

Trenchant Closes First Tranche of Prospectus Financing

Also completes Change of Business, Waiward Initial Investment and Convertible Preferred Share Offering with Total Funds Raised of \$8,220,000

Toronto, Ontario--(Newsfile Corp. - May 18, 2017) - **Trenchant Capital Corp. (TSXV: TCC.H) ("Trenchant" or the "Company")** is pleased to announce that it has closed the initial tranche of its prospectus offering, as previously announced on March 8, 2017 (the "**Debenture Offering**"), pursuant to which it has raised gross proceeds of \$5,522,000 through the issuance of 5,522 9% secured convertible debentures (the "**Debentures**") priced at \$1,000 per Debenture. The syndicate for the Debenture Offering is being led by Industrial Alliance Securities Inc. and includes Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc. (collectively, the "**Agents**"), who received a cash commission of 6.5% of the gross proceeds of the Debenture Offering. The net proceeds of the Debenture Offering were used to fund the Waiward Initial Investment (as defined herein), which was completed in connection with the Company's Change of Business (as defined in the policies of the TSX Venture Exchange (the "**TSXV**")). Following the issuance of the TSXV's final bulletin with respect to the Change of Business, the Company's trading symbol is expected to change to "TCC.V".

The Debenture Offering

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. 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 (each, a "**Common Share**") at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the Common Shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.00 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 the Debenture Interest thereon, in cash, at any time after May 18, 2019 by paying the Debenture holders 105% of the outstanding principal amount of the Debentures in year three, 103% of the outstanding principal amount of the Debentures in year four, and 101% of the outstanding principal amount of the Debentures in year five, plus any accrued Debenture Interest thereon. The Company has pledged all of the outstanding shares of a wholly-owned subsidiary (the "**Lender**") to the holders of the Debentures as security for the Company's outstanding obligations under the Debentures. The holders of the Debentures have no recourse to the Company other than with respect to the shares of the Lender. The Company has covenanted to apply to list the Debentures on the TSXV on or before August 16, 2017.

Ongoing Offering

The Company intends to close additional tranches of Debentures and anticipates completing a second closing on or about June 22, 2017.

The Initial Investment

The Company, through the Lender, has made an initial investment in the sum of \$5,522,000 to Waiward Investments Limited Partnership (the "**Borrower**") pursuant to a Loan Agreement (the "**Loan Agreement**") dated March 2, 2017 (the "**Initial Investment**"). The Borrower is a limited partnership related to the Hillcore Group ("**Hillcore**"). 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.

In business for over 40 years, Waiward Steel is an industry-leading provider of construction, engineering and drafting services. Using a multi-disciplinary approach and managing strategic partnerships across Canada, Waiward Steel adds value to projects from conception to completion. Based in Edmonton, Alberta, Waiward Steel operates one of Canada's largest steel fabrication facilities, with over 200,000 square feet of fabrication space and the ability to produce up to 1,000 tons per week. With over 600 employees, Waiward Steel has been named one of Canada's Top 50 Best Managed Companies every year since 2005. Waiward Steel serves multiple sectors across Western Canada and around the world. For more details on Waiward Steel's operations see www.waiward.com.

The outstanding principal of the Initial Investment will bear interest at the rate of 12.5% per annum, with 10% payable quarterly in cash and 2.5% being added quarterly to the outstanding principal of the Initial Investment and payable on the maturity date of May 18, 2022. The Borrower has paid the Company a fee equal to 7% of the funds advanced.

The Borrower has also granted the Company a five-year unit purchase option entitling it to purchase up to 2.76% of the Borrower's indirect holdings in Waiward Steel, with an escalating exercise price based upon the projected earnings of Waiward Steel.

The Borrower may prepay the outstanding principal of the Initial Investment, and accrued interest thereon, at any time after May 18, 2019 by paying the Lender 105% of the outstanding principal amount of the Initial Investment in year three, 103% of the outstanding principal amount of the Initial Investment in year four, and 101% of the outstanding principal amount of the Initial

Investment in year five, plus any applicable interest thereon.

The Convertible Preferred Share Offering

The Company has also closed its previously announced private placement of non-voting convertible preferred shares (each, a "**Preferred Share**") pursuant to which it has raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 Preferred Shares at a price of \$0.40 per Preferred Share (the "**Preferred Share Offering**", and together with the Debenture Offering, the "**Offerings**").

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. The Preferred Shares are subject to a hold period that expires on September 19, 2017.

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

The proceeds of the Preferred Share Offering will be used for payment of the fees and expenses for the Offerings, the Initial Investment and the Change of Business, to fund the operation expenses of the Company and for general working capital purposes. No commissions or finder's fees were paid on the sale of the Preferred Shares.

Change of Business Completed

The Offerings and the Initial Investment are part of the previously announced Change of Business of the Company pursuant to which the Company has become a Tier 2 Investment Issuer on the TSXV.

Hillcore Strategic Alliance

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

MI 61-101 Disclosure

Hillcore Diversified Industries Ltd., a corporation related to Hillcore, subscribed for 3,925,000 Preferred Shares and Tom English, a director of the Company, subscribed for 1,250,000 Preferred Shares in the Preferred Share Offering. In addition, the Company has made the Initial Investment to the Borrower. Each of these transactions constitute a "related party transaction" as such term is defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), which requires that the Company, in the absence of exemptions, obtain a formal valuation for, and minority shareholder approval of, the related party transactions. The Company is relying on the exemptions in Sections 5.5(e) and 5.7(c) of MI 61-101 as the above transactions have been approved by Eric Boehnke, a director of the Company who is not an interested party to these transactions and who owns 4,955,793 Common Shares, representing 43.0% of the Company's issued and outstanding Common Shares. The Company did not file a material change report more than 21 days before the closing of the Preferred Share Offering and the Initial Investment as the details of the aforementioned persons' participation were not settled until shortly prior to the closing of the Preferred Share Offering and the Initial Investment, and the Company wished to close the Offerings and the Initial Investment on an expedited basis.

About Trenchant

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

About the Hillcore Group

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

Other Information

Please refer to the Company's filing statement dated April 20, 2017, available under the Company's profile on SEDAR at

www.sedar.com, for further particulars on the Offerings, the Initial Investment and the Change of Business.

ON BEHALF OF THE BOARD

TRENCHANT CAPITAL CORP.

Per: "Eric Boehnke"

Eric Boehnke, CEO

For further information, please contact:

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

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Disclaimer for Forward-Looking Information

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

This offering is made only by prospectus. The prospectus contains important detailed information about the securities being offered. Copies of the prospectus may be obtained from one of the dealers noted above. Investors should read the prospectus before making an investment decision.

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