the Omni Debenture Offering will be used to fund the Omni Loan, as described below. The Debenture Offering closed in four tranches for aggregate gross proceeds of \$12,183,000, of which the third and fourth tranches were closed during the year ended March 31, 2020 for gross proceeds of \$2,428,000 and \$1,761,000, respectively. Effective October 4, 2018, the Debentures commenced trading on the TSXV under the symbol TCC.DB.A.

The maturity date of the Omni Debentures will be January 27, 2023 and bear interest at the rate of 8.0% per annum, payable quarterly in cash.

During the year ended March 31, 2020, the Company incurred financing costs of \$120,525 (2019 - \$109,343) and has recognized an accretion expense of \$79,448 (2019 - \$48,763) related to these Omni Debentures. During the year ended March 31, 2020, interest expense of \$909,047 (2019 - \$615,850) was paid and accrued, of which \$243,660 (2019 - \$159,880) is included in accounts payable (Note 5).

Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company 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.

8. Debentures (cont'd)

The Company may prepay the outstanding principal of the Omni Debentures, and accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, by paying the Omni Debenture holders 105% of the outstanding principal amount of the Omni Debentures in year three, 103% of the outstanding principal amount of the Omni Debentures in year four, and 101% of the outstanding principal amount of the Omni Debentures in year five, plus any accrued but unpaid interest thereon.

The Company has agreed to pledge all of the outstanding shares of 1141864 B.C. Ltd. as security for the Company's outstanding obligations under the Omni Debentures. The holders of Omni Debentures will have no recourse to the Company other than with respect to such shares.

9. Share capital

Authorized share capital

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued share capital

At March 31, 2019 there were 11,669,357 (2019 - 11,638,107) issued and fully paid common shares.

During the year end March 31, 2020, the Company issued 31,250 Common shares at \$0.40 per share of the conversion of 31,250 preferred shares.

During the year ended March 31, 2019, the Company issued 102,222 common shares at a fair value of \$0.45 per share as settlement of \$46,000 of the dividend payable.

Escrow shares

At March 31, 2020, there were 1,493,744 shares held in escrow (2019 – 4,481,232).

Preferred shares

On May 18, 2017, the Company closed a private placement of non-voting convertible preferred shares, pursuant to which it raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 preferred shares at a price of \$0.40 per share (the "Preferred Share Offering", and together with the Debenture Offering, the "Offerings"). No commissions or finder's fees were paid in connection with the Preferred Share Offering.

The preferred shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of preferred shares may, commencing on May 18, 2018, convert their preferred shares into common shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of common shares as is equal to 25% of a particular holder's preferred shares. The preferred shares will automatically convert into common shares on a one for one basis on May 18, 2020 (Note 12).

Holders of Preferred Shares are not entitled to receive notice of, attend, or vote at, any general meeting of the shareholders of the Company. The preferred shares are not, and are not expected to be, listed for trading on the TSXV or on any other stock exchange or quotation system.

The fair value of the liability component of the preferred shares was calculated using a market interest rate, which the Company determined to be 8.5%. The residual amount, representing the equity component of the preferred shares, is included in shareholders equity. As at March 31, 2020, there are dividends payable on the preferred shares of \$547,250 (2019: \$382,000).

9. Share capital (cont'd)

Basic and diluted loss per share

The calculation of basic income per share for the year ended March 31, 2020 was based on the loss attributable to common shareholders of \$107,196 (2019: \$47,221) and the weighted average number of common shares outstanding of 11,660,966 (2019: 11,587,415).

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 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.

On March 29, 2019, the Company granted 1,160,000 options to purchase common shares to directors and officers of the Company, at \$0.25 per common share. Each option is exercisable into one common share at an exercise price of \$0.25 until March 29, 2022. The options vest annually over three years, with 1/3 of the options vesting each year commencing on the date of grant, being March 29, 2019. The fair value of the options granted was determined to be \$199,318 using the following assumptions: Risk-free rate of 1.43%; Expected life of 3 years, expected volatility of 100% and dividend yield of nil. During year ended March 31, 2020, the Company recognized share-based payment of \$99,341 (2019 -\$66,439) on vested options.

The following summarizes information about stock options outstanding at March 31, 2020:

Expiry date	Exercise price	Options outstanding	Options exercisable	Weighted average remaining contractual years
March 29, 2022	\$ 0.25	1,160,000	773,314	1.99
Total		1,160,000	773,314	1.99

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 are exercised, at which time the corresponding amount will be transferred to share capital.

10. 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. Credit risk is assessed as low. Credit risk with respect to loan and interest receivables is assessed as moderate due to the risk of potential non payments.

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 and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt 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 had no exposure to foreign exchange risk.

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 and the debentures have fixed interest rates. Interest rate risk is assessed as low.

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.

10. 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, 2020	March 31, 2019
FVTPL:		
Cash	\$ 63,848	\$ 105,481
Amortization costs:		
Interest receivable	781,291	549,861
PIK interest receivable	567,482	362,586
Loans receivable	21,223,000	17,234,000
	\$ 22,635,621	\$ 18,251,928

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

	March 31, 2020	March 31, 2019
Non-derivative financial liabilities:		
Accounts payable	\$ 588,699	\$ 458,402
Dividends payable	547,250	382,000
Preferred share liability	-	188,833
Debentures	19,354,045	15,085,969
	\$ 20,489,994	\$ 16,115,204

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.

11. 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, 2020	Year ended March 31, 2019
Net loss	\$ (107,196)	\$ (47,221)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(28,943)	(12,750)
Effect of change in tax rates	-	(40,519)
Non-deductible items and other	99,456	(3,631)
Change in valuation allowance	(70,513)	56,899
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	March 31, 2020	March 31, 2019
Non-capital loss carry-forwards	\$ 2,318,875	\$ 2,383,850
Exploration and evaluation assets	1,712,056	1,850,785
Debenture financing costs	474,120	555,617
Debentures	(568,955)	(648,031)
PIK interest reserve	(84,728)	(29,693)
	\$ 3,851,368	\$ 4,112,528

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2031	\$ 22,439	\$ -
2032	574,306	-
2033	524,874	-
2034	545,514	-
2036	64,858	-
2037	199,331	-
2038	348,409	-
2040	39,144	-
No expiry	-	1,712,056
	\$ 2,318,875	\$ 1,712,056

12. Subsequent events

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore Diversified Industries Ltd. Hillcore was indebted to the Company pursuant to a loan that Hillcore was assigned by ABO in the principal amount of \$1,300,000 and \$279,649 on account of interest. Hillcore also owned 3,437,500 Series A Shares and was owed \$337,213 in dividends on such Series A Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the loan against the transfer of Hillcore's Series A Shares to the Company and to fully and finally settle the interest on the loan payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Shares.

On June 15, 2020, the Company entered into a debt settlement and subscription agreement with Hybrid Financial Ltd. Subject to approval of the TSXV, the Company will settle its indebtedness to Hybrid in the amount of \$24,966.79 pursuant to this settlement agreement by issuing 499,335 common shares to Hybrid. These shares will be subject to a hold period expiring four months and one day from the date of issuance.

On May 11, 2020, the Company has extended the conversion date of the preferred shares. On June 19, 2020, the Company converted 3,281,250 preferred shares to 3,281,250 common shares in accordance with the special rights and restrictions attached to the Series A Shares (Note 9).

In June 2020 the Company has entered into agreements with the holders of preferred shares to settle dividends owing in the aggregated amount of \$190,567 by issuing 3,811,344 common shares at \$0.05 per common share of the Company, subject to approval by the TSXV.

The Company paid \$3,443 to a holder of preferred shares to settle outstanding dividends.

On July 9, 2020, the Company's preliminary long form prospectus filed on February 24, 2020 has expired. The Company does not intend to pursue the offering of convertible debentures described in the prospectus.

TRENCHANT CAPITAL CORP.
Consolidated Financial Statements
Year Ended March 31, 2019

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Trenchant Capital Corp.

Opinion

We have audited the consolidated financial statements of Trenchant Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholder's equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had an accumulated deficit of \$4,546,924. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 26, 2019

Trenchant Capital Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2019	March 31, 2018
ASSETS			
Current assets			
Cash		\$ 105,481	\$ 489,483
Accounts receivable		4,350	-
Prepays		57,898	9,425
Interest receivable	3	549,861	240,509
		717,590	739,417
Long-term assets			
Equipment, net		34,395	-
PIK interest receivable	3	362,586	163,147
Loans receivable	3	17,234,000	14,899,000
TOTAL ASSETS		\$ 18,348,571	\$ 15,801,564
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 478,902	\$ 379,247
Dividends payable	7	382,000	216,000
		860,902	595,247
Long-term Liabilities			
Preferred share liability	7	188,833	354,044
Debentures	6	15,085,969	12,704,624
TOTAL LIABILITIES		16,135,704	13,653,915
SHAREHOLDERS' EQUITY			
Share capital	7	4,157,518	4,111,518
Preferred shares	7	2,192,676	2,192,676
Share-based payment reserve	7	409,597	343,158
Deficit		(4,546,924)	(4,499,703)
TOTAL EQUITY		2,212,867	2,147,649
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 18,348,571	\$ 15,801,564

Going concern (Note 1)
Subsequent events (Note 11)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"Tom English"
Tom English, Director

Trenchant Capital Corp.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years ended	
		March 31, 2019	March 31, 2018
Revenues			
Interest income	3	\$ 1,887,833	\$ 862,567
Expenses			
Accretion	6	155,688	85,863
Business development		78,117	96,562
Consulting		20,940	131,122
Depreciation		3,451	-
General and administrative		58,971	57,728
Interest	6,7	1,363,239	656,440
Professional fees	5	120,467	105,605
Share-based payment	7	66,439	-
Transfer agent and filing fees		67,742	78,244
		1,935,054	1,211,564
Net loss and comprehensive loss		\$ (47,221)	\$ (348,997)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.03)

Trenchant Capital Corp.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital				Share-based payment reserve	Deficit	Total
	Number of Common shares	Number of Preferred shares	Common shares	Preferred shares			
Balance at March 31, 2017	11,535,885	-	\$ 4,111,518	\$ -	\$ 343,158	\$ (4,150,706)	\$ 303,970
Issue of preferred shares (Note 7)	-	6,750,000	-	2,192,676	-	-	2,192,676
Comprehensive loss	-	-	-	-	-	(348,997)	(348,997)
Balance at March 31, 2018	11,535,885	6,750,000	\$ 4,111,518	\$ 2,192,676	\$ 343,158	\$ (4,499,703)	\$ 2,147,649
Balance at March 31, 2018	11,535,885	6,750,000	\$ 4,111,518	\$ 2,192,676	\$ 343,158	\$ (4,499,703)	\$ 2,147,649
Issue of common shares (Note 7)	102,222	-	46,000	-	-	-	46,000
Issue of stock options	-	-	-	-	66,439	-	66,439
Comprehensive loss	-	-	-	-	-	(47,221)	(47,221)
Balance at March 31, 2019	11,638,107	6,750,000	\$ 4,157,518	\$ 2,192,676	\$ 409,597	\$ (4,546,924)	\$ 2,212,867

See accompanying notes to the consolidated financial statements

Trenchant Capital Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	March 31, 2019	March 31, 2018
Operating activities		
Net loss	\$ (47,221)	\$ (348,997)
Adjustments for non-cash items:		
Accretion expense	155,688	85,863
Accrued interest expense	50,789	62,720
Depreciation	3,451	-
Share-based compensation	66,439	-
Changes in non-cash working capital items:		
GST receivable	(4,350)	13,076
Prepaid expenses	(48,473)	10,575
Interest receivable	(508,791)	(403,656)
Accounts payables and accrued liabilities	95,655	225,237
Net cash flows used in operating activities	(236,813)	(355,182)
Investing activities		
Advance of loans	(2,335,000)	(14,899,000)
Furniture and fixtures	(37,846)	-
Net cash flows used in investing activities	(2,372,846)	(14,899,000)
Financing activities		
Issuance of preferred shares	-	2,700,000
Issuance of debentures	2,335,000	13,399,000
Debenture financing costs	(109,343)	(543,986)
Net cash flows from financing activities	2,225,657	15,555,014
Increase (decrease) in cash	(384,002)	300,832
Cash, beginning	489,483	188,651
Cash, ending	\$ 105,481	\$ 489,483
Non-cash activities		
Shares issued for dividends	\$ 46,000	\$ -
Accrual of dividend payable	\$ 216,000	\$ 216,000

1. Nature and continuance of operations

Trenchant Capital 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”).

The Company’s head office is located at suite 1790, 1066 West Hastings Street, Vancouver, BC, V6E 2X1. The Company has three subsidiaries, 0960128 B.C. Ltd. and 1141864 B.C. Ltd. and TCC Management Inc.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has incurred losses since its inception and had an accumulated deficit of \$4,546,924 at March 31, 2019, which has been funded primarily by issuance of securities debentures and loans from related parties. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company was formed as a Capital Pool Company on the TSXV. In May 2011, the Company completed its qualifying transaction as a resource issuer and was engaged in the exploration and development of natural resource properties.

In May 2016, the Company pursued a change of business to become a Investment Issuer on the TSXV (the “Change of Business”). In connection with the Change of Business the Company changed its name to Trenchant Capital Corp. on May 16, 2017 and commenced trading under the symbol “TCC.H”. Approval for the change of business was obtained from the TSXV on May 26, 2017.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on July 26, 2019 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”).

Revenue recognition

Interest income on loans is determined using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the income over the life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

The Company adopted IFRS 15 Revenue from Contracts with Customers on April 1, 2018. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The adoption of IFRS 15 resulted in no impact to the opening retained earnings on April 1, 2018.

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

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on April 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at April 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification	IAS 39	New classification	IFRS 9
Cash	FVTPL		FVTPL	
Interest receivable	Amortized cost		Amortized cost	
PIK interest receivable	Amortized cost		Amortized cost	
Loans receivable	Amortized cost		Amortized cost	
Accounts payable	Amortized cost		Amortized cost	
Dividends payable	Amortized cost		Amortized cost	
Preferred share liabilities	Amortized cost		Amortized cost	
Debentures	Amortized cost		Amortized cost	

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on April 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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

Financial instruments (cont'd)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive income (loss) in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive loss. Where an item of property and

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

Equipment (cont'd)

equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. As at March 31, 2019, equipment consists of furniture.

The Company provides for depreciation of its furniture at the following method:

Furniture and fixtures straight line method over 5 years

The depreciation expense for each period is recognized in profit or loss.

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 entity. Details of the controlled entity is as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2019	March 31, 2018
0960128 B.C. Ltd.	Canada	100%	100%
1141864 B.C. Ltd.	Canada	100%	100%
TCC Management Inc	Canada	100%	-

*Percentage of voting power is in proportion to ownership.

During the year ended March 31, 2019, the Company's subsidiary, TCC Management Inc, 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 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

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

Significant judgments (cont'd)

judgment applied in preparing the Company's financial statements are the assessment of the Company's ability to continue as a going concern and the recoverability of deferred tax assets.

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.

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.

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

Income taxes (cont'd)

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.

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 and its subsidiaries' 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.

New Standards and Interpretations

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted in certain circumstances. As at March 31, 2019, the Company will recognize a right-of-use asset and lease liability of approximately \$79,000 in the statement of financial position for its current office lease.

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.

Trenchant Capital Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the years ended March 31, 2019 and 2018

3. Loans

	March 31, 2019	March 31, 2018
Waiward loans		
May 18, 2017	\$ 5,522,000	\$ 5,522,000
June 26, 2017	1,488,000	1,488,000
July 19, 2017	730,000	730,000
Total	7,740,000	7,740,000
ABO loans		
March 2018	5,659,000	5,659,000
March 2018	1,500,000	1,500,000
July 2018	2,335,000	-
Total	9,494,000	7,159,000
	\$ 17,234,000	\$ 14,899,000

The Company has entered into a loan agreement (the “Loan Agreement”) dated March 2, 2017 (which replaces the loan agreement dated October 28, 2016) with Waiward Investments Limited Partnership (the “Borrower”), a limited partnership related to the Hillcore Group Ltd. (“Hillcore”), pursuant to which a wholly owned subsidiary of the Company (the “Lender”) has agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the “Waiward Loan”) to the Borrower, secured by the Borrower’s indirect equity interest in Waiward Steel Limited Partnership (“Waiward Steel”), a Canadian steel fabricator and erector.

The Waiward loans were made by the Company’s subsidiary 0960128 B.C. Ltd., and bears interest at the rate of 12.5% per annum, with 10% payable quarterly in cash and 2.5% added quarterly to the principal balance and payable at maturity on March 31, 2022. Interest earned in the year ended March 31, 2019 was \$997,224 (2018 - \$815,736), of which \$198,596 (2018 - \$193,678) was receivable at March 31, 2019 and \$199,439 (2018 - \$163,147) was interest accrued for payment in kind (“PIK”). The loan is secured by the Borrower’s indirect equity interest in Waiward Steel.

In December 2017 the Company’ subsidiary 1141864 B.C. Ltd. agreed to lend \$5,659,000 to ABO Investments Limited Partnership (“ABO”). The loan bears interest at the rate of 10.0% per annum, payable quarterly in cash until maturity on January 27, 2023 (the “ABO Loan”). On May 17, 2018, the Company closed the second tranche of the Omni Debentures for which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Omni Debentures (Note 6).

Interest earned in the year ended March 31, 2019 was \$769,333 (2018 - \$13,954), of which \$197,112 was receivable at March 31, 2019. The loan is secured by the borrower’s indirect equity interest in Omni Health Investments Inc.

On June 29, 2017, the Company advanced a refundable deposit of \$1,500,000 to 10164950 Canada Ltd., a company controlled by Hillcore, as an advance on a second investment transaction with Hillcore. If the advance is not repaid, or the parties have not completed a second investment by December 31, 2017, the advance shall automatically convert into an additional loan by the Company to Waiward Steel. In December 2017 the Company agreed to loan the advance to ABO in a sidecar loan on the same terms as,

Trenchant Capital Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the years ended March 31, 2019 and 2018

3. Loans (cont'd)

and be subordinated to, the ABO Loan. The loan bears interest at the rate of 8.0% per annum, payable annually in cash until maturity on January 27, 2023. Interest earned in the year ended March 31, 2019 was \$121,276 (2018 - \$32,877). The receivable as at March 31, 2019 is \$154,153.

4. Accounts payable and accrued liabilities

	March 31, 2019	March 31, 2018
Accounts payable (Notes 5 and 6)	\$ 458,402	\$ 365,094
Accrued liabilities	20,500	14,153
	\$ 478,902	\$ 379,247

5. Related party transactions

Related party balances:

The following amounts are due to related parties and included in accounts payable (Note 4):

	March 31, 2019	March 31, 2018
CFO	\$ 1,575	\$ 1,575

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

Key management personnel compensation

	Years ended	
	March 31, 2019	March 31, 2018
CFO – Professional fees	\$ 6,300	\$ 6,300

6. Debentures

	March 31, 2019	March 31, 2018
Balance, beginning	\$ 12,704,624	\$ -
Proceeds from issuance of debentures	2,335,000	13,399,000
Deferral of financing costs	(109,343)	(780,239)
Interest expense	1,312,450	593,720
Interest paid or payable	(1,312,450)	(593,720)
Accretion of financing costs	155,688	85,863
	\$ 15,085,969	\$ 12,704,624

6. Debentures (cont'd)

The Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 5,000 and a maximum of 20,000 secured convertible debentures (the "Debentures") priced at \$1,000 per Debenture (the "Debenture Offering Price"), for gross proceeds of a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Debenture Offering"). The Debenture Offering closed in three tranches for aggregate gross proceeds of \$7,740,000. The first tranche, pursuant to which gross proceeds of \$5,522,000 were raised through the issuance of 5,522 Debentures, closed on May 18, 2017. The second tranche, pursuant to which gross proceeds of \$1,488,000 were raised through the issuance of 1,488 Debentures, closed on June 26, 2017. The third tranche, pursuant to which gross proceeds of \$730,000 were raised through the issuance of 730 Debentures, closed on July 19, 2017. In connection with the Debenture Offering, the Company paid the agents aggregate cash commissions equal to 6.5% of the gross proceeds raised under the Debenture Offering and were reimbursed for their reasonable expenses.

During the year ended March 31, 2019, the Company has recognized an accretion expense of \$106,926 (2018 - \$85,863) related to this Debenture Offering. During the year ended March 31, 2019, interest expense of \$696,600 was paid and accrued, of which \$174,150 was included in accounts payable (Note 4).

The Debentures will mature on March 31, 2022 and the outstanding principal of the Debentures will bear interest (the "Debenture Interest") at the rate of 9.0% per annum, payable quarterly in cash. The terms of the Debentures are set out in a trust indenture entered into between the Company and Computershare Trust Company of Canada ("Computershare").

Commencing on May 18, 2018, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company 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) \$1.00 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 accrued but unpaid interest thereon, in cash, at any time after May 18, 2019, being two years after the closing of the first tranche of the Debenture Offering, 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 but unpaid interest thereon.

The Company pledged all of the outstanding shares of 0960128 B.C. Ltd. to Computershare, on behalf of the holders of the Debentures, as security for the Company's outstanding obligations under the Debentures. The holders of Debentures have no recourse to the Company other than with respect to such shares.

Effective on October 26, 2017, the Debentures commenced trading on the TSXV under the symbol "TCC.DB".

6. Debentures (cont'd)

The Omni Debentures

In December 2017 the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Debenture, for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Debenture Offering"). The net proceeds of the Omni Debenture Offering will be used to fund the Omni Loan, as described below. On March 23, 2018, the Company closed the first tranche of the Omni Debentures for which gross proceeds of \$5,659,000 were raised through the issuance of 5,659 Omni Debentures.

On May 17, 2018, the Company closed the second tranche of the Omni Debentures for which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Omni Debentures.

During the year ended March 31, 2019, the Company incurred financing costs of \$109,343 (2018 - \$183,878) related to these Omni Debentures. During the year ended March 31, 2019, interest expense of \$615,850 (2018 - \$11,163) was paid and accrued, of which \$159,880 is included in accounts payable (Note 4).

The Omni Debenture Offering is being made on a best efforts basis, through a syndicate of agents led by Canaccord Capital Corp. and Industrial Alliance Securities Inc. (collectively, the "Agents"). The Omni Debentures issued in the Omni Debenture Offering will have a maturity date of January 27, 2023 and bear interest at the rate of 8.0% per annum, payable quarterly in cash. Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company 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 Omni Debentures, and accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, by paying the Omni Debenture holders 105% of the outstanding principal amount of the Omni Debentures in year three, 103% of the outstanding principal amount of the Omni Debentures in year four, and 101% of the outstanding principal amount of the Omni Debentures in year five, plus any accrued but unpaid interest thereon.

The Company has agreed to pledge all of the outstanding shares of 1141864 B.C. Ltd. as security for the Company's outstanding obligations under the Omni Debentures. The holders of Omni Debentures will have no recourse to the Company other than with respect to such shares.

On May 13, 2019, the Company closed the third tranche of the Omni Debentures for which gross proceeds of \$2,428,000 were raised through the issuance of 2,428 Omni Debentures (Note 11).

On June 28, 2019, the Company closed the fourth tranche of the Omni Debentures for which gross proceeds of \$1,761,000 were raised through the issuance of 1,761 Omni Debentures (Note 11).

7. Share capital

Authorized share capital

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued share capital

At March 31, 2019 there were 11,638,107 (2018 - 11,535,885) issued and fully paid common shares.

During the year ended March 31, 2019, the Company issued 102,222 common shares at a fair value of \$0.45 per share as settlement of \$46,000 of the dividend payable.

During the year ended March 31, 2018, the Company issued 6,750,000 preferred shares at a price of \$0.40 per share for gross proceeds of \$2,700,000.

Escrow shares

At March 31, 2019, there were 4,481,232 shares held in escrow (2018 – 7,468,720).

Preferred shares

On May 18, 2017, the Company closed a private placement of non-voting convertible preferred shares, pursuant to which it raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 preferred shares at a price of \$0.40 per share (the “Preferred Share Offering”, and together with the Debenture Offering, the “Offerings”). No commissions or finder’s fees were paid in connection with the Preferred Share Offering.

The preferred shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of preferred shares may, commencing on May 18, 2018, convert their preferred shares into common shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of common shares as is equal to 25% of a particular holder’s preferred shares. The preferred shares will automatically convert into common shares on a one for one basis on May 18, 2020.

Holders of Preferred Shares are not entitled to receive notice of, attend, or vote at, any general meeting of the shareholders of the Company. The preferred shares are not, and are not expected to be, listed for trading on the TSXV or on any other stock exchange or quotation system.

The fair value of the liability component of the preferred shares was calculated using a market interest rate, which the Company determined to be 8.5%. The residual amount, representing the equity component of the preferred shares, is included in shareholders equity. As at March 31, 2019, there are dividends payable on the preferred shares of \$382,000 (2018: \$216,000). The continuity of the preferred share liability for the year ended March 31, 2019 is as follows:

	March 31, 2019	March 31, 2018
Balance, beginning	\$ 354,044	\$ -
Proceeds from issuance of preferred shares	-	2,700,000
Equity component of preferred shares	-	(2,192,676)
Interest expense	50,789	62,720
Dividends payable	(216,000)	(216,000)
Balance, ending	\$ 188,833	\$ 354,044

7. Share capital (cont'd)

Basic and diluted loss per share

The calculation of basic income per share for the year ended March 31, 2019 was based on the loss attributable to common shareholders of \$47,221 (2018: \$348,997) and the weighted average number of common shares outstanding of 11,587,415 (2018: 11,535,885).

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 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.

On March 29, 2019, the Company granted 1,160,000 options to purchase common shares to directors and officers of the Company, at \$0.25 per common share. Each option is exercisable into one common share at an exercise price of \$0.25 until March 29, 2022. The options vest annually over three years, with 1/3 of the options vesting each year commencing on the date of grant, being March 29, 2019. The closing price of the Common Shares on March 29, 2019 was \$0.29. The fair value of the options granted was determined to be \$199,318 using the following assumptions: Risk-free rate of 1.43%; Expected life of 3 years, expected volatility of 100% and dividend yield of nil. During year ended March 31, 2019, the Company recognized share-based payment of \$66,439 (2018 -\$nil) on vested options.

The following summarizes information about stock options outstanding at January 31, 2019:

Expiry date	Exercise price	Options outstanding	Options exercisable	Weighted average remaining contractual years
March 29, 2022	\$ 0.25	1,160,000	386,667	3.00
Total		1,160,000	386,667	3.00

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 are exercised, at which time the corresponding amount will be transferred to share capital.

8. 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. Credit risk is assessed as low. Credit risk with respect to loan and interest receivables is assessed as moderate due to the risk of potential non payments.

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 and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt 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 had no exposure to foreign exchange risk.

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 and the debentures have fixed interest rates. Interest rate risk is assessed as low.

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.

8. 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, 2019	March 31, 2018
FVTPL:		
Cash	\$ 105,481	\$ 489,483
Amortization costs:		
Interest receivable	549,861	240,509
PIK interest receivable	362,586	163,147
Loans receivable	17,234,000	14,899,000
	\$ 18,251,928	\$ 15,792,139

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

	March 31, 2019	March 31, 2018
Non-derivative financial liabilities:		
Accounts payable	\$ 458,402	\$ 365,094
Dividends payable	382,000	216,000
Preferred share liability	188,833	354,044
Debentures	15,085,969	12,704,624
	\$ 16,115,204	\$ 13,639,762

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.

9. Commitments

On April 23, 2018, the Company entered into an office lease agreement, which commenced on September 1, 2018 for a period of three years. The Company has subsequently sub-leased approximately 50% of the office. Annual rents for the following three year period are \$40,052, \$41,395, and \$17,481, respectively.

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, 2019	Year ended March 31, 2018
Net loss	\$ (47,221)	\$ (348,997)
Statutory tax rate	27%	26%
Expected income tax recovery at the statutory tax rate	(12,750)	(90,739)
Effect of change in tax rates	(40,519)	-
Non-deductible items and other	(3,631)	53,188
Change in valuation allowance	56,899	37,551
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	March 31, 2019	March 31, 2018
Non-capital loss carry-forwards	\$ 2,383,850	\$ 2,409,988
Exploration and evaluation assets	1,850,785	1,712,056
Debenture financing costs	555,617	624,191
Debentures	(648,031)	(694,376)
PIK interest reserve	(29,693)	-
	\$ 4,112,528	\$ 4,051,859

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2031	\$ 126,558	\$ -
2032	574,306	-
2033	524,874	-
2034	545,514	-
2035	-	-
2036	64,858	-
2037	199,331	-
2038	348,409	-
No expiry	-	1,850,785
	\$ 2,383,850	\$ 1,850,785

11. Subsequent events

On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures (Note 6)

On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures (Note 6).

On July 4, 2019, the Company approved the payment of the annual dividend on the 6,750,000 preferred shares in the aggregate amount of \$216,000. Of the total, \$50,000 was paid in cash, and \$166,000 will be accrued as payable to certain preferred shareholders.

SCHEDULE E
MANAGEMENT'S DISCUSSION AND ANALYSIS

TRENCHANT CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Years ended March 31, 2020 and 2019

Date of Report: July 27, 2020

INTRODUCTION

Management's discussion and analysis ("MD&A") is prepared as of July 27, 2020, and provides a review of the performance of Trenchant Capital Corp. ("Trenchant" or the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2020 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 MD&A constitute "forward-looking statements". When used in this MD&A, 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 their nature, forward-looking statements involve numerous assumptions, and 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 the forward-looking statements, 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 any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are 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 statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-looking statements 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 applicable laws.

RISKS AND UNCERTAINTIES

Risk factors applicable to the Company and its business include:

- that the Company has only recently commenced business as an investment issuer, and may be unsuccessful in developing this business or generating material revenues from it;
- that the Borrower (as defined herein) may be unable to service the Initial Investment (as defined herein), and that the Company may default in its obligations with respect to the Debentures (as defined herein) as a result thereof;
- that the security underlying the Initial Investment may be insufficient to adequately satisfy any losses the Company may suffer as the result of any default by the Borrower under the Initial Investment;
- portfolio exposure risks and sensitivity to macro-economic conditions;
- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- due diligence risks and risks relating to non-controlling interests;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- the possible tightening of the credit markets, global economic uncertainty, and counterparty risk;
- risks related to the Company's investment approach, objectives and strategy;
- that the Company's expectations regarding the performance of certain sectors may be incorrect;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- that the price of the Company's common shares on the TSX Venture Exchange (the "TSXV") is volatile;
- risks relating to available investment opportunities and competition for investments;
- the ability of the Company to obtain future financing on acceptable terms or at all; and
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

Additional risk factors with respect to the Company's business and operations can be found in the Company's Final long-term Prospectus dated May 8, 2019 (the "Prospectus"), as filed on SEDAR on May 8, 2019, and which is available under the Company's profile at www.sedar.com

OVERALL PERFORMANCE

Nature of Business and Overall Performance

The Company was incorporated under the *Business Corporations Act* (British Columbia) on December 17, 2009. The Company's common shares are listed on the TSXV under the trading symbol "TCC" and the Debentures are listed on the TSXV under the trading symbol "TCC.DB".

The Company's head office is located at 1790-1066, West Hastings Street, Vancouver, BC, V6E 2X1. The Company has three wholly-owned subsidiaries, 0960128 B.C. Ltd. ("0960128"), 1141864 B.C. Ltd. ("1141864") and TCC Management Inc.

The Company was initially listed on the TSXV as a Capital Pool Company (as defined in the policies of the TSXV). In May 2011, the Company completed its Qualifying Transaction (as defined in the policies of the TSXV), pursuant to which it became designated as a Resource Issuer, engaged in the exploration and development of natural resource properties. The Company subsequently became inactive, with the listing of its common shares moved to the NEX board of the TSXV.

In May 2016, the Company pursued a change of business to become an Investment Issuer on the TSXV (the "Change of Business"). In connection with the Change of Business the Company changed its name to Trenchant Capital Corp. on May 16, 2017 and commenced trading under the symbol "TCC.H". Approval for the change of business was obtained from the TSXV on May 26, 2017.

The Waiward Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 5,000 and a maximum of 20,000 9% secured convertible debentures (the "Debentures") priced at \$1,000 per Debenture, for gross proceeds of a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Debenture Offering").

The Debenture Offering was made on a best effort, through a syndicate of agents led by Industrial Alliance Securities Inc. (collectively, the "Agents"), pursuant to the terms of an agency agreement dated May 18, 2017. The Debenture Offering closed in three tranches for aggregate gross proceeds of \$7,744,000. The first tranche, pursuant to which gross proceeds of \$5,522,000 were raised through the issuance of 5,522 Debentures, closed on May 18, 2017. The second tranche, pursuant to which gross proceeds of \$1,488,000 were raised through the issuance of 1,488 Debentures, closed on June 26, 2017. The third tranche, pursuant to which gross proceeds of \$730,000 were raised through the issuance of 730 Debentures, closed on July 19, 2017. In connection with the Debenture Offering, the Company paid the Agents aggregate cash commissions equal to 6.5% of the gross proceeds raised under the Debenture Offering and were reimbursed for their reasonable expenses.

The Debentures mature on March 31, 2022 and bear interest at the rate of 9% per annum, payable quarterly in cash. The terms of the Debentures are set out in a debenture indenture dated May 18, 2017, a copy of which is available on SEDAR, between the Company and Computershare Trust Company of Canada ("Computershare"). Commencing on May 18, 2018, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company 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) \$1.00 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 accrued but unpaid interest thereon, in cash, at any time after May 18, 2019, being two years after the closing of the first tranche of the Debenture Offering, 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 but unpaid interest thereon.

The Company pledged all of the outstanding shares of 0960128 to Computershare, on behalf of the holders of the Debentures, as security for the Company's outstanding obligations under the Debentures. The holders of Debentures have no recourse to the Company other than with respect to such shares.

Effective on October 26, 2017, the Debentures commenced trading on the TSXV under the symbol "TCC.DB".

The Initial Investment

On April 25, 2016, the Company entered into a strategic alliance agreement with the Hillcore Group ("Hillcore"). 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.

Pursuant to the terms of the strategic alliance agreement, Hillcore has agreed to grant the Company an exclusive first right to: (i) review Hillcore's initial due diligence on potential business targets, and (ii) negotiate with Hillcore the participation by the Company in Hillcore's acquisition of business targets, primarily by way of special situation debt, which 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, a limited partnership related to Hillcore, holds approximately 17.3% of the Company's issued and outstanding common shares.

On March 2, 2017, 0960128 entered into a loan agreement dated March 2, 2017, as amended (the "Loan Agreement"), with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to Hillcore, pursuant to which 0960128 agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Initial Investment") to the Borrower. The Initial Investment is secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), one of Canada's largest steel fabricators and erectors.

The net proceeds of the Debenture Offering were used to fund the Initial Investment, which was completed on May 18, 2017 in connection with the Change of Business.

Going forward, the Company intends to focus on the provision of special situation debt financing to Hillcore's pipeline of current and future private equity investments, as contemplated by the strategic alliance agreement between the Company and Hillcore.

On June 29, 2017, the Company announced that it had advanced (the "Advance") the sum of \$1,500,000 from its treasury funds to 10164950 Canada Ltd., a company controlled by Hillcore, as an advance on a second investment transaction with Hillcore. In December 2017 the Company agreed to loan the advance to ABO in a sidecar loan on the same terms as, and be subordinated to, the ABO Loan. The loan bears interest at the rate of 8.0% per annum, payable annually in cash until maturity on January 27, 2023. In June 2019, \$200,000 of the loan was repaid.

On June 11, 2020 the loan was settled in a share transfer agreement. (See settlement below)

The Convertible Preferred Share Offering

On May 18, 2017, the Company also closed a private placement of non-voting convertible preferred shares, pursuant to which it raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 preferred shares at a price of \$0.40 per share (the "Preferred Share Offering", and together with the Debenture Offering, the "Offerings"). The proceeds of the Preferred Share Offering were used for payment of the fees and expenses for the Offerings, the Initial Investment and the Change of Business, and for general working capital purposes. No commissions or finder's fees were paid in connection with the Preferred Share Offering.

The preferred shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of preferred shares may, commencing on May 18, 2018, convert their preferred shares into common shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of common shares as is equal to 25% of a particular holder's preferred shares. The preferred shares will automatically convert into common shares on a one for one basis on May 18, 2020.

Holders of Preferred Shares are not entitled to receive notice of, attend, or vote at, any general meeting of the shareholders of the Company. The preferred shares are not, and are not expected to be, listed for trading on the TSXV or on any other stock exchange or quotation system.

On May 18, 2020 the outstanding balance of 6,718,750 preferred shares were converted to 6,718,750 common shares of the Company. See Financial Condition, Liquidity and Capital Resources below.

On June 12, 2018 The Company issued 102,222 common shares to settle interest in the amount of \$46,000 on its preferred shares.

The Change of Business

The Offerings and the Initial Investment were part of the Change of Business, pursuant to which the Company became a Tier 2 Investment Issuer on the TSXV. Following the issuance of the TSXV's final bulletin with respect to the Change of Business, the trading symbol for the common shares on the TSXV changed to "TCC.V".

The Omni Debenture Offering

In December 2017 the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Debenture, for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Debenture Offering").

The net proceeds of Omni the Debenture Offering will be used to fund the Omni Loan, as described below.

The Omni Debenture Offering is being made on a best efforts basis, through a syndicate of agents led by Canaccord Capital Corp. and Industrial Alliance Securities Inc. (collectively, the "Agents"). The Omni Debentures issued in the Omni Debenture Offering will have a maturity date of January 27, 2023 and bear interest at the rate of 8.0% per annum, payable quarterly in cash. Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company 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 accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, 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 but unpaid interest thereon.

The Debenture Offering closed in two tranches for aggregate gross proceeds of \$7,994,000. The first tranche, pursuant to which gross proceeds of \$5,659,000 were raised through the issuance of 5,659 Debentures, closed on March 23, 2018. The second tranche, pursuant to which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Debentures, closed on May 17, 2018.

On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Debentures. On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Debentures.

The Company has agreed to pledge all of the outstanding shares of 1141864 as security for the Company's outstanding obligations under the Omni Debentures. The holders of Omni Debentures will have no recourse to the Company other than with respect to such shares.

Effective October 4, 2018, the Debentures commenced trading on the TSXV under the symbol TCC.DB.A.

The Omni Loan

In December 2017, 1141864 entered into a loan agreement (the "Omni Loan Agreement"), with ABO Investments Limited Partnership ("ABO"), a limited partnership related to Hillcore, pursuant to which 1141864 agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (the "Omni Loan") to ABO. The Omni Loan is secured by ABO's indirect equity interest in Omni Health Investments Inc. ("Omni"), one of Canada's largest long-term care operators.

Pursuant to the Omni Loan Agreement, 1141864 has agreed to loan, in one or more advances, a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) to ABO, subject to the closing of the Offering. The outstanding principal of the Omni Loan will bear interest at the rate of 10% per annum and the Omni Loan will mature on January 27, 2023. ABO has agreed to pay the Company a fee equal to 7% of the funds advanced to ABO under the Omni Loan Agreement. No finder's fees are payable in connection with the Omni Loan.

ABO will also grant the Company a five-year unit purchase option entitling it to purchase up to 15% of ABO'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 in accordance with the amount of funds actually advanced under the Omni Loan Agreement.

ABO may prepay the outstanding principal of the Omni Loan by paying 1141864 the outstanding principal amount of the Omni Loan, plus any accrued and unpaid interest thereon, as well as an amount equal to the Break Fee payable by the Company on the redemption or repurchase of Omni Debentures with a principal amount of not more than the principal amount being prepaid by ABO. Closing of the Omni Loan is subject to the closing of the minimum Offering. The Omni Loan will be secured by a pledge of ABO's indirect 88.73% equity interest in Omni.

The Omni Loan Agreement also provides that 1141864 will provide management services to ABO, have observer rights at board meetings of ABO, and have the right to appoint a nominee to the board of directors of ABO.

The Company has also agreed to make an additional loan of \$1,500,000 to ABO (the "Sidecar Loan"). The Sidecar Loan will have the same term as, and be subordinated to, the Omni Loan (save for bearing 8% interest) and will be funded from the Advance.

In February 2018 the Company, the Agents and ABO agreed to lower the minimum under the Omni Debenture Offering and the Omni Loan from \$10,000,000 to \$5,000,000.

Investment Policy Disclosures

The Company has adopted an Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the Company's investment objectives and strategy, which is to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth, the ability to generate shareholder equity by taking and, where prudent, exercising equity purchase rights in portfolio companies, participating in potential going-public transactions or other liquidity events in portfolio companies, and seeking to preserve capital and limit downside risk through securely structuring its investments. A copy of the Investment Policy is attached as Schedule "C" to the Filing Statement.

The following key ratios and other summary disclosures with respect to the Initial Investment are made in accordance with the Company's Investment Policy.

	12 months ended 3/31/2020	12 months ended 3/31/2020 (Pro Forma)⁽¹⁾	12 months ended 3/31/2019	12 months ended 3/31/2019 (Pro Forma)⁽¹⁾
Debt Service Ratio	0.80	0.53	(0.35)	(0.44)
Fixed Charge Coverage Ratio	0.92	0.81	0.08	0.07
Net Debt to EBITDA Ratio ⁽²⁾	3.09	4.62	52.32	73.89

(1) Assumes the Maximum Investment in the amount of \$7,740,000.

- (2) Earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) 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.

The impact of both the Covid-19 pandemic and the oil price slump has had an impact on projects and therefore revenue the company would normally have secured and executed. We are cautiously optimistic in the short term as sites reopen and business slowly returns. We remain profitable and expect backlog to slow or remain stable the remainder of the year while we continue secure work with our major current and potential customers.

Trailing 12 month increase (decrease) in	12 months ended 3/31/2020	12 months ended 3/31/2019
Revenue	(.12)%	21%
Net Income	121%	79%

The following key ratios and other summary disclosures with respect to the OMNI Investment are made in accordance with the Company's Investment Policy.

	12 months ended 3/31/2020	12 months ended 3/31/2020 (Pro Forma)⁽¹⁾	12 months ended 12/31/2019	12 months ended 12/31/2019 (Pro Forma)⁽¹⁾
Debt Service Ratio	1.28	1.21	1.28	1.21
Fixed Charge Coverage Ratio	1.17	1.13	1.17	1.13
Net Debt to EBITDA Ratio ⁽²⁾	6.11	6.90	6.70	7.37

(1) Assumes Loan in the maximum of \$20,000,000

Omni along with the rest of the LTC sector in Ontario was impacted from COVID in terms of operations; however, support from the government muted any material volatility in terms of cash flows and earnings. We currently have no homes in COVID outbreak and the worst of our homes Almonte suffered 29 COVID related deaths. At various times we had up to 5 homes with varying degrees of COVID outbreak(s) but Almonte is the only one which experienced deaths. Omni was early to adopt procedures and policies to minimize and slow down the spread including limiting visitors, screening and shifting eating in dining halls to rooms etc. Although things are relaxing our homes are still screening, limiting visitors to appointments and are operating at higher vigilance. Vacancies are up at all homes as placements have slowed down but the Ministry is funding all homes as if they were 100% occupied and the province still has a healthy waitlist. The ministry has also increased funding in the nursing envelope to cover emergency pay, increased PPE

costs and to offset increased costs due to operational changes i.e. more cleaning. Management feels the worst is over and in terms of our financial performance we don't expect any material changes.

Trailing 12 months increase (decrease) in	12 months ended 3/31/2020	12 months ended 12/31/2019
Revenue	(1.00)%	(1.31)%
Net Income	(1.18)%	2.77%

Other than as stated above, 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.

Selected Financial Information

	For the Year ended <u>March 31, 2020</u>	For the Year ended <u>March 31, 2019</u>	For the Year ended <u>March 31, 2018</u>
Total revenues	\$ 2,277,186	\$ 1,887,833	\$ 862,567
Loss before other items	(107,196)	(47,221)	(348,997)
Comprehensive income (loss)	(107,196)	(47,221)	(348,997)
Basic and diluted net loss per common share	(0.01)	(0.00)	(0.03)
Current assets	899,077	717,590	739,417
Total assets	22,795,149	18,348,571	15,801,564
Current liabilities	1,219,408	860,902	595,247
Share capital & share based payment reserve	4,678,956	4,567,115	4,454,676
Deficit	(4,654,120)	(4,546,924)	(4,499,703)
Dividends	-	-	-

The increase in total assets to \$22,795,149 in 2020 from \$18,348,571 in 2019 was primarily due to the increase to advance of loans from investing activities.

The financial data for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 have been prepared in accordance with International Financial Reporting Standards. All figures are stated in Canadian dollars.

Results of Operations

These results of operations should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2020, which are being filed concurrently with this MD&A. The financial data for the years ended March 31, 2020 and March 31, 2019 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Year Ended March 31, 2020 and 2019

	For the year ended <u>March 31, 2020</u>	For the year ended <u>March 31, 2019</u>
Revenues		
Interest income	\$ 2,277,186	\$ 1,887,833
Expenses		
Accretion	199,601	155,688
Business development	84,176	78,117

	For the year ended March 31, 2020	For the year ended March 31, 2019
Consulting	20,257	20,940
Depreciation	63,168	3,451
General and administrative	7,366	58,971
Interest	1,640,564	1,363,239
Professional fees	187,004	120,467
Share-based payment	99,341	66,439
Transfer agent and filing fees	82,906	67,742
	2,384,382	1,935,054
Net and comprehensive (loss)	(107,196)	\$ (47,221)

The Company has generated limited revenue to date and reported net losses since inception. The net loss was \$107,196 for the year ended March 31, 2020 (March 31, 2019 – \$47,221). Total expenses of \$2,384,382 were offset by interest income of \$2,277,186. The completion of the Offerings resulted in the Company incurring higher than normal expenses.

Revenues of \$2,277,186 were derived from interest earned during the year ended March 31, 2020 (March 31, 2019 - \$1,887,833). Increase in interest income increased due to additional loans completed during the year.

Accretion expense was \$ 199,601 relating to the financing costs of the debentures for the year ended March 31, 2020 (March 31, 2019 - \$155,688)

Business development expenses were \$84,176 for the year ended March 31, 2020 (March 31, 2019 - \$78,117) Management expects to continue to expend considerable time negotiating additional investments and securing financing.

Consulting fees of \$20,257 were incurred for the year ended March 31, 2020 (March 31, 2019 - \$20,940), related to consulting fees paid in connection with development of the Company's strategic plans.

General and administrative expenses were \$7,366 for the year ended March 31, 2020 (March 31, 2019 - \$58,971). The decreased expenses due to lower administrative costs generally and unusual items in the past period.

Interest expense was \$1,640,564 for the year ended March 31, 2020 (March 31, 2019 - \$1,363,239). The increase in interest expense was related to interest payable on additional Debentures.

Professional fees of \$187,004 were incurred in the year ended March 31, 2020 (March 31, 2019 - \$120,467). These professional fees related to audit and legal expenses in connection with the Prospectus which was subsequently withdrawn.

Share-based payments were \$99,341 (March 31, 2019 - \$66,439). Stock options were issued in the current year.

Transfer agent and filing fees were \$82,906 for the year ended March 31, 2020 (March 31, 2019 - \$67,742). These fees were higher in the current period due to an increase in filings.

Three Months Ended March 31, 2020 and 2019

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Revenues		
Interest income	\$ 588,864	\$ 476,215
Expenses		
Accretion	57,350	134,748
Business development	31,183	11,317
Consulting	15,584	20,940
Depreciation	15,792	3,451
General and administrative	1,184	5,900
Interest	425,895	260,704
Professional fees	43,705	59,242
Share-based payment	24,427	66,439
Transfer agent and filing fees	18,987	35,616
	<u>634,107</u>	<u>598,357</u>
Net and comprehensive loss	\$ (45,243)	\$ (122,142)

The Company had net loss of \$45,243 for the three months ended March 31, 2020 compared to net a loss of \$122,142 in the three months ended March 31, 2019.

Revenues were \$588,864 for the three months ended March 31, 2020 (March 31, 2019 - \$476,215).

Business development expenses were \$31,183 for the year ended March 31, 2020 (March 31, 2019 - \$11,317). Management expects to continue to expend considerable time negotiating additional investments and securing financing.

Consulting fees were \$15,584 for the three months ended March 31, 2020 (March 31, 2019 - \$20,940), related to consulting fees paid in connection with the development of the Company's strategic plans.

General and administrative recoveries were \$1,184 compared to a recovery of expenses of \$5,900 for the three months ended March 31, 2019.

Interest expense was \$425,895 for the three months ended March 31, 2020 (March 31, 2019 - \$260,704), which was related to interest paid and payable on the Debentures.

Accretion expense was \$ 57,249 for the three months ended March 31, 2020 (March 31, 2019 - \$134,748) relating to higher financing costs in prior year.

Professional fees were \$43,705 (March 31, 2019 - \$59,242). These professional fees related to audit and legal expenses in connection with the Prospectus.

Share-based payments were \$24,427 (March 31, 2019 - \$66,439). Stock options were issued in the prior year.

Transfer agent and filing fees were \$18,987 (March 31, 2019 - \$35,616). Fees were higher in the prior quarter due to more filings.

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. On June 6, 2018, the Company approved the payment of the annual dividend on the 6,750,000 preferred shares in the aggregate amount of \$216,000. Of the total, \$46,000 will be settled by the issuance of 102,222 common shares, \$4,000 was paid in cash, and \$166,000 will be accrued as payable to certain preferred shareholders. On June 12, 2018, the Company issued 102,222 common shares as settlement of \$46,000 of the dividend payable.

In May 2019, the Company accrued dividends payable of \$216,000 and paid \$50,000 in cash. At March 31, 2020 there were \$547,250 dividends payable on the preferred shares which were settled in June, 2020. (See Financial Condition, Liquidity and Capital Resources below)

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 quarter ended:	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Total Revenues	588,864	595,442	593,182	499,698
Net and comprehensive income (loss) for the period	(45,242) ⁽¹⁾	30,986 ⁽²⁾	(763) ⁽³⁾	(92,177) ⁽⁴⁾
Loss per share, basic and diluted	(0.01)	0.00	(0.00)	(0.00)

For the quarter ended:	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Total Revenues	476,215	482,137	483,345	446,136
Net and comprehensive income (loss) for the period	(122,142) ⁽⁵⁾	40,115 ⁽⁶⁾	77,796 ⁽⁷⁾	(42,990) ⁽⁸⁾
Loss per share, basic and diluted	(0.01)	0.00	0.00	(0.00)

- (1) The Company's loss for the period includes non-cash items of accretion of financing costs of \$57,350.
- (2) The Company's loss for the period includes non-cash items of accretion of financing costs of \$56,698.
- (3) The Company's loss for the period includes non-cash items of accretion of financing costs of \$43,577.
- (4) The Company's loss for the period includes non-cash items of accretion of financing costs of \$41,976.
- (5) The Company's loss for the period includes non-cash items of accretion of financing costs of \$52,717.
- (6) The Company's loss for the period includes non-cash items of accretion of financing costs of \$35,381.
- (7) The Company's loss for the period includes non-cash items of accretion of financing costs of \$33,688.
- (8) The Company's loss for the period includes non-cash items of accretion of financing costs of \$33,902.

Financial Condition, Liquidity and Capital Resources

The Company had total assets of \$22,795,149 as at March 31, 2019 (March 31, 2019 – \$18,348,571). The primary assets of the Company as of such date consisted cash of \$63,848 (March 31, 2019 – \$105,481), interest receivable of \$781,291 (March 31, 2019 - \$549,861, PIK interest receivable of \$567,482 and loan receivables of \$21,223,000 (March 31, 2019 \$362,586 and \$17,234,000). Accounts payable as at March 31, 2020 were \$610,699 (March 31, 2019 - \$478,902). The Company had working capital of \$(320,331) as at March 31, 2020 (March 31, 2019 – \$(143,312)).

At March 31, 2020, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$4,654,120 (March 31, 2019 – \$4,546,924).

During the year ended March 31, 2019, the Company closed the Debenture Offerings, pursuant to which it issued an aggregate of 2,335 Debentures for aggregate gross proceeds of \$2,335,000.

On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures

On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

On May 11, 2020, the Company extended the conversion date of the preferred shares. On June 19, 2020, the Company converted 3,281,250 preferred shares to 3,281,250 common shares in accordance with the special rights and restrictions attached to the Series A Shares.

In June 2020 the Company has entered into agreements with the holders of preferred shares to settle dividends owing in the aggregated amount of \$190,567 by issuing 3,811,344 common shares at \$0.05 per common share of the Company, subject to approval by the TSXV.

The Company paid \$3,443 to a holder of preferred shares to settle outstanding dividends.

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore Diversified Industries Ltd. Hillcore was indebted to the Company pursuant to a loan that Hillcore was assigned by ABO in the principal amount of \$1,300,000 and \$279,649 on account of interest. Hillcore also owned 3,437,500 Series A Shares and was owed \$337,213 in dividends on such Series A Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the loan against the transfer of Hillcore's Series A Shares to the Company and to fully and finally settle the interest on the loan payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Shares.

On June 15, 2020, the Company entered into a debt settlement and subscription agreement with Hybrid Financial Ltd. Subject to approval of the TSXV, the Company will settle its indebtedness to Hybrid in the amount of \$24,966.79 pursuant to this settlement agreement by issuing 499,335 common shares to Hybrid. These shares will be subject to a hold period expiring four months and one day from the date of issuance.

The Company's audited consolidated financial statements for the year ended March 31, 2020 were 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.

As at March 31, 2020, the Company did not have any contractual obligations.

Classification of financial instruments

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

	March 31, 2020	March 31, 2019
FVTPL:		
Cash	\$ 63,848	\$ 105,481
Amortization costs:		
Interest receivable	781,291	549,861
PIK interest receivable	567,482	362,586
Loans receivable	21,223,000	17,234,000
	\$ 22,635,621	\$ 18,251,928

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

	March 31, 2020	March 31, 2019
Non-derivative financial liabilities:		
Accounts payable	\$ 588,699	\$ 458,402
Dividends payable	547,250	382,000
Preferred share liability	-	188,833
Debentures	19,354,045	15,085,969
	\$ 20,489,994	\$ 16,115,204

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.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The following amounts were due to related parties as at the dates indicated, and were included in accounts payable and accrued liabilities as at such dates:

	March 31, 20120	March 31, 2019
CFO	\$ (5,250)	\$ (1,575)
CEO	3,390	-
	\$ (1,860)	\$ (1,575)

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

Key management personnel compensation

	Year ended	
	March 31, 2020	March 31, 2019
Chief Financial Officer	\$ 31,701	\$ 6,300

CRITICAL ACCOUNTING ESTIMATES

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2019 and 2018 (as are available on the Company's profile on SEDAR (www.sedar.com)), the Company has no critical accounting estimates.

CRITICAL ACCOUNTING POLICIES

There are no accounting policies that the Company has adopted, other than what was disclosed in the Company's annual audited financial statements for the year ended March 31, 2019.

RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's 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 some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at www.sedar.com.

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 by an investee company, 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 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 is, and 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'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 will 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, including the Borrower. 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 Company's common shares will trade from time to time cannot be predicted. The market price of the common shares is 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 common 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.

Financing Risks

The Company has no history of earnings or material revenue. In addition, the Company's business model is 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 Company's shareholders.

Limited Number of Investments

While the Company's intention is to negotiate and fund additional investments in companies in different industry sectors, it could take many years to create a diversified portfolio of investee companies and there is no guarantee the Company will ever achieve sufficient diversification. The Company may have a significant portion of its assets dedicated to a single business sector or industry for an extended period of time. 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.

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.

Reliance on Key Personnel

The success of the Company is dependent 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 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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As of the date of this MD&A, the following securities of the Company were outstanding:

Common Shares – 14,950,607

Preferred shares – Nil

Stock options – 1,160,000

Warrants – Nil

Debentures – 19,923 having an aggregate principal amount of \$19,923,000

Escrow shares – At the date of this report there are 1,493,744 shares in escrow

Securities issued during the period – During the year ended the company issued 3,312,500 common shares

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.

TRENCHANT CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Years ended March 31, 2019 and 2018

Date of Report: July 26, 2019

INTRODUCTION

Management's discussion and analysis ("MD&A") is prepared as of July 26, 2019, and provides a review of the performance of Trenchant Capital Corp. ("Trenchant" or the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2019 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 MD&A constitute "forward-looking statements". When used in this MD&A, 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 their nature, forward-looking statements involve numerous assumptions, and 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 the forward-looking statements, 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 any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are 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 statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-looking statements 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 applicable laws.

RISKS AND UNCERTAINTIES

Risk factors applicable to the Company and its business include:

- that the Company has only recently commenced business as an investment issuer, and may be unsuccessful in developing this business or generating material revenues from it;
- that the Borrower (as defined herein) may be unable to service the Initial Investment (as defined herein), and that the Company may default in its obligations with respect to the Debentures (as defined herein) as a result thereof;
- that the security underlying the Initial Investment may be insufficient to adequately satisfy any losses the Company may suffer as the result of any default by the Borrower under the Initial Investment;
- portfolio exposure risks and sensitivity to macro-economic conditions;
- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- due diligence risks and risks relating to non-controlling interests;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- the possible tightening of the credit markets, global economic uncertainty, and counterparty risk;
- risks related to the Company's investment approach, objectives and strategy;
- that the Company's expectations regarding the performance of certain sectors may be incorrect;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- that the price of the Company's common shares on the TSX Venture Exchange (the "TSXV") is volatile;
- risks relating to available investment opportunities and competition for investments;
- the ability of the Company to obtain future financing on acceptable terms or at all; and
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

Additional risk factors with respect to the Company's business and operations can be found in the Company's Final long-term Prospectus dated May 8, 2019 (the "Prospectus"), as filed on SEDAR on May 8, 2019, which is available under the Company's profile at www.sedar.com.

OVERALL PERFORMANCE

Nature of Business and Overall Performance

The Company was incorporated under the *Business Corporations Act* (British Columbia) on December 17, 2009. The Company's common shares are listed on the TSXV under the trading symbol "TCC" and the Debentures are listed on the TSXV under the trading symbol "TCC.DB".

The Company's head office is located at 1790-1790, West Hastings Street, Vancouver, BC, V6E 2X1. The Company has three wholly-owned subsidiaries, 0960128 B.C. Ltd. ("0960128"), 1141864 B.C. Ltd. ("1141864") and TCC Management Inc.

The Company was initially listed on the TSXV as a Capital Pool Company (as defined in the policies of the TSXV). In May 2011, the Company completed its Qualifying Transaction (as defined in the policies of the TSXV), pursuant to which it became designated as a Resource Issuer, engaged in the exploration and development of natural resource properties. The Company subsequently became inactive, with the listing of its common shares moved to the NEX board of the TSXV.

In May 2016, the Company pursued a change of business to become an Investment Issuer on the TSXV (the "Change of Business"). In connection with the Change of Business the Company changed its name to Trenchant Capital Corp. on May 16, 2017 and commenced trading under the symbol "TCC.H". Approval for the change of business was obtained from the TSXV on May 26, 2017.

The Waiward Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 5,000 and a maximum of 20,000 9% secured convertible debentures (the "Debentures") priced at \$1,000 per Debenture, for gross proceeds of a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Debenture Offering").

The Debenture Offering was made on a best efforts, through a syndicate of agents led by Industrial Alliance Securities Inc. (collectively, the "Agents"), pursuant to the terms of an agency agreement dated May 18, 2017. The Debenture Offering closed in three tranches for aggregate gross proceeds of \$7,744,000. The first tranche, pursuant to which gross proceeds of \$5,522,000 were raised through the issuance of 5,522 Debentures, closed on May 18, 2017. The second tranche, pursuant to which gross proceeds of \$1,488,000 were raised through the issuance of 1,488 Debentures, closed on June 26, 2017. The third tranche, pursuant to which gross proceeds of \$730,000 were raised through the issuance of 730 Debentures, closed on July 19, 2017. In connection with the Debenture Offering, the Company paid the Agents aggregate cash commissions equal to 6.5% of the gross proceeds raised under the Debenture Offering and were reimbursed for their reasonable expenses.

The Debentures mature on March 31, 2022 and bear interest at the rate of 9.0% per annum, payable quarterly in cash. The terms of the Debentures are set out in a debenture indenture dated May 18, 2017, a copy of which is available on SEDAR, between the Company and Computershare Trust Company of Canada ("Computershare"). Commencing on May 18, 2018, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company 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) \$1.00 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 accrued but unpaid interest thereon, in cash, at any time after May 18, 2019, being two years after the closing of the first tranche of the Debenture Offering, 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 but unpaid interest thereon.

The Company pledged all of the outstanding shares of 0960128 to Computershare, on behalf of the holders of the Debentures, as security for the Company's outstanding obligations under the Debentures. The holders of Debentures have no recourse to the Company other than with respect to such shares.

Effective on October 26, 2017, the Debentures commenced trading on the TSXV under the symbol "TCC.DB".

The Initial Investment

On April 25, 2016, the Company entered into a strategic alliance agreement with the Hillcore Group ("Hillcore"). 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.

Pursuant to the terms of the strategic alliance agreement, Hillcore has agreed to grant the Company an exclusive first right to: (i) review Hillcore's initial due diligence on potential business targets, and (ii) negotiate with Hillcore the participation by the Company in Hillcore's acquisition of business targets, primarily by way of special situation debt, which 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, a limited partnership related to Hillcore, holds approximately 17.3% of the Company's issued and outstanding common shares.

On March 2, 2017, 0960128 entered into a loan agreement dated March 2, 2017, as amended (the "Loan Agreement"), with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to Hillcore, pursuant to which 0960128 agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Initial Investment") to the Borrower. The Initial Investment is secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), one of Canada's largest steel fabricators and erectors.

The net proceeds of the Debenture Offering were used to fund the Initial Investment, which was completed on May 18, 2017 in connection with the Change of Business.

Going forward, the Company intends to focus on the provision of special situation debt financing to Hillcore's pipeline of current and future private equity investments, as contemplated by the strategic alliance agreement between the Company and Hillcore.

On June 29, 2017, the Company announced that it had advanced (the "Advance") the sum of \$1,500,000 from its treasury funds to 10164950 Canada Ltd., a company controlled by Hillcore, as an advance on a

second investment transaction with Hillcore. In December 2017 the Company agreed to loan the advance to ABO in a sidecar loan on the same terms as, and be subordinated to, the ABO Loan. The loan bears interest at the rate of 8.0% per annum, payable annually in cash until maturity on January 27, 2023.

The Convertible Preferred Share Offering

On May 18, 2017, the Company also closed a private placement of non-voting convertible preferred shares, pursuant to which it raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 preferred shares at a price of \$0.40 per share (the "Preferred Share Offering", and together with the Debenture Offering, the "Offerings"). The proceeds of the Preferred Share Offering were used for payment of the fees and expenses for the Offerings, the Initial Investment and the Change of Business, and for general working capital purposes. No commissions or finder's fees were paid in connection with the Preferred Share Offering.

The preferred shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of preferred shares may, commencing on May 18, 2018, convert their preferred shares into common shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of common shares as is equal to 25% of a particular holder's preferred shares. The preferred shares will automatically convert into common shares on a one for one basis on May 18, 2020.

Holders of Preferred Shares are not entitled to receive notice of, attend, or vote at, any general meeting of the shareholders of the Company. The preferred shares are not, and are not expected to be, listed for trading on the TSXV or on any other stock exchange or quotation system.

On June 12, 2018 The Company issued 102,222 common shares to settle interest in the amount of \$46,000 on its preferred shares.

The Change of Business

The Offerings and the Initial Investment were part of the Change of Business, pursuant to which the Company became a Tier 2 Investment Issuer on the TSXV. Following the issuance of the TSXV's final bulletin with respect to the Change of Business, the trading symbol for the common shares on the TSXV changed to "TCC.V".

The Omni Debenture Offering

In December 2017 the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Debenture, for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Debenture Offering").

The net proceeds of Omni the Debenture Offering will be used to fund the Omni Loan, as described below.

The Omni Debenture Offering is being made on a best efforts basis, through a syndicate of agents led by Canaccord Capital Corp. and Industrial Alliance Securities Inc. (collectively, the "Agents"). The Omni Debentures issued in the Omni Debenture Offering will have a maturity date of January 27, 2023 and bear interest at the rate of 8.0% per annum, payable quarterly in cash. Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company 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 accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, 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 but unpaid interest thereon.

The Debenture Offering closed in two tranches for aggregate gross proceeds of \$7,994,000. The first tranche, pursuant to which gross proceeds of \$5,659,000 were raised through the issuance of 5,659 Debentures, closed on March 23, 2018. The second tranche, pursuant to which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Debentures, closed on May 17, 2018.

On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Debentures. On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Debentures.

The Company has agreed to pledge all of the outstanding shares of 1141864 as security for the Company's outstanding obligations under the Omni Debentures. The holders of Omni Debentures will have no recourse to the Company other than with respect to such shares.

Effective October 4, 2018, the Debentures commenced trading on the TSXV under the symbol TCC.DB.A.

The Omni Loan

In December 2017, 1141864 entered into a loan agreement (the "Omni Loan Agreement"), with ABO Investments Limited Partnership ("ABO"), a limited partnership related to Hillcore, pursuant to which 1141864 agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (the "Omni Loan") to ABO. The Omni Loan is secured by ABO's indirect equity interest in Omni Health Investments Inc. ("Omni"), one of Canada's largest long-term care operators.

Pursuant to the Omni Loan Agreement, 1141864 has agreed to loan, in one or more advances, a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) to ABO, subject to the closing of the Offering. The outstanding principal of the Omni Loan will bear interest at the rate of 10% per annum and the Omni Loan will mature on January 27, 2023. ABO has agreed to pay the Company a fee equal to 7% of the funds advanced to ABO under the Omni Loan Agreement. No finder's fees are payable in connection with the Omni Loan.

ABO will also grant the Company a five-year unit purchase option entitling it to purchase up to 15% of ABO'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 in accordance with the amount of funds actually advanced under the Omni Loan Agreement.

ABO may prepay the outstanding principal of the Omni Loan by paying 1141864 the outstanding principal amount of the Omni Loan, plus any accrued and unpaid interest thereon, as well as an amount equal to the Break Fee payable by the Company on the redemption or repurchase of Omni Debentures with a principal amount of not more than the principal amount being prepaid by ABO. Closing of the Omni Loan is subject

to the closing of the minimum Offering. The Omni Loan will be secured by a pledge of ABO’s indirect 88.73% equity interest in Omni.

The Omni Loan Agreement also provides that 1141864 will provide management services to ABO, have observer rights at board meetings of ABO, and have the right to appoint a nominee to the board of directors of ABO.

The Company has also agreed to make an additional loan of \$1,500,000 to ABO (the “Sidecar Loan”). The Sidecar Loan will have the same term as, and be subordinated to, the Omni Loan (save for bearing 8% interest) and will be funded from the Advance.

In February 2018 the Company, the Agents and ABO agreed to lower the minimum under the Omni Debenture Offering and the Omni Loan from \$10,000,000 to \$5,000,000.

Investment Policy Disclosures

The Company has adopted an Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the Company’s investment objectives and strategy, which is to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth, the ability to generate shareholder equity by taking and, where prudent, exercising equity purchase rights in portfolio companies, participating in potential going-public transactions or other liquidity events in portfolio companies, and seeking to preserve capital and limit downside risk through securely structuring its investments. A copy of the Investment Policy is attached as Schedule “C” to the Filing Statement.

The following key ratios and other summary disclosures with respect to the Initial Investment are made in accordance with the Company’s Investment Policy.

	12 months ended 3/31/2019	12 months ended 3/31/2019 (Pro Forma) ⁽¹⁾	12 months ended 3/31/2018	12 months ended 3/31/2018 (Pro Forma) ⁽¹⁾
Debt Service Ratio	(0.35)	(0.44)	(2.18)	(1.97)
Fixed Charge Coverage Ratio	0.08	0.07	(1.50)	(1.38)
Net Debt to EBITDA Ratio ⁽²⁾	52.32	73.89	(1.33)	(1.93)

(1) Assumes the Maximum Investment in the amount of \$7,740,000.

(2) Earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) 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.

Waiward Steel made progress in the first quarter of 2019 in turning around operations, recording its second consecutive profitable quarter. Project profit margins are back at historic levels and backlog for the business has been improving, while the business also benefits from the significant overhead cuts made in 2018. An improving order book, cash flow, and the profit outlook is forecasted for the balance of 2019. Despite the losses incurred to the end of 2018, due to the Management Fee pledge, together with the cash reserved in the Borrower for interest payments and the underlying value of Waiward Steel interest pledged, management of the Company can also confirm 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 Loan. Management of the Company has reviewed the Waiward Steel order book for the current year and anticipates the above ratios to come back into formula over the next two quarters. Waiward Steel had changed its name in February 2019 to Waiward Industrial to reflect the broader scope of its construction activities.

Trailing 12 month increase (decrease) in	12 months ended 3/31/2019	12 months ended 3/31/2018
Revenue	21%	(48%)
Net Income	79%	(248%)

The following key ratios and other summary disclosures with respect to the OMNI Investment are made in accordance with the Company's Investment Policy.

	12 months ended 3/31/2019	12 months ended 3/31/2019 (Pro Forma)⁽¹⁾	12 months ended 12/31/2018	12 months ended 12/31/2018 (Pro Forma)⁽¹⁾
Debt Service Ratio	1.28	1.21	1.08	1.06
Fixed Charge Coverage Ratio	1.17	1.13	1.09	1.07
Net Debt to EBITDA Ratio ⁽²⁾	6.70	7.37	8.30	8.68

(1) Assumes Loan in the maximum of \$20,000,000

Occupancy for homes in the portfolio is 98.1% year to date 2019. All Homes are above the 97% occupancy threshold. Net operating income before management fees (EBITDAM) for Q1 2019 amounted to \$2,911,228 which is greater than budget by \$48,115 and \$129,422 greater than Q1 2018. Revenues for Q1 were \$68,135 greater than budget primarily due to preferred revenue at Garden Terrace and Forest Hill. Administration is \$54,083 favourable due to in part to the timing of the Forum costs. The Forum took place May 2019 and the costs, currently allocated to OHCL, will be reallocated to the Homes in Q2 2019. Administration is also impacted by Computers & IT costs which are \$33,182 favourable due to the backlog in purchases resulting from a shortage of parts. These favourable variances are offset in part by labour relation fees associated with ONA negotiations. Nutritional Care and Housekeeping wages are favourable due to the CUPE retro accrual calculated for the seven Homes with CUPE collective agreements. Retroactive wages were paid to employees February 2019. Q1 is affected by maintenance expenditures which are \$198,653 unfavourable compared with budget. Maintenance costs are impacted by severe winter

weather resulting in higher snow plow, sanding and salting costs (\$48,029); ongoing building repairs (\$33,611) and equipment repairs (\$39,691); major projects (76,636) including replacement of the sewage ejector pump, washer replacements, pump and septic pump repairs and installation of an ozone system.

Trailing 12 month increase (decrease) in	12 months ended 3/31/2019	12 months ended 12/31/2018
Revenue	(1.31)%	0.83%
Net Income	2.77%	56.71%

Other than as stated above, 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.

Selected Financial Information

	For the Year ended <u>March 31, 2019</u>	For the Year ended <u>March 31, 2018</u>	For the Year ended <u>March 31, 2017</u>
Total revenues	\$ 1,887,833	\$ 862,567	\$ -
Loss before other items	(47,221)	(348,997)	(197,498)
Comprehensive income (loss)	(47,221)	(348,997)	(197,498)
Basic and diluted net loss per common share	(0.00)	(0.03)	(0.02)
Current assets	771,590	739,417	457,980
Total assets	18,348,571	15,801,564	457,980
Current liabilities	860,902	595,247	154,010
Share capital & share based payment reserve	4,567,115	4,454,676	4,454,676
Deficit	(4,546,927)	(4,499,703)	(4,150,706)
Dividends	-	-	-

The increase in total assets to \$15,801,564 in 2018 from \$457,980 in 2017 was primarily due to the increase to advance of loans from investing activities.

The financial data for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 have been prepared in accordance with International Financial Reporting Standards. All figures are stated in Canadian dollars.

Results of Operations

These results of operations should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2019, which are being filed concurrently with this MD&A. The financial data for the years ended March 31, 2019 and March 31, 2018 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Year Ended March 31, 2019 and 2018

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenues		
Interest income	\$ 1,887,833	\$ 862,567
Expenses		
Accretion	155,688	85,863
Business development	78,117	96,562
Consulting	20,940	131,122
Depreciation	3,451	-
General and administrative	58,971	57,728
Interest	1,363,239	656,440
Professional fees	120,467	105,605
Share-based payment	66,439	-
Transfer agent and filing fees	67,742	78,244
	<u>1,935,054</u>	<u>1,211,564</u>
Net and comprehensive (loss)	<u>\$ (47,221)</u>	<u>\$ (348,997)</u>

The Company has generated limited revenue to date and reported net losses since inception. The net loss was \$47,221 for the year ended March 31, 2019 (March 31, 2018 – \$348,997). Total expenses of \$1,211,564 were offset by interest income of \$862,567. The completion of the Offerings resulted in the Company incurring higher than normal expenses.

Revenues of \$1,887,833 were derived from interest earned during the year ended March 31, 2019 (March 31, 2018 - \$862,567). Increase in interest income increased due to additional loans completed during the year.

Accretion expense was \$ 155,688 relating to the financing costs of the debentures for the year ended March 31, 2019 (March 31, 2018 - \$85,863)

Business development expenses were \$78,117 for the year ended March 31, 2019 (March 31, 2018 - \$96,562) Management expects to continue to expend considerable time negotiating additional investments and securing financing.

Consulting fees of \$20,940 were incurred for the year ended March 31, 2019 (March 31, 2018 - \$131,122), related to consulting fees paid in connection with development of the Company's strategic plans.

General and administrative expenses were \$58,971 for the year ended March 31, 2019 (March 31, 2018 - \$57,728). The increased expenses related to ongoing due diligence being undertaken by management in connection with identifying investments.

Interest expense was \$1,363,239 for the year ended March 31, 2019 (March 31, 2018 - \$656,440). The increase in interest expense was related to interest payable on additional Debentures.

Professional fees of \$120,467 were incurred in the year ended March 31, 2019 (March 31, 2018 - \$105,605). These professional fees related to audit and legal expenses in connection with the Prospectus.

Share-based payments were \$66,439 (March 31, 2018 - \$Nil). Stock options were issued in the current year.

Transfer agent and filing fees were \$67,742 for the year ended March 31, 2019 (March 31, 2018 - \$78,244). These fees were lower in the current period due to a reduction in filings.

Three Months Ended March 31, 2019 and 2018

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Revenues		
Interest income	\$ 555,152	\$ 288,928
Expenses		
Business development	11,317	96,562
Consulting	-	13,253
Depreciation	3,431	-
General and administrative	12,200	(15,699)
Interest	399,913	223,279
Professional fees	52,942	85,772
Share-based payment	66,439	
Transfer agent and filing fees	35,616	29,538
	<u>581,878</u>	<u>432,705</u>
Net and comprehensive (loss)	<u>\$ (26,726)</u>	<u>\$ (143,777)</u>

The Company had net loss of \$26,726 for the three months ended March 31, 2019 compared to net loss of \$143,777 in the three months ended March 31, 2018.

Revenues were \$555,152 for the three months ended March 31, 2019 (March 31, 2018 - \$288,928). Revenues were derived from interest earned on the Initial Investment during the three months ended March 31, 2018.

Business development expenses were \$11,317 for the year ended March 31, 2019 (March 31, 2018 - \$96,562). Management expects to continue to expend considerable time negotiating additional investments and securing financing.

Consulting fees were \$Nil for the three months ended March 31, 2019 (March 31, 2018 - \$13,253), related to consulting fees paid in connection with the development of the Company's strategic plans in the prior year.

General and administrative recoveries were \$12,200 compared to a recovery of expenses of \$15,699 for the three months ended March 31, 2018. The decreased expenses in the prior quarter were due to the reclassification of some of costs.

Interest expense was \$399,913 for the three months ended March 31, 2019 (March 31, 2018 - \$197,979), which was related to interest paid and payable on the Debentures. Accretion expense was \$52,717 for the three months ended March 31, 2019 (March 31, 2018 - \$25,300) relating to the financing costs.

Professional fees were \$52,942 (March 31, 2018 – \$85,772). These professional fees related to audit and legal expenses in connection with the Prospectus.

Share-based payments were \$66,439 (March 31, 2018 - \$Nil). Stock options were issued in the current quarter.

Transfer agent and filing fees were \$35,616 (March 31, 2018 - \$29,528). Fees were higher in the current quarter due to filings related to the Prospectus.

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. On June 6, 2018, the Company approved the payment of the annual dividend on the 6,750,000 preferred shares in the aggregate amount of \$216,000. Of the total, \$46,000 will be settled by the issuance of 102,222 common shares, \$4,000 will be paid in cash, and \$166,000 will be accrued as payable to certain preferred shareholders. On June 12, 2018, the Company issued 102,222 common shares as settlement of \$46,000 of the dividend payable.

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 quarter ended:	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Total Revenues	555,152	403,200	483,345	446,136
Net and comprehensive income (loss) for the period	(26,726) ⁽¹⁾	(55,301) ⁽²⁾	77,796 ⁽³⁾	(42,990) ⁽⁴⁾
Loss per share, basic and diluted	(0.00)	(0.00)	0.00	(0.00)

For the quarter ended:	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Total Revenues	288,928 ⁽⁵⁾	245,928	257,475	70,236
Net and comprehensive income (loss) for the period	(143,777)	(56,203)	12,636	(161,653)
Loss per share, basic and diluted	(0.01)	(0.00)	0.00	(0.02)

- (1) The Company's loss for the period includes non-cash items of accretion of financing costs of \$52,717
- (2) The Company's loss for the period includes non-cash items of accretion of financing costs of \$35,381
- (3) The Company's loss for the period includes non-cash items of accretion of financing costs of \$33,688
- (4) The Company's loss for the period includes non-cash items of accretion of financing costs of \$33,902
- (5) The Company's loss for the period includes non-cash items of accretion of financing costs of \$25,300.

Financial Condition, Liquidity and Capital Resources

The Company had total assets of \$18,348,571 as at March 31, 2019 (March 31, 2018 – \$15,801,564). The primary assets of the Company as of such date consisted cash of \$105,481 (March 31, 2018 – \$489,483), interest receivable of \$549,861 (March 31, 2018 - \$240,509, PIK interest receivable of \$362,586 and loan receivables of \$17,234,000 (March 31, 2018 \$163,147 and \$14,899,000). Accounts payable as at March 31, 2019 were \$478,902 (March 31, 2018 - \$365,094). The Company had working capital of \$(143,312) as at March 31, 2019 (March 31, 2018 – \$144,170).

At March 31, 2019, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$4,546,924 (March 31, 2018 – \$4,499,703).

During the year ended March 31, 2019, the Company closed the Debenture Offerings, pursuant to which it issued an aggregate of 2,335 Debentures (March 31, 2018 - 13,399) for aggregate gross proceeds of \$2,335,000 (March 31, 2018 - \$13,399,000), and the Preferred Share Offering, pursuant to which it issued Nil preferred shares (March 31, 2018 - 6,750,000) for aggregate gross proceeds of Nil (March 31, 2018 - \$2,700,000).

On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures

On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

Together, the Offerings raised aggregate gross proceeds of \$24,123,000.

The Company's audited consolidated financial statements for the year ended March 31, 2019 were 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.

As at March 31, 2019, the Company did not have any contractual obligations.

Classification of financial instruments

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

	March 31, 2019	March 31, 2018
FVTPL:		
Cash	\$ 130,481	\$ 489,483
Amortized costs:		
Interest receivable	549,861	240,509
PIK interest receivable	362,586	163,147
Loans	17,234,000	14,899,000
	\$ 18,276,928	\$ 15,792,139

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

	March 31, 2019	March 31, 2018
Non-derivative financial liabilities:		
Accounts payable	\$ 458,402	\$ 365,094
Dividends payable	382,000	216,000
Preferred share liability	188,833	354,044
Debentures	15,085,969	12,704,624
	\$ 16,115,204	\$ 13,639,762

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.

OFF BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The following amounts were due to related parties as at the dates indicated, and were included in accounts payable and accrued liabilities as at such dates:

	March 31, 2019	March 31, 2018
Chief Financial Officer	\$ 1,575	\$ 1,575

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

Key management personnel compensation

	Year ended	
	March 31, 2019	March 31, 2018
Chief Financial Officer	\$ 6,300	\$ 6,300

CRITICAL ACCOUNTING ESTIMATES

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2019 and 2018 (as are available on the Company's profile on SEDAR (www.sedar.com)), the Company has no critical accounting estimates.

CRITICAL ACCOUNTING POLICIES

There are no accounting policies that the Company has adopted, other than what was disclosed in the Company's annual audited financial statements for the year ended March 31, 2019.

RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's 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 some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at www.sedar.com.

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 by an investee company, 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 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 is, and 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'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 will 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, including the Borrower. 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 Company's common shares will trade from time to time cannot be predicted. The market price of the common shares is 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 common 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.

Financing Risks

The Company has no history of earnings or material revenue. In addition, the Company's business model is 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 Company's shareholders.

Limited Number of Investments

While the Company's intention is to negotiate and fund additional investments in companies in different industry sectors, it could take many years to create a diversified portfolio of investee companies and there is no guarantee the Company will ever achieve sufficient diversification. The Company may have a significant portion of its assets dedicated to a single business sector or industry for an extended period of time. 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.

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.

Reliance on Key Personnel

The success of the Company is dependent 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 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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As of the date of this MD&A, the following securities of the Company were outstanding:

Common Shares – 11,638,107

Preferred shares – 6,750,000

Stock options – 1,160,000

Warrants – Nil

Debentures – 21,423, having an aggregate principal amount of \$21,423,000

Escrow shares – At the date of this report there are 2,987,488 shares in escrow

Securities issued during the period – During the year ended the company issued 102,222 common shares

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.