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Trading Symbol: TCC

**TRENCHANT FILES PRELIMINARY PROSPECTUS FOR UP TO \$20,000,000  
8% CONVERTIBLE DEBENTURE OFFERING**

December 22, 2017, VANCOUVER, BC - Trenchant Capital Corp. (TSX.V: TCC) ("Trenchant" or the "Company") is pleased to announce that it has filed and obtained a receipt for a preliminary prospectus with the securities regulatory authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Debentures") priced at \$1,000 per Debenture (the "Offering Price"), for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (the "Offering").

The Offering is being made on a best efforts, fully marketed basis, by Canaccord Genuity Corp. and Industrial Alliance Securities Inc. (together, the "Lead Agents") through a syndicate of agents (together with the Lead Agents, the "Agents"), pursuant to an engagement letter dated November 1, 2017 (the "Engagement Letter"). The Offering may close in one or more tranches (each, a "Closing"). The Company has granted the Agents an option, expiring 30 days following the final Closing, to sell up to an additional 15% of the Debentures sold under the Offering to cover over-allocations (the "Over-Allotment Option"), subject to the approval of the Borrower (as defined herein).

The Offering is subject to usual closing conditions, including regulatory approvals and the approval of the TSX Venture Exchange (the "TSXV"). Trenchant will use the proceeds from the Offering to fund the Loan (as defined herein).

### **The Offering**

The Debentures will mature on January 31, 2023 and the outstanding principal of the Debentures will bear interest at the rate of 8.0% per annum, payable quarterly in cash. The terms of the Debentures will be set out in a trust indenture to be entered into between the Company and Computershare Trust Company of Canada prior to the initial Closing.

Commencing on the date that is one year after the date of the initial Closing, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company (each, a "Common Share") at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the Common Shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.25 per Common Share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Debentures, and accrued but unpaid interest thereon, in cash, at any time after two years from the Closing Date by paying the 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 (in any case, the “**Break Fee**”), plus any accrued but unpaid interest thereon.

The Closing is subject to the satisfaction or waiver of all conditions precedent to the making of the Loan (other than the completion of the Offering), and the receipt of conditional approval of the TSXV for the Offering and the Loan. The Company will pledge all of the outstanding shares of the Lender (as defined herein) to the holders of the Debentures as security for the Company’s outstanding obligations under the Debentures. The holders of Debentures will have no recourse to the Company other than with respect to such Lender shares.

The Lead Agents have agreed to act as co-lead agents and bookrunners, on behalf of the Agents, in connection with the Offering. The Company has also agreed to grant the Agents the Over-Allotment Option, exercisable in whole or in part at any time prior to 30 days following the final Closing, to arrange for the purchase of up to an additional 15% of the Debentures sold by the Agents under, and on the same terms as, the Offering, subject to the agreement of Borrower (as defined herein) to increase the amount of the Loan by the amount of the Over-Allotment Option that is exercised. In consideration for their services, the Agents will receive a cash commission equal to 6.5% of the gross proceeds of the Offering, including any proceeds received in connection with the exercise of the Over-Allotment Option (the “**Agents’ Commission**”), and be reimbursed for their reasonable expenses. As the gross proceeds of the sale of the Offering will be used by the Company to fund the Loan, the Agents’ Commission and expenses will be paid from the Origination Fee (as defined herein) and from the Company’s general working capital.

It is expected that the initial Closing will occur on or about February 14, 2018, subject to the satisfaction of certain conditions, including receipt of the approval of the TSXV and any other applicable regulatory approvals.

None of the Debentures or the Common Shares into which the Debentures may be converted have been or will be registered under the United States *Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation or sale would require registration or otherwise be unlawful.

**A preliminary prospectus containing important information relating to the Debentures being offered under the Offering has been filed with securities commissions or similar authorities in certain jurisdictions of Canada. The preliminary prospectus is still subject to completion or amendment. There will not be any sale or any acceptance of an offer to buy the Debentures until a receipt for the final prospectus has been issued.**

## **The Loan**

The Company has entered into a loan agreement dated December 21, 2017 (the “**Loan Agreement**”) with ABO Investments Limited Partnership (the “**Borrower**”), a limited partnership related to the Hillcore Group (“**Hillcore**”), pursuant to which a wholly-owned subsidiary of the Company (the “**Lender**”) has agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is

exercised in full) (the “**Loan**”) to the Borrower, secured by the Borrower’s indirect 88.73% equity interest in Omni Health Investments Inc. (“**Omni**”), one of Canada’s largest long-term care operators (see “**The Loan Agreement**”, below).

### **Omni Health Investments Inc.**

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

### **The Loan Agreement**

Pursuant to the Loan Agreement, the Lender 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 the Borrower, subject to the closing of the Offering. The outstanding principal of the Loan will bear interest at the rate of 10% per annum and the Loan will mature on January 27, 2023. The Borrower has agreed to pay the Company a fee (the “**Origination Fee**”) equal to 7% of the funds advanced to the Borrower under the Loan Agreement. No finder’s fees are payable in connection with the Loan.

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

The Borrower may prepay the outstanding principal of the Loan by paying the Lender the outstanding principal amount of the 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 Debentures with a principal amount of not more than the principal amount being prepaid by the Borrower. Closing of the Loan is subject to the closing of the minimum Offering. The Loan will be secured by a pledge of the Borrower’s indirect 88.73% equity interest in Omni.

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

The Company has also agreed to make an additional loan of \$1,500,000 to the Borrower (the “**Sidecar Loan**”). The Sidecar Loan will have the same term as, and be subordinated to, the Loan (save for bearing 8% interest) and will be funded from funds previously advanced to a company controlled by the Hillcore Group in June 2017.

### **The Hillcore Group**

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

## **Hillcore Strategic Alliance**

The Company benefits from 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 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**

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

## **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.

## **ON BEHALF OF THE BOARD TRENCHANT CAPITAL CORP.**

Per: "*Eric Boehnke*"  
Eric Boehnke, CEO

For further information, please contact:  
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*Neither TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.*

### ***Disclaimer for Forward-Looking Information***

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding the proposed Loan, the Offering and statements regarding the proposed business and operations of the Company following completion of the foregoing transactions. 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 complete the Offering on the terms expected or at all; 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.*