

Crown Capital Provides Update on Loans to Petrowest Corporation and Acquisition of Civil Assets

CALGARY, Nov. 3, 2017 /CNW/ - Crown Capital Partners Inc. ("Crown") (TSX: CRWN), which provides growth capital to successful mid-market companies, today provided an update on the restructuring of Petrowest Corporation ("Petrowest") (TSX:PRW). Crown Capital Fund IV, LP ("Crown IV LP") and a syndicate partner have a total of \$27 million of loans outstanding to Petrowest, \$25 million of which is due to Crown IV LP. Crown has an effective interest of approximately 36.5% in Crown IV LP.

Since the application for receivership on August 15, 2017 and appointment of Ernst & Young Inc. ("EY") as court-appointed receiver, substantially all the assets of Petrowest have been prepared for sale or monetized. In relation to the sale and/or sale process, the Court of Queen's Bench of Alberta approved the following:

- RBee Aggregate Consulting Ltd. ("RBee"), a newly established company owned by Crown IV LP and management of the operations of RBee Crushing, will acquire Petrowest's Civil division as a going concern. The total consideration offered is \$29.0 million, which includes the assumption of approximately \$17.3 million of Crown IV LP's loans to Petrowest, subject to closing adjustments. The balance of the consideration will be funded with third-party bank debt. The collective investment of Crown IV LP and its syndicate partner in RBee will comprise a combination of a 50% equity interest in RBee with a cost base of \$5 million and a \$12.3 million interest-bearing, second-lien loan;
- RBee has made a bid to acquire Petrowest's Rental division as a going concern. The total consideration offered is \$3.6 million, which includes the assumption of \$2.2 million of Crown IV LP and its syndicate partner's loans to Petrowest. The balance of the consideration will be funded with third-party bank debt;
- Timber Pro Logging Ltd. will acquire Petrowest's Cutbank transportation division as a going concern for an undisclosed price; and
- Century Services Corp. has made a bid for substantially all Petrowest's equipment from discontinued operations. The cash consideration offered is \$18.8 million.

Proceeds from the above transactions, combined with the collection of general accounts receivable and sale of smaller assets, is expected to generate net proceeds in the range of \$60 million to \$70 million, of which approximately 90% of the low end of the range has been confirmed by completed sales and/or guaranteed bids. Using the low end of the range, net of professional fees, priority payables and payments to the senior bank syndicate, Crown IV LP expects to recover, through its ownership interest in and loans to RBee and from other cash proceeds on the sale of Petrowest's assets, the full amount of its outstanding loans to Petrowest.

"We're delighted to be proceeding with the acquisition of the Civil division in partnership with RBee management. RBee is a well-run operation with a long history of profitability," said Chris Johnson, President and CEO of Crown. "We are hopeful RBee's bid for the Rental division is also successful."

ABOUT CROWN

Crown (TSX: CRWN) is a specialty finance company focused on providing capital to successful Canadian and select U.S. companies that are unwilling or unable to obtain suitable financing from traditional capital providers such as banks and private equity funds. Crown also manages capital pools, including some in which Crown has a direct ownership interest. Crown originates, structures and provides tailored special situation and long-term financing solutions to a diversified group of private and public mid-market companies in the form of loans, royalties and other structures with minimal or no ownership dilution.

FORWARD-LOOKING STATEMENTS

This news release contains certain "forward looking statements" and certain "forward looking information" as defined under applicable Canadian and U.S. securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements in this news release include, but are not limited to, statements, management's beliefs, expectations or intentions regarding Crown's ability to recover its investment in Petrowest or to acquire the Petrowest Civil and Rental divisions. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in the Crown's periodic filings with Canadian securities regulators. See Crown's Annual Information Form for a detailed discussion of the risk factors affecting Crown.

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For further information: Craig Armitage, Investor Relations, craig.armitage@crowncapital.ca, (416) 347-8954

CO: Crown Capital Partners Inc.

