Crown Capital Partners Inc.

2016 FIRST QUARTER REPORT

Management’s Discussion and Analysis

for the three months ended March 31, 2016

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated operating and financial performance of Crown Capital Partners Inc. ("**Crown**" or the "**Corporation**") for the three months ended March 31, 2016 is prepared as of May 11, 2016. This discussion is the responsibility of management and should be read in conjunction with the Corporation's March 31, 2016 condensed consolidated interim financial statements and the notes thereto (unaudited), and the Corporation's 2015 audited consolidated financial statements and notes thereto, both prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and other public filings available on SEDAR at www.sedar.com. The board of directors of the Corporation (the "**Board**") has approved this MD&A. All amounts herein are expressed in Canadian dollars unless otherwise indicated. See "Forward-Looking Statements".

Highlights of the Three Months Ended March 31, 2016

During the three months ended March 31, 2016, Crown:

- earned total comprehensive income attributable to shareholders of $1.6 million on revenues of $5.1 million;

- established a dividend policy and, on January 29, 2016, paid a quarterly dividend of $0.11 per common share (a "**Common Share**");

- sold all of the 4,545,454 common shares of Claude Resources Inc. (the "**Claude Shares**") held by the Norrep Credit Opportunities Fund II, LP ("**NCOF II**") and Norrep Credit Opportunities Fund II (Parallel), LP ("**NCOF II Parallel**"), (collectively, the "**NCOF Funds**"), for a realized gain to the Corporation of $1.7 million; and

- earned an amendment fee of $375,000 on the Crown Capital Fund IV, LP ("**CCF IV LP**") loan to Petrowest Corporation ("**Petrowest**") which was settled for 903,614 common shares of Petrowest (the "**Petrowest Shares**").

In addition, on April 6, 2016, the Corporation announced a normal course issuer bid ("**NCIB**") under which Crown has the right to purchase up to 620,000 Common Shares representing approximately 10.0% of the public float of Common Shares and approximately 6.5% of the issued and outstanding Common Shares. Crown commenced the NCIB because, in the opinion of the Board and the Corporation's senior management, the Common Shares occasionally trade in a price range which does not adequately reflect the value of the underlying business and financial position of the Corporation.

On April 22, 2016, Crown declared a quarterly dividend of $0.11 per Common Share, payable on May 20, 2016 to shareholders ("**Shareholders**") of record on May 6, 2016.

Overall Performance

Crown's financial position at March 31, 2016 and its financial results for the three months ended March 31, 2016 are not comparable to the prior year due to the initial public offering of Common Shares (the "**IPO**") and the acquisition of NCOF II (the "**Rollover Transaction**"), both completed in July 2015, and the establishment of CCF IV LP and Crown Capital Private Credit LP ("**CCPC LP**") in September and December 2015, respectively.

Total assets increased from $130.1 million at December 31, 2015 to $131.8 million at March 31, 2016, including an increase in cash and cash equivalents from $43.6 million to $46.9 million. Total equity increased from $99.3 million at December 31, 2015 to $100.2 million at March 31, 2016.

Total revenues in the three months ended March 31, 2016 were $5.1 million compared to $257,783 in the three months ended March 31, 2015. Revenues were higher in the three months ended March 31, 2016 due to a combination of factors including the Rollover Transaction and the lending activity of CCF IV LP and CCPC LP.

Expenses in the three months ended March 31, 2016 increased to $1.7 million compared to $257,524 in the three months ended March 31, 2015. Operating costs in 2016 were higher due primarily to new compensation and employee bonus arrangements post-IPO and the addition of the Chief Investment Officer ("**CIO**") and three senior business development executives to increase Crown's capacity to originate, underwrite and manage new transactions. Expenses also increased due to increased professional fees and other expenses and accrual of performance bonus pool expenses.

Total comprehensive income attributable to Shareholders increased from less than $300 in the three months ended March 31, 2015 to $1.6 million in the three months ended March 31, 2016. The major factors impacting total comprehensive income attributable to Shareholders were the IPO, the Rollover Transaction and the lending activity of CC IV LP and CCPC LP. Also, prior to the IPO, it was Crown's policy to accrue management fee expenses and management fees payable by approximately the amount of taxable income before such fees. This practice was not continued after the IPO.

The financial results of the Corporation as at and for the three months ended March 31, 2016 discussed in this MD&A reflect the completion of the IPO and also include the results of operations of NCOF II, CCF IV LP and CCPC LP for the three months ended March 31, 2016. Crown consolidates 100% of its approximate 69.75% interest in NCOF II and, through its wholly-owned subsidiary, Crown Capital Funding Corporation ("**CCFC**"), its 50% interest in CCF IV LP and 100% interest in CCPC LP and reflects the interests of other investors in these funds as non-controlling interests.

Business Overview

Crown is a specialty finance company focused on providing capital to successful Canadian companies 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. These financing solutions allow business owners to retain the vast majority of the economic rewards associated with the ownership of their respective businesses.

Crown, which was founded by Crown Life Insurance Company and owned by it until 2002, completed an IPO in 2015 for gross proceeds of $65.0 million. The Common Shares began trading on the Toronto Stock Exchange on July 9, 2015 under the symbol TSX:CRN.

Crown has historically offered special situations financing solutions to businesses for transitory capital requirements, generally in the form of short- and medium-term senior or subordinated loans, indirectly through a variety of funding arrangements ("**Special Situations Financing**").

Immediately prior to closing of the IPO, the Corporation, through the Rollover Transaction, acquired approximately 69.75% of the outstanding units of NCOF II, a Special Situations Financing debt fund, in exchange for 3,214,494 Common Shares valued at $35.4 million.

In September 2015, the Corporation completed the initial closing of CCF IV LP, a Special Situations Financing debt fund with initial capital commitments of $100.0 million;

Crown is now also deploying its capital through its wholly-owned subsidiary, CCPC LP, to financing clients seeking non-dilutive sources of long-term capital, generally in the form of traditional interest-bearing loans and royalties. Crown intends to develop a diversified portfolio of long-term financing clients across numerous industries to provide non-dilutive sources of long term capital in the form of fixed rate long-term loans, participating loans, perpetual debt, income streaming and recurring revenue structures (“**Long-term Financing**”).

Portfolio at March 31, 2016

At March 31, 2016, Crown held ownership interests in five loans (nil at March 31, 2015).

Borrower	Loan Principal Amount Outstanding at March 31, 2016(1)(2)	Attributable to		Status
		Shareholders	Non-controlling interests	
Special Situations Financing transactions				
CRH Medical Corporation (“**CRH**”)	$22,500,000	$12,063,330	$5,231,346	Current
Corrosion Services Company Limited (“**Corrosion**”)	$4,000,000	$2,144,592	$929,885	Current
Petrowest	$15,000,000	$7,500,000	$7,500,000	Current
Distinct Infrastructure Group (“**Distinct**”)	$20,000,000	$10,000,000	$10,000,000	Current
Long-term Financing transactions				
PenEquity Realty Corporation (“**PenEquity**”)	$25,000,000	$25,000,000		Current

Notes:

(1) The above principal amounts are stated at the face value of the loans. The loans to CRH and Corrosion were made *pari passu* with NCOF II Parallel. NCOF II holds approximately 76.9% of these two investments. Only the amounts attributable to Shareholders and non-controlling interests are included in the Corporation’s unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016 and 2015, not the pro rata portions held by NCOF II Parallel.

(2) During the three months ended March 31, 2016, there were no changes in the loan principal amounts outstanding or the amounts attributable to Shareholders and non-controlling interests.

In addition to the above loans, as at March 31, 2016, CCF IV LP held ownership interests in 4,300,000 Petrowest common share purchase warrants (the “**Petrowest Warrants**”), 903,614 Petrowest Shares and 8,000,000 common shares of Distinct (the “**Distinct Shares**”).

Risk Rating

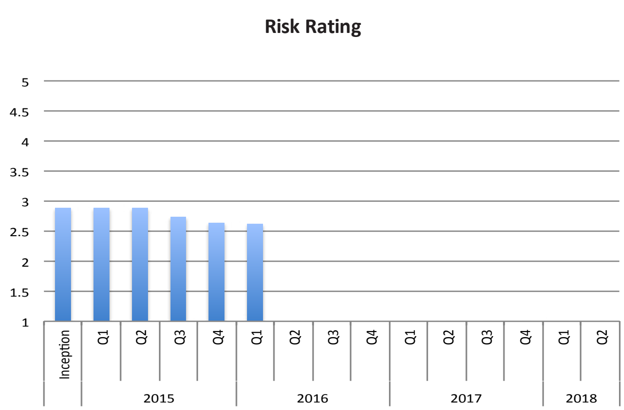
Crown monitors the performance and health of each borrower as well as the overall performance and health of the portfolio. As part of this exercise, Crown utilizes a proprietary credit evaluation model to ascribe a risk rating to each loan Crown manages. The credit evaluation model reviews five primary categories (i.e. financial, business, industry, security and marketability) and over fifty sub-categories (e.g. profitability, leverage, liquidity, management, customers, operations, employees, suppliers, competitors, business cycle, asset coverage, condition of assets, etc.). A point value and weighting is assigned to each sub-category and an overall point score is determined. A risk rating of 1.0 is the best possible rating and a 5.0 is the worst possible rating. The risk rating is determined during the initial underwriting process and is updated quarterly.

Similar to a financial ratio, the risk rating provides both a point specific indication of the risk level of a loan as well as the trend of the risk level over a period of time. Crown's strategy is to provide loans to successful, cash flow-generating businesses. Crown expects the risk rating of a borrower to improve over the life of the loan as the borrower increases in value and pays down debt. As well, Crown expects the portfolio risk rating to improve over time as the proportion of seasoned loans increases.

Portfolio Company Updates

The following tables set forth certain summary information in respect of loans held by Crown as of the date hereof. The information contained in the rows entitled "Business Description" and "Business Overview" has been provided by the applicable borrower. See "Forward-Looking Statements", "Market and Industry Data" and "Risk Factors".

CRH Medical Corporation	
Business Description:	Headquartered in Vancouver, British Columbia, CRH is a publicly-traded healthcare company (TSX:CRH) that provides innovative products and essential services to gastroenterologists throughout the United States. CRH's core business is related to providing anesthesia services to gastroenterology clinics in Georgia, Tennessee, Florida, and North Carolina. In addition, CRH has a patented innovative product for the treatment of hemorrhoids which is used by over 2000 physicians across 800 clinics throughout the United States.
Business Overview:	CRH reported significant year-over-year growth in revenue and EBITDA for fiscal 2015, primarily attributable to the anesthesia service acquisitions completed throughout the year. Going forward, CRH expects the anesthesia services business to continue to increase primarily through acquisitions as well as further increases in product sales as it expands its physician network.
Industry:	Healthcare
Capital Investment:	$22.5 million
Investment Date:	December 2, 2014
Term:	42 months
Interest Rate:	12%
Bonus / Participation: [1]	2.0 million common shares



Note 1: All the CRH shares were sold in 2015.

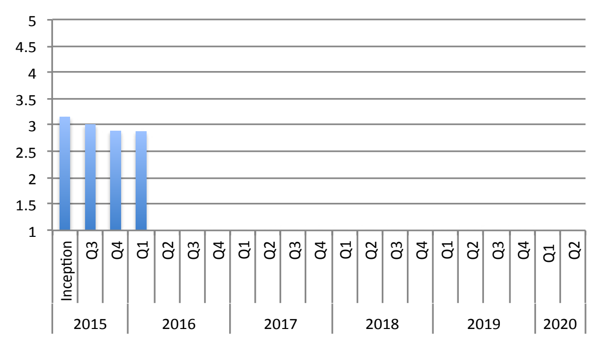
Corrosion Services Company Limited

Business Description: Established in 1950, Corrosion is a private corrosion engineering firm headquartered in Markham, Ontario. Corrosion is the second largest corrosion engineering firm in Canada focused primarily on corrosion mitigation for the midstream energy industry. Corrosion provides pipeline and infrastructure integrity through an end-to-end service offering consisting of cathodic and anodic protection systems, AC mitigation, and external corrosion direct assessment. Corrosion has six field offices located across Canada.

Business Overview: Corrosion Services has performed well in 2015, achieving strong revenue and EBITDA growth during the year and outperforming initial budget expectations. The outlook for pipeline integrity testing continues to be favourable due to the regulatory and safety requirements in the industry. The Company expects to continue to benefit from these favourable industry conditions and to grow its market share in the coming year.

Industry:	Business Services
Capital Investment:	$4.0 million
Investment Date:	April 1, 2015
Term:	60 months
Interest Rate:	Not disclosed
Bonus / Participation:	% Increase in enterprise value

Risk Rating



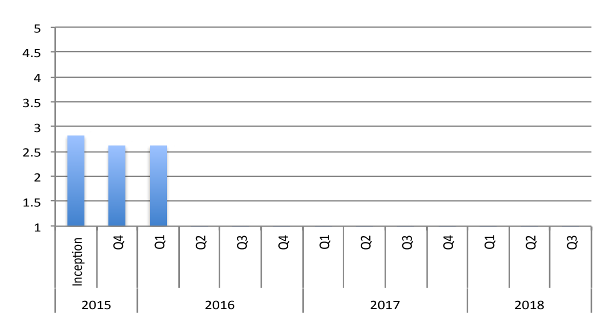
Petrowest Corporation

Business Description: Headquartered in Calgary, Alberta, Petrowest is a publicly-traded company (TSX:PRW) that was formed in 2006 from the amalgamation of nine regional Northeast British Columbia and Alberta companies. Petrowest is one of the largest diversified infrastructure service providers in Western Canada operating through five primary divisions: Construction, Transportation, Civil, Rentals, and Environmental Landfill. Petrowest has a long history and deep roots in the communities it services.

Business Overview: On December 21, 2015, the BC Hydro Site C Clean Energy Project main civil work contract, valued at approximately $1.75 billion, was awarded to Peace River Hydro Partners, in which Petrowest is a 25% partner, along with Acciona Infrastructure Canada Inc. and Samsung C&T Canada Ltd. The contract will serve to further diversify the Company's revenue towards infrastructure, reducing the exposure to the oil and gas sector.

Industry:	Diversified
Capital Investment:	$15.0 million
Investment Date:	September 29, 2015
Term:	36 months
Interest Rate:	11%
Bonus / Participation:	4.3 million warrants & 903,614 common shares

Risk Rating



Distinct Infrastructure Group Inc.

Business Description: Headquartered in Toronto, Ontario, Distinct is a publicly-traded (TSXV:DUG) utility and telecom infrastructure contractor with capabilities in design, engineering, construction, services & maintenance, and materials management. Distinct's clients consists of blue-chip telecom and utility infrastructure companies including Bell and Rogers. Through its wholly-owned subsidiaries, DistinctTech, iVac Services Inc., DistinctTech Alberta Inc., DistinctTech Environmental Solutions Inc., and Pillar Contracting Ltd., Distinct employs 250 employees in five offices across Canada.

Business Overview: Distinct continues to achieve organic growth through its telecommunications and cable customers while executing the initiative to implement customer concentration and regional diversification. Crown provided Distinct with a $20 million acquisition line in November 2015, Distinct is actively seeking acquisition opportunities to grow its business in Ontario and Western Canada. Distinct closed its first acquisition of Mega Diesel Excavating Ltd. on March 10, 2016.

Industry: Infrastructure Services

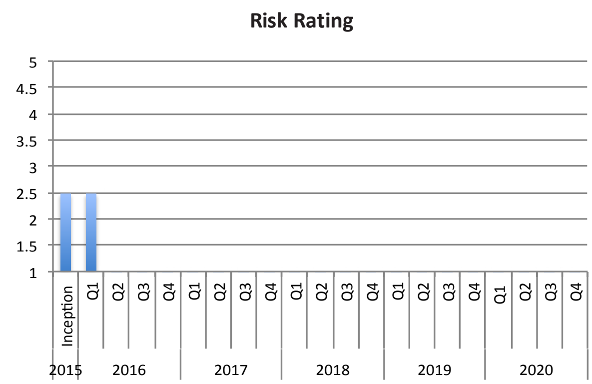
Capital Investment: $20.0 million

Investment Date: November 25, 2015

Term: 60 months

Interest Rate: 10%

Bonus / Participation: 8.0 million common shares



PenEquity Realty Corporation

Business Description: Headquartered in Toronto, Ontario, PenEquity is a property management and real estate development company, operating primarily in the retail sector, specifically grocery anchored retail plazas. PenEquity was founded in 1984 and over the past three decades the Company has completed over 23 development projects. PenEquity has established strong relationships with partners/key tenants and has been successful in attracting large, high quality, financially stable tenants.

Business Overview: PenEquity currently has a portfolio of seven development projects in its pipeline. Six of the projects are grocery anchored community retail plazas and one is a medical building. Two of the projects are in Barrie, with the others in Stoney Creek, Brampton, London, Kanata, and Mississauga. PenEquity expects to develop and realize on these projects over the next five years. One of two Barrie projects is currently in the construction phase, with initial phase to be completed by December 2016 and final completion in 2017. This Barrie project is the nearest to completion at this time.

Industry: Real Estate Development

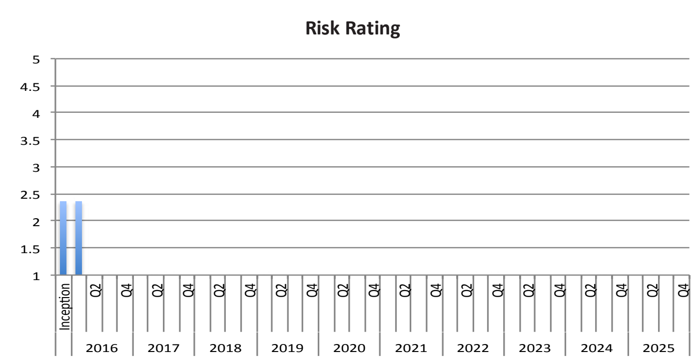
Capital Investment: $25.0 million

Investment Date: December 16, 2015

Term: 120 months

Interest Rate: Not disclosed

Bonus / Participation: None



All of the above loans, except the Corrosion loan, are payable by way of a single payment due at the end of the term. Monthly principal payments on the Corrosion loan commence in November 2016 with any remaining balance due at the end of the term.

Outlook

Management continues to place a high priority on new originations of both Special Situation Financing and Long-Term Financing transactions. As Crown looks to deploy its capital, market conditions are currently favourable and the pipeline of potential transactions is strong.

Crown is focused on a segment of the market (successful businesses in the mid-market) where there is an ongoing funding gap. This gap is more pronounced during periods in the cycle when many traditional capital providers pull back. As Crown continues to execute its plan and to deploy its liquidity in new originations, it expects to generate growing cash flow and build long-term value for Shareholders.

Crown intends to deploy the vast majority of its cash and cash equivalents in additional Special Situations Financing and Long-Term Financing transactions in 2016. This is expected to result in increased revenues from interest and fees and other income. As additional capital calls are made on the limited partners of CCF IV LP to fund Special Situations Financings, it is expected the Corporation's cash and cash equivalents will be reduced and investments, total assets and non-controlling interests ("**NCI**") will increase. Completion of additional Long-Term Financing transactions is expected to reduce cash and cash equivalents and increase investments.

Quarterly Results Summary

The following table provides selected quarterly information about the Corporation's financial condition and performance for the period from January 1, 2015 to March 31, 2016.

Quarterly Results Summary	Three Months Ended				
	March 31 2016	December 31 2015	September 30 2015	June 30 2015	March 31 2015
Revenue:					
Fees and other income	$ 554,610	$ 1,537,012	$ 740,757	$ 273,121	$ 257,783
Interest revenue	2,385,697	1,254,920	1,256,795	-	-
Net realized gain on sale of investments	1,741,260	-	71,386		
Net change in unrealized gains in fair value of investments	410,315	2,965,374	(148,063)		
Total Revenue	$ 5,091,882	$ 5,757,306	$ 1,920,875	$ 273,121	$ 257,783
Total comprehensive income (loss), net of non-controlling interests	$ 1,638,766	$ 1,681,296	$ 395,220	$ (42,423)	$ 220
Weighted average shares outstanding - basic[1]	9,493,353	9,488,094	8,595,480	330,303	303,000
Total comprehensive income(loss) per share - basic[1]	$ 0.17	$ 0.18	$ 0.05	$ (0.13)	-
Weighted average shares outstanding - diluted[1]	9,745,986	9,735,608	8,817,892	330,303	303,000
Total comprehensive income(loss) per share - diluted[1]	$ 0.17	$ 0.17	$ 0.04	$ (0.13)	-
Investments, at fair value through profit or loss	$ 82,811,699	$ 84,367,280	$ 36,401,906	-	-
Total assets	$ 131,819,371	$ 130,090,183	$114,296,590	$7,200,015	$4,368,382
Total equity	$ 100,230,152	$ 99,260,977	$ 97,257,858	$ 728,149	$ 103,972
Total equity per share - basic	$ 10.56	$ 10.46	$ 10.25	$ 2.00	$ 0.34

1. Total comprehensive income(loss) per share, basic and diluted, are based on the weighted average shares outstanding and reflect the 3,030:1 share split which occurred on June 30, 2015.

2. Crown's financial position at March 31, 2016 and its financial results for the three months ended March 31, 2016 are not comparable to the three months ended March 31, 2015 due to the IPO in July 2015, the Rollover Transaction and the establishment of CCF IV LP and CCPC LP in September 2015 and December 2015, respectively.

Discussion of Operations

Revenues

Revenues of $5.1 million were recognized in the three months ended March 31, 2016 (2015 – $0.3 million). Revenues were higher in 2016 due mainly to inclusion in 2016 of interest, fees and other income and net gains on investments earned by NCOF II, CCF IV LP and CCPC LP.

Fees and Other Income

The following table provides an overview of the total fees and other income attributable to Shareholders and the non-controlling interests.

Fees and Other Income	Three Months Ended March 31, 2016	Attributable to:			
		Shareholders		Non-controlling interests	
Special Situations Financing transactions					
Management fee revenue[1]	$ 73,853	$ 73,853	100.00%	$ -	0.00%
Transaction fees - CCF IV LP	375,000	187,500	50.00%	187,500	50.00%
Interest earned on cash and cash equivalents	105,757	105,757	100.00%	-	0.00%
Total fees and other income	$ 554,610	$ 367,110		$ 187,500	

1. Management fee revenue is net of fees charged to NCOF II and CCF IV LP, which are eliminated on consolidation.

Fees and other income in the three months ended March 31, 2016 were $0.6 million (2015 - $0.3 million). The amounts earned in 2016 include transaction fees of $0.4 million received by CCF IV LP for providing an amendment agreement on one investment, management fees totaling $0.1 million and interest of $0.1 million earned on Crown's cash and cash equivalents.

The Corporation may receive transaction fees when loans are repaid prior to maturity or, for example, for providing waivers, consents or forbearance agreements. For the three months ended March 31, 2016, such transaction fees totaled $.4 million (2015 - $nil).

The Corporation earns investment management fees pursuant to management agreements. The base annual management fees are generally equal to 1.75% of contributed capital, as defined in the limited partnership agreements, less any capital distributions and realized losses; however, Crown provides certain limited partners with management fee discounts and Crown may voluntarily reduce its management fees.

On consolidation, 100% of management fees earned from NCOF II and CCF IV LP are eliminated against the management fees expensed by NCOF II and CCF IV LP. The non-controlling interests of each of NCOF II and CCF IV LP incur 30.25% and 50%, respectively, of the management fees while Crown has effectively paid itself for the other 69.75% and 50%, respectively, in regards to its ownership interests.

Management fees of $73,853 were recognized in the three months ended March 31, 2016 (2015 - $255,994). Management fees were lower in 2016 due largely to a combination of the elimination on consolidation of all management fees charged to CCF IV LP and NCOF II.

Crown earns interest on cash and cash equivalents from such investments as short-term investment certificates and interest on savings accounts. These amounts are included in fees and other income. For the three months ended March 31, 2016, interest earned on cash and cash equivalents totaled $0.1 million (2015 - $nil). Of this interest, 100% is attributable to Crown.

Interest Revenue

The following table provides an overview of interest revenue attributable to Shareholders and the non-controlling interests.

Interest Revenue	Three Months Ended March 31, 2016	Attributable to:			
		Shareholders		Non-controlling interests	
Special Situations Financings					
NCOF II	$ 607,964	$ 424,065	69.75%	$ 183,899	30.25%
CCF IV LP	907,514	453,757	50.00%	453,757	50.00%
Long-term Financings					
CCPC LP	870,219	870,219	100.00%	-	0.00%
Total interest revenue	$ 2,385,697	$ 1,748,041		$ 637,656	

Interest revenue in the three months ended March 31, 2016 was $2.4 million (2015 - $nil). The increase was due to inclusion of interest earned on investments held by NCOF II, CCF IV and CCPC LP.

Net Gain on Investments

The net gain on investments includes both net realized gains (losses) on sale of investments and net change in unrealized gains in fair value of investments as shown in the table below.

Net Gain on Investments	Three Months Ended March 31, 2016	Attributable to: Shareholders		Non-controlling interests	
Special Situations Financings					
NCOF II - realized gain	$ 1,741,260	$ 1,214,558	69.75%	$ 526,702	30.25%
sub-total - realized gains	$ 1,741,260	$ 1,214,558		$ 526,702	
NCOF II - unrealized gain(loss)[1]	$ (107,429)	$ (74,934)	69.75%	$ (32,495)	30.25%
CCF IV LP - unrealized gain	223,626	111,813	50.00%	111,813	50.00%
Long-term Financings					
CCPC LP - unrealized gain	294,118	294,118	100.00%	-	0.00%
sub-total - unrealized gains	$ 410,315	$ 330,997		$ 79,318	
Total net gain on investments	$ 2,151,575	$ 1,545,556		$ 606,019	

1. includes reversal of unrealized gain on Claude Shares of $384,326 recognized in 2015.

In April 2013, the NCOF Funds provided a $25.0 million debt facility to Claude Resources Inc. ("**Claude**") which was repaid, in full, in September 2015. In April 2014, in exchange for a forbearance agreement, the NCOF Funds received the Claude Shares, which were valued at that time at $1.0 million. The Claude Shares were sold during the three months ended March 31, 2016 for a total of $5.3 million. The pro rata portion of the Claude Shares attributable to NCOF II was valued at $2.4 million at the date of the Rollover Transaction and NCOF II's share of the sale proceeds totaled $4.1 million. The Corporation's net realized gain on sale of investments in the three months ended March 31, 2016 totaled $1.7 million (2015 - $nil) which was all earned on the sale of the Claude Shares. Of this amount, $1.2 million was attributable to Shareholders and $0.5 million to non-controlling interests.

The net change in unrealized gains in fair value of investments in the three months ended March 31, 2016 totaled $0.4 million compared to $nil in the three months ended March 31, 2015 and resulted from a combination of factors including increases in the fair value of the CRH loan, the Distinct Shares and the PenEquity loan, offset by decreases in the fair value of the Petrowest Warrants and the reversal, upon realization, of the previously-accrued unrealized gains in fair value of the Claude Shares. Of the net change in unrealized gains in fair value of investments, $0.3 million was attributable to Shareholders and the balance, $0.1 million was attributable to non-controlling interests.

Expenses

Expenses in the three months ended March 31, 2016 totaled $1.7 million (2015 - $0.3 million). Operating costs are mostly fixed with the largest cost being employee compensation, including share-based compensation, amounts accrued for annual employee bonuses and performance bonus expense. Expenses for the three months ended March 31, 2016 include share-based compensation expense of $0.4 million, an accrual for annual employee bonuses of $0.2 million and performance bonus expense of $0.4 million.

Salaries, management fees and benefits

Salaries, management fees and benefits expense totaled $0.6 million in the three months ended March 31, 2016 (2015 - $0.2 million). The increase in salaries, management fees and benefits expenses in the three months ended March 31, 2016, compared to the same period in 2015, was due primarily to new compensation and employee bonus arrangements post-IPO and the addition of the CIO and three senior business development executives to increase Crown's capacity to originate, underwrite and manage new transactions. Expenses for the three months ended March 31, 2016 include an accrual for annual employee bonuses of $0.2 million.

Share-based Compensation

The following table provides the share-based compensation expense recognized in the three months ended March 31, 2016. Share-based compensation expense is recognized over the expected vesting period of each award.

Share-based Compensation for the Three Months Ended March 31, 2016	Number Outstanding at **December 31, 2015**	Issued in the Three Months Ended **March 31, 2016**	Number Outstanding at **March 31, 2016**	Expense for the Three Months Ended **March 31, 2016**
Transition Restricted Share Units	181,818	2,586	184,404	$ 143,907
Performance Share Units	36,528	516	37,044	64,198
Restricted Share Units - employees	11,443	161	11,604	9,718
Restricted Share Units - directors	17,725	248	17,973	27,507
Retainer Restricted Share Units	-	5,908	-	50,218
Retainer Restricted Share Units vested	-	(5,908)	-	-
Options - employees	491,849	-	491,849	79,201
Totals	739,363	3,511	742,874	$ 374,749

Share-based compensation totaled $0.4 million in the three months ended March 31, 2016 (2015 - $nil).

On January 29, 2016 and concurrent with a dividend payment, the Corporation issued 2,586 transition restricted share units ("**TRSUs**"), 516 performance share units ("**PSUs**") and 409 restricted share units ("**RSUs**") (each a "**Share Unit**" and, collectively with TRSUs, RSUs and PSUs issued in prior periods, the "**Share Units**") to key management personnel, directors and employees. Share Units issued in the three months ended March 31, 2016 were issued in lieu of dividends on outstanding Share Units (the "**Dividend Share Units**"). Dividend Share Units vest on the same date as the respective Share Units for which they were awarded. The number of Dividend Share Units issued was based on the weighted average trading price of the Common Shares in the five days preceding payment of the dividend ($7.74). For the three months ended March 31, 2016, the Corporation expensed $2,708 (2015 - $nil) as share-based compensation related to these Dividend Share Units.

Also included in share-based compensation for the three months ended March 31, 2016 was $50,218 for the issuance of 5,908 retainer restricted share units ("**RRSU**s") on January 11, 2016 to directors as partial payment of director retainers. RRSUs vest immediately upon grant and, on the issue date, each was exchanged for one Common Share and a total of $50,218 was added to share capital.

For the three months ended March 31, 2016, the Corporation expensed $242,622 (2015 - $nil) as share-based compensation related to Share Units issued in prior periods.

Other than the RRSUs, all of the Share Units issued remained outstanding as at March 31, 2016.

For the three months ended March 31, 2016, the Corporation expensed $79,201 (2015 - $nil) as share-based compensation related to the 491,849 stock options ("**Options**") issued in prior periods. All of the Options issued remained outstanding as at March 31, 2016. The Options granted were fair valued using a Black-Scholes formula and the expense is recognized over the vesting period. The Options vest over a three-year period and have a five-year term and an exercise price of $11.00.

<u>Professional Fees and Other</u>

Professional fees and other expenses totaled $0.3 million in the three months ended March 31, 2016 (2015 - $92,021). Professional fees and other includes costs such as legal and audit fees, travel, promotion, occupancy costs, insurance, depreciation, office administration and other costs.

<u>Performance Bonus Expense</u>

The Corporation has an asset performance bonus pool ("**APBP**") arrangement for certain individuals and entities, primarily employees and pre-IPO Shareholders (the "**APBP Participants**"). For certain investment funds managed by the Corporation, 20% of investment returns in excess of an annual rate of return of 8% (the "**Preferred Return**") earned by the fund will accrue to the general partner as performance fee distributions. The Corporation's current compensation policy provides that 50% of any performance fee distributions earned after the closing of the IPO will be distributed to the APBP Participants with the other 50% retained by the Corporation. Performance fee distributions from funds, and payments to APBP Participants, do not occur until certain conditions have been satisfied, including the return of all capital contributed to such fund, and distribution to the investors of the Preferred Returns.

For the three months ended March 31, 2016, Crown accrued performance bonus expense of $0.4 million (2015 – $nil).

Earnings before Income Taxes

For the three months ended March 31, 2016, Crown had earnings before income taxes of $3.4 million (2015 - $259).

Income Taxes

For the three months ended March 31, 2016, Crown recorded current tax expense of $0.7 million (2015 – $39) and deferred tax recovery of $18,814 (2015 - $nil).

The Corporation's consolidated effective tax rate for the three months ended March 31, 2016 was 30.8%. The effective tax rate is higher than the statutory rate of 27% due to the non-deductibility for tax purposes of share-based compensation.

The deferred income tax asset at March 31, 2016 of $1.7 million results primarily from financing costs associated with the IPO which are deductible for tax purposes over a five-year period and performance bonus pool expenses which are not deductible for tax purposes until future periods.

Net Income and Comprehensive Income

For the three months ended March 31, 2016, Crown earned total comprehensive income of $2.7 million (2015 – $220).

Net Income and Comprehensive Income Attributable to Shareholders of the Corporation and Non-controlling Interests

For the three months ended March 31, 2016, total comprehensive income attributable to Shareholders was $1.6 million (2015 – $220). Total comprehensive income attributable to non-controlling interests was $1.0 million (2015 – $nil).

Adjusted EBIT

Crown achieved Adjusted EBIT in the three months ended March 31, 2016 of $2.7 million. Adjusted EBIT is calculated by Crown as earnings before finance costs, non-cash share-based compensation and income taxes less net income and comprehensive income attributable to non-controlling interests.

A reconciliation of earnings before income taxes to Adjusted EBIT for the three months ended March 31, 2016 is shown in the following table:

Reconciliation of Earnings before Income Taxes to Adjusted EBIT	Three Months Ended March 31 2016
Earnings before income taxes	$3,385,957
add: financing costs	-
add: non-cash share-based compensation	374,749
deduct: net income and comprehensive income attributable to non-controlling interests	(1,016,206)
Adjusted EBIT	$2,744,500

The Corporation believes Adjusted EBIT is a useful supplemental measure that may assist investors in assessing the financial performance of the Corporation and the cash anticipated to be generated by Crown's business. Adjusted EBIT is not a measure of financial performance (nor does it have a standardized meaning) under IFRS. In evaluating this measure, investors should consider that the methodology applied in calculating this measure may differ among companies and analysts.

Liquidity and Capital Resources

Cash and cash equivalents at March 31, 2016 totaled $46.9 million (December 31, 2015 - $43.6 million). In the three months ended March 31, 2016, the Corporation's cash balance was increased mainly by proceeds from the sale of the Claude Shares and net income and comprehensive income of $2.7 million. During the same period, the Corporation's cash balance was reduced due to the payment of $1.0 million in dividends and distributions paid to non-controlling interest totaling $1.1 million.

The Corporation's current liabilities at March 31, 2016 totaled $5.4 million (December 31, 2015 - $4.3 million). Accounts payable and accrued liabilities at March 31, 2016 of $1.5 million (December 31, 2015 -

$0.9 million) included normal-course amounts due to Norrep Credit Opportunities Fund, LP; NCOF II Parallel; and suppliers.

From time to time, the Corporation may receive interest payments in advance of the period for which the interest charges are applicable. At March 31, 2016, deferred interest revenue included $0.9 million to reflect such advance payments of loan interest (December 31, 2015 – $1.8 million).

Distributions payable to non-controlling interests at March 31, 2016 totaled $1.1 million (December 31, 2015 – $0.4 million) and income taxes payable were $1.9 million (December 31, 2015 - $1.2 million). Working capital at March 31, 2016 was $41.9 million (December 31, 2015 - $39.8 million).

The Corporation has sufficient liquidity to fund its commitment to CCF IV LP.

The Corporation, on a segregated basis, retains sufficient capital to ensure it meets minimum excess working capital requirements under applicable securities law. This minimum amount was $100,000 as at March 31, 2016.

At March 31, 2016, only $17.5 million (35%) of the $50 million committed to CCP IV LP to that date by limited partners other than Crown had been drawn by CCP IV LP, leaving $32.5 million of committed capital available to CCF IV LP from parties other than Crown. CCF IV LP has a maximum size of $300 million, with additional closings expected to occur within the next three years as opportunities are identified to fund Special Situations Financing transactions and subscriptions in CCF IV LP are received.

The Corporation has had discussions with potential lenders to the Corporation and it is possible that the Corporation will acquire debt in the future; however, no such commitments have been made by the Corporation as of the date hereof.

On April 6, 2016, the Corporation announced an NCIB under which Crown has the right to purchase up to 620,000 Common Shares representing approximately 10.0% of the public float of Common Shares and approximately 6.5% of the issued and outstanding Common Shares. The NCIB commenced on April 8, 2016 and will remain in effect until the earlier of April 7, 2017, the termination of the NCIB by Crown and Crown purchasing the maximum number of Common Shares permitted under the NCIB. Common Shares purchased by the Corporation pursuant to the NCIB will be cancelled.

On April 22, 2016, the Corporation declared a quarterly dividend of $0.11 per Common Share, payable on May 20, 2016 to Shareholders of record on May 6, 2016.

Investments, at Fair Value through Profit or Loss

At March 31, 2016, the Corporation held investments in six Canadian companies. Investments, at fair value through profit or loss, at March 31, 2016 totaled $82.8 million (December 31, 2015 - $84.4 million). In the three months ended March 31, 2016, the NCOF Funds sold the Claude Shares for approximately $5.3 million of which $4.1 million was received by NCOF II.

Additional information about investments at fair value through profit or loss can be found in Note 3, Fair value measurement in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016.

Performance Bonus Payable

The Corporation has obligations to certain individuals and entities, primarily employees, under the APBP, which will become payable in the event performance fee distributions are received by the Corporation from certain investment funds it manages. The performance bonus payable at March 31, 2016 totaled $2.4 million compared to $2.0 million at December 31, 2015.

Non-Controlling Interests

As a result of the Rollover Transaction, Crown acquired approximately 69.75% of the outstanding units of NCOF II resulting in non-controlling interests in NCOF II of approximately 30.25%. Through CCFC's subscription for 50,000 units of CCF IV LP, Crown acquired a 50% interest in CCF IV LP, resulting in non-controlling interests in CCF IV LP of 50%. At March 31, 2016, the non-controlling interests on the unaudited condensed consolidated interim statements of financial position was $23.8 million (December 31, 2015 - $24.6 million). The decrease was due primarily to the sale of the Claude Shares and the subsequent distribution of NCOF II's pro rata portion of the sale proceeds to NCOF II's limited partners.

Share Capital

As at March 31, 2016, total share capital was $96.4 million (December 31, 2015 - $96.4 million).

In January 2016, the Corporation issued 5,908 Common Shares to directors in lieu of a portion of the directors' retainers. The total value assigned to the shares was $50,218 and this amount was added to share capital.

The total number of Common Shares outstanding at March 31, 2016 was 9,494,002 (December 31, 2015 - 9,488,094 and May 9, 2016 – 9,489,302).

Contributed Surplus

At March 31, 2016, Crown's contributed surplus of $1.2 million included the amount of $0.3 million for share-based compensation expense recorded in the three months ended March 31, 2016 for Share Units and Options outstanding during the quarter.

Cash Flows

The Corporation's cash and cash equivalents increased to $46.9 million at March 31, 2016 from $43.6 million at December 31, 2015. In the three months ended March 31, 2016, the Corporation's cash balance was increased mainly by the proceeds from the sale of the Claude Shares and the total comprehensive income of $2.7 million. During the same period, the Corporation's cash balance was reduced due to the payment of $1.0 million in dividends and distributions paid to non-controlling interest totaling $1.1 million.

Off-Balance Sheet Arrangements

The Corporation, through CCFC, subscribed for 50,000 units of CCF IV LP. This subscription includes a commitment by Crown to provide up to $50.0 million to CCF IV LP as funds are called by CCF IV LP to fund new Special Situations Financing transactions. As of March 31, 2016, the Corporation had contributed capital to CCF IV LP totaling $17.5 million. Crown has no other material off-balance sheet arrangements.

Critical Estimates and Accounting Policies

The preparation of the unaudited condensed consolidated interim financial statements in accordance with the financial reporting framework requires management to make judgments, estimates and assumptions that affect the application of the Corporation's accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities at the reporting date. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Additional information about critical estimates and accounting policies can be found in the Corporation's 2015 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Financial Instruments and Associated Risks

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate carrying value due to the short term to maturity of the instruments. The fair value of the performance bonus payable approximates its carrying value.

The Corporation, through its subsidiaries CCFC, NCOF II, CCF IV and CCPC LP, also holds investments in debt and equity securities at fair value through profit or loss.

Additional information about financial instruments and associated risks can be found in the Corporation's 2015 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Risk Factors

Crown operates in a dynamic environment that involves various risks, many of which are beyond Crown's control and which could have an effect on Crown's business, revenues, operating results and financial condition. A complete discussion of the risks faced by the Corporation can be found in the Corporation's Annual Information Form ("**AIF**") available on SEDAR at www.sedar.com.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The CEO and CFO are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings.

The CEO and CFO have evaluated the design and operating effectiveness of Crown's DC&P and ICFR and concluded that Crown's DC&P and ICFR were effective as at March 31, 2016. While Crown's CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in Crown's ICFR during the three months ended on March 31, 2016 that have materially affected, or are reasonably likely to materially affect Crown's ICFR.

Strategy & Track Record

Over the past 15 years, Crown has completed 34 loans and deployed more than $414 million in capital, making it one of the leading alternative lenders in Canada.

Crown targets successful companies with perceived risk profiles exceeding the lending criteria of traditional lenders and whose capital requirements are too small to access the high-yield public debt market. In identifying potential financing clients, particular attention is paid to stability and growth of revenues and profitability, the potential client's ability to repay debt and the marketability of the client or its assets in a default scenario. The basic thesis of Crown's financing strategy is to finance businesses that consistently increase in value and generate significant cash flow that is used to reduce debt. This results in an improving profile as these loans progress toward maturity, with decreasing loan-to-value and debt-to-EBITDA ratios.

Unique Hybrid Business Model

	Special Situations Financing	Long-term Financing
Vehicle:	Senior or Subordinated Loans	Fixed Rate Long-term Loans, Participating Loans, Perpetual Debt Structures, and Recurring Revenue Structures
Target Cash Yield:	10% - 14% per annum	12% - 16% per annum
Target Gross Yield:	12% - 18% per annum	12% - 16% per annum
Bonus Feature:	Warrants, Gifted Shares, Phantom Equity, PIK	Limited
Duration:	Less than or equal to 5 years	Greater than 5 years
Prepayment Cost:	Low	Medium to High

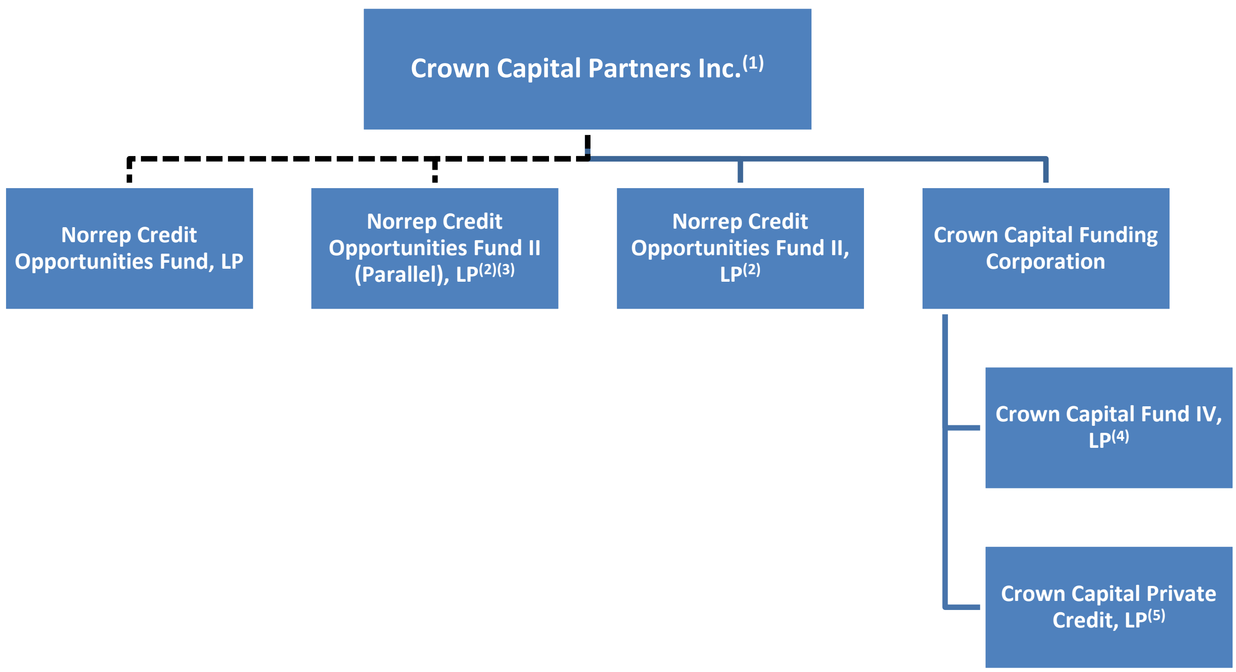
Crown has historically offered Special Situations Financing solutions to businesses for transitory capital requirements, generally in the form of short- and medium-term senior or subordinated loans, indirectly through a variety of funding arrangements.

Following the IPO, Crown implemented a hybrid business model. In addition to the high returns generated by Special Situations Financing solutions, Crown believes it can create significant long-term shareholder value by using proprietary capital to build a portfolio of Long-term Financings which provide stable, sustainable long-term cash flows.

Organizational Structure - Our Business at a Glance

The following table and chart illustrate Crown's legal structure and relationship with the Crown Capital Funds as at the date hereof.

Name	Place of Formation	Ownership Interest	Manager
Norrep Credit Opportunities Fund, LP	Alberta	None	Yes
Norrep Credit Opportunities Fund II (Parallel), LP	Alberta	None	Yes
Norrep Credit Opportunities Fund II, LP	Alberta	69.75%	Yes
Crown Capital Funding Corporation	Canada	100%	N/A
Crown Capital Fund IV, LP	Alberta	50%	Yes
Crown Capital Private Credit, LP	Alberta	100%	Yes



Notes:

(1) Chart excludes subsidiaries functioning solely as general partners of the limited partnerships.

(2) NCOF II and NCOF II Parallel invest on a *pari passu* basis – 76.87% and 23.13%, respectively.

(3) Prior to acquiring a 69.75% interest in NCOF II through the Rollover Transaction, Crown was only manager of NCOF II.

(4) This limited partnership, was formed on September 23, 2015.

(5) This limited partnership was formed on December 16, 2015.

Market Opportunity

The market for alternative financing solutions for mid-market companies in Canada is attractive. Canada's financial landscape is dominated by large chartered banks and private equity funds, whose financing terms and dilutive financing structures are, in Crown's view, often ill-suited to meet the demands of many mid-market companies. Since the credit crisis, Crown has observed a widening of the funding gap, as banks have further limited their willingness to extend credit to smaller borrowers. There are approximately 6,000 mid-market companies in Canada[1]. These companies generate approximately US$667.5 billion in revenue, support 1.9 million jobs and contribute 31.8% to Canada's gross domestic product.[1] Crown believes that many of these mid-market companies will execute transactions with private capital providers such as Crown as they are unable to obtain an appropriate amount of senior debt and do not want to engage in a dilutive equity transaction.

(1)Source: HSBC Commercial Banking report "Hidden Impact: The Vital Role of Mid-Market Enterprises".

Forward-Looking Statements

Statements that are not reported financial results or other historical information are forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "**forward-looking statements**"). This MD&A includes forward-looking statements regarding Crown and the industries in which it operates, including statements about, among other things, expectations, beliefs, plans, future loans and origination, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects and future events and performance. Sentences and phrases containing or modified by words such as "anticipate", "plan", "continue", "estimate", "intend", "expect", "may", "will", "project", "predict", "potential", "targets", "projects", "is designed to", "strategy", "should", "believe", "contemplate" and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management's expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The factors described under the heading "Risk Factors" in this MD&A and in the AIF, as well as any other cautionary language in this MD&A, provide examples of risks, uncertainties and events that may cause Crown's actual results to differ materially from the expectations it describes in its forward-looking statements. Readers should be aware that the occurrence of the events described in these risk factors and elsewhere in this MD&A could have an adverse effect on, among other things, Crown's business, prospects, operations, results of operations and financial condition.

Specific forward-looking statements contained in this MD&A include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- the Corporation's intentions for the use of cash and cash equivalents including additional capital contributions to CCF IV LP;
- the investments of CCF IV LP in Special Situations Financing transactions and the potential structuring of such transactions;
- the Corporation's intentions for the use of cash and cash equivalents including additional capital contributions to CCPC LP;
- the performance of financing clients;
- the investments of CCPC LP in Long-Term Financing transactions and the potential structuring of such transactions;
- the Corporation's business plans and strategy;

- the Corporation’s future cash flow and shareholder value;
- the sourcing of deals from Crown’s established network and its potential pipeline of projects;
- the future capitalization of CCF IV LP and future closings in relation thereto;
- the future capitalization of CCPC LP and future closings in relation thereto;
- Crown’s future entitlement to base management and performance fees;
- the effect of delays between the repayment of loans and the redeployment of capital on Crown’s financial condition;
- the future accounting policies of the Corporation;
- the alternative financial market and the general economy;
- the effect of the early repayment of loans on anticipated interest income;
- the Corporation’s ability to secure debt financing on terms acceptable to the Corporation (or obtaining debt financing); and
- the vesting of Share Units and Options.

Readers are cautioned that the foregoing list of forward-looking statements should not be construed as being exhaustive.

In making the forward-looking statements in this MD&A, the Corporation has made assumptions regarding general economic conditions, reliance on debt financing, interest rates, continued lack of regulation in the business of lending from sources other than commercial banks or equity transactions, continued operation of key systems, debt service, continuing constraints on bank lending to mid-market companies for at least several years, future capital needs, retention of key employees, adequate management of conflicts of interests, continued performance of the Crown Funds (as defined herein) and solvency of financing clients, competition, limited loan prepayment, effective use of leverage, strength of existing client relationships, regulatory oversight and such other risks or factors described in this MD&A, the AIF and from time to time in public disclosure documents of Crown that are filed with securities regulatory authorities.

The forward-looking statements included in this MD&A are expressly qualified by this cautionary statement and are made as at the date of this MD&A. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. If the Corporation does update one or more forward-looking statements, it is not obligated to, and no inference should be drawn that it will, make additional updates with respect thereto or with respect to other forward-looking statements.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

Market and Industry Data

Certain market and industry data contained in this MD&A is based upon information from government or other third party publications, reports and websites or based on estimates derived from such publications, reports and websites. Government and other third party publications and reports do not guarantee the accuracy or completeness of their information. While management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. Crown has not independently verified any of the data from government or other third party sources referred to in this MD&A or ascertained the underlying assumptions relied upon by such sources.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com, including the AIF.

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2016

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

As at	March 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	$ 46,916,626	$ 43,641,313
Accounts receivable	317,556	314,998
Prepaid expenses	54,113	69,692
	47,288,295	44,026,003
Investments, at fair value through profit or loss (Note 3)	82,811,699	84,367,280
Property, plant and equipment	14,852	11,189
Deferred income taxes	1,704,525	1,685,711
	$ 131,819,371	**$ 130,090,183**
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,488,579	$ 898,926
Deferred interest revenue	880,823	1,751,042
Distributions payable to non-controlling interest	1,076,160	420,862
Income taxes payable	1,942,530	1,192,731
	5,388,092	4,263,561
Performance bonus payable (Note 4)	2,384,302	1,994,640
Non-controlling interests (Note 6)	23,816,825	24,571,005
Total Liabilities	31,589,219	30,829,206
Equity		
Share capital	96,436,616	96,386,398
Contributed surplus	1,160,965	836,434
Retained earnings	2,632,571	2,038,145
Total Equity	100,230,152	99,260,977
	$ 131,819,371	**$ 130,090,183**

Commitments (Note 8)
Subsequent events (Note 9)

See accompanying notes to condensed consolidated interim financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Comprehensive Income (unaudited)

	For the three months ended March 31,	
	2016	**2015**
Revenues		
Fees and other income	$ 554,610	$ 257,783
Interest revenue	2,385,697	-
Net gain on investments		
Net realized gain on sale of investments	1,741,260	-
Net change in unrealized gains in fair value of investments	410,315	-
	5,091,882	257,783
Expenses		
Salaries, management fees and benefits	581,748	164,864
Share-based compensation (Note 5)	374,749	-
Professional fees and other	358,836	92,021
Performance bonus expense	389,662	-
Depreciation	930	639
	1,705,925	257,524
Earnings before income taxes	3,385,957	259
Income taxes		
Current tax expense	749,799	39
Deferred tax (recovery)	(18,814)	-
	730,985	39
Net income and comprehensive income	$ 2,654,972	$ 220
Net income and comprehensive income attributable to:		
Shareholders of the Corporation	$ 1,638,766	$ 220
Non-controlling interest (Note 6)	1,016,206	-
	$ 2,654,972	$ 220
Earnings per share attributable to shareholders:		
Basic	$ 0.17	$ -
Diluted	$ 0.17	$ -
Weighted average number of shares, basic	9,493,353	303,000
Weighted average number of shares, diluted	9,745,986	303,000

See accompanying notes to condensed consolidated interim financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

For the three months ended March 31, 2016 and 2015

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total Equity
Balance as at January 1, 2015	303,000	$ 100	$ 99,820	$ 3,832	$ 103,752
Net income and comprehensive income attributable to shareholders of the Corporation		-	-	220	220
Balance as at March 31, 2015	303,000	$ 100	$ 99,820	$ 4,052	$ 103,972
Balance as at January 1, 2016	9,488,094	$ 96,386,398	$ 836,434	$ 2,038,145	$ 99,260,977
Net income and comprehensive income attributable to shareholders of the Corporation		-	-	1,638,766	1,638,766
Issue of share capital					-
Share-based compensation (Note 4)	5,908	50,218	324,531	-	374,749
Dividends		-	-	(1,044,340)	(1,044,340)
Balance as at March 31, 2016	9,494,002	$ 96,436,616	$ 1,160,965	$ 2,632,571	$ 100,230,152

See accompanying notes to condensed consolidated interim financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

For the three months ended March 31,		**2016**		**2015**
Cash provided by (used in) operating activities				
Net income and comprehensive income	$	2,654,972	$	220
Proceeds from sale of equity securities		4,082,156		
Purchase of investments		(375,000)		-
Non-cash items:				
Net realized gain on sale of investments		(1,741,260)		-
Net change in unrealized gains in fair value of investments		(410,315)		-
Depreciation		930		639
Deferred income tax		(18,814)		-
Share-based compensation		374,749		-
Net change in non-cash working capital (Note 6)		871,916		1,269,943
		5,439,334		1,270,802
Cash provided by (used in) investing activities				
Purchase of property, plant & equipment		(4,593)		-
		(4,593)		-
Cash provided by (used in) financing activities				
Distributions paid by NCOF II to non-controlling interest		(848,261)		-
Distributions paid by CCF IV to non-controlling interest		(266,827)		
Repayment of shareholder advances		-		250,000
Dividends		(1,044,340)		
		(2,159,428)		250,000
Increase in cash and cash equivalents		3,275,313		1,520,802
Cash and cash equivalents, beginning of period		43,641,313		2,722,124
Cash and cash equivalents, end of period	$	46,916,626	$	4,242,926
Supplemental cash flow information:				
Interest received in the period		2,384,291		3,523

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

Crown Capital Partners Inc. (the “Corporation”) was incorporated under the Canada Business Corporations Act on September 8, 1999 and commenced operations effective October 1, 2000. The Corporation provides investment management services and its principal place of business is Suite 888 3rd Street, S.W., Calgary, Alberta. These condensed consolidated interim financial statements as at and for the three months ended March 31, 2016 and 2015 comprise the Corporation and its subsidiaries.

On July 9, 2015, the Corporation issued 5,910,000 common shares pursuant an Initial Public Offering (“IPO”). Immediately prior to the closing of the IPO, the Corporation acquired 69.75% of the outstanding limited partnership units of Norrep Credit Opportunities Fund II, LP (“NCOF II”) in exchange for 3,214,494 common shares of the Corporation. On September 4, 2015 Crown Capital Fund IV Management Inc. (“CCF IV”), a wholly-owned subsidiary, was incorporated. CCF IV is the general partner of Crown Capital Fund IV LP (“CCF IV LP”), which is 50% owned by the Corporation through its wholly-owned subsidiary Crown Capital Funding Corp (“CCFC”).

On December 16, 2015, Crown Capital Private Credit Management Inc. (“CCPC MI”), a wholly-owned subsidiary, was incorporated. CCPC MI is the general partner of Crown Capital Private Credit, LP (“CCPC LP”), which was formed on December 16, 2015. The Corporation through its wholly-owned subsidiary, CCFC, owns 100% of the outstanding limited partnership units of CCPC LP.

2. Basis of preparation:

(a) Statement of compliance:

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation’s financial position and results of operations since the last annual consolidated financial statements as at and for the year ended December 31, 2015. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2015.

These condensed consolidated interim financial statements were authorized for issue by the Corporation’s Board of Directors on May 11, 2016.

(b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than investments carried at fair value through profit or loss.

2. Basis of preparation (continued):

(c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements in accordance with the financial reporting framework requires management to make judgments, estimates and assumptions that affect the application of the Corporation's accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities at the reporting date. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are included in the following notes:

(i) Note 3 – fair value measurement of investments; and

(ii) Note 5 – measurement of share-based compensation.

3. Fair Value Measurement:

(a) Investments

As at	**March 31, 2016**		**December 31, 2015**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Canadian equity securities	$ 1,290,692	$ 2,263,926	$ 1,684,344	$ 4,630,017
Canadian debt securities	79,453,597	80,547,773	79,453,597	79,737,263
Total Investments	$ 80,744,289	$ 82,811,699	$ 81,137,941	$ 84,367,280

The fair values of financial assets and financial liabilities that are traded on active markets are based on closing quoted market prices at the reporting date. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

3. Fair Value Measurement (continued):

(a) Investments (continued):

Fair values of investments without quoted market prices are determined by management on the basis of the expected realizable value of the investments as at the date of the statement of financial position if they were disposed of in an orderly manner over a reasonable period of time, discounted at a discount rate which is considered by management to be appropriate at the date of the financial statement for the specific investment. There is no active secondary market for many investments which are not publicly-traded, and there is considerable uncertainty and a potentially broad range of outcomes with respect to the future cash flows from these investments. Valuations of such investments are subject to a number of assumptions and uncertainties that may cause actual values realized on disposal to differ materially from the fair value estimated at any particular time.

A three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Corporation's investments. The hierarchy of inputs is summarized below:

- Inputs that are quoted prices (unadjusted) in active markets for identical instruments (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for instruments, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Inputs for the instruments that are not based on observable market data (unobservable inputs) (Level 3). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on the quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3. Fair Value Measurement (continued):

(b) Fair value hierarchy – Financial instruments measured at fair value

The tables below analyze investments measured at fair value at March 31, 2016 and December 31, 2015, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

March 31, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian equity securities	$ 1,495,000	$ -	$ -	$ 1,495,000
Canadian warrants		768,926		768,926
Canadian debt securities	-	-	80,547,773	80,547,773
Total Investments	$ 1,495,000	$ 768,926	$ 80,547,773	$ 82,811,699

December 31, 2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian equity securities	$ 3,485,222	$ -	$ -	$ 3,485,222
Canadian warrants		1,144,795		1,144,795
Canadian debt securities	-	-	79,737,263	79,737,263
Total Investments	$ 3,485,222	$ 1,144,795	$ 79,737,263	$ 84,367,280

The level 3 investments as at March 31, 2016 and December 31, 2015 comprise private investments in Canadian debt instruments. Each loan is valued using the discounted present value of expected cash flows arising from these debt instruments.

Observable inputs used in the development of an appropriate discount rate include Government of Canada benchmark interest rate for the term of the individual loan and the BBB-rated corporate interest rate spread for the term of the individual investment.

3. Fair value measurement (continued):

(b) Fair value hierarchy – Financial instruments measured at fair value (continued)

Significant unobservable inputs used in developing the appropriate discount rate include an illiquidity spread as well as a credit spread, both of which increase the discount rate. These rates are set initially at a level such that the loan valuation equals the initial purchase cost of the loan and are subsequently adjusted at each valuation date to reflect current market conditions.

All four components of the discount rate are subject to adjustment based on changing market conditions. Both the Government of Canada benchmark interest rate and the BBB-rated corporate interest rate spread will increase or decrease as market interest rates rise or fall. The illiquidity spread and additional credit spread are reviewed at each valuation date and are adjusted based on both general market conditions and the economic performance of the individual investment.

The following tables reconcile opening balances to closing balances for fair value measurements in Level 3 of the fair value hierarchy:

March 31, 2016		**Private Debt Securities**
Beginning balance, January 1, 2016	$	79,737,263
Unrealized gains		810,510
Balance, March 31, 2016	$	80,547,773

December 31, 2015		**Private Debt Securities**
Beginning balance, January 1, 2015	$	-
Acquired on acquisition of NCOF II		44,084,920
Purchases		59,084,308
Repayment		(24,887,427)
Unrealized gains		1,455,462
Balance, December 31, 2015	$	79,737,263

3. Fair value measurement (continued):

(c) Canadian debt instruments

As at March 31, 2016 and December 31, 2015, investments held in the form of Canadian debt securities had coupon interest rates ranging from 10.0% to 14.0% per annum with maturity dates from June 1, 2018 to December 15, 2025.

(d) Financial instruments not measured at fair value

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and distributions payable to non-controlling interests approximate their fair values due to their short term to maturity.

The fair value of the performance bonus payable approximates its fair value.

4. Performance bonus payable:

The Corporation has an asset performance bonus pool (“APBP”) arrangement for certain individuals and entities, primarily employees and pre-IPO shareholders (the “APBP Participants”). For certain investment funds managed by the Corporation, 20% of investment returns in excess of an annual rate of return of 8% earned by the fund will accrue to the Corporation as performance fee distributions. Prior to the closing of the IPO, the Corporation committed to pay 100% of performance fee distributions earned to that date from NCOF II to the APBP Participants. In addition, the Corporation’s current compensation policy provides that 50% of such performance fee distributions earned after the closing of the IPO will be distributed to the APBP Participants who are employees.

Accordingly, the performance fee distributions accrued in NCOF II at the date of acquisition are recognized as performance bonus payable in the consolidated statement of financial position at March 31, 2016. The performance bonus payable at March 31, 2016 of $2,384,302 (December 31, 2015 of $1,994,640) also includes 50% of performance fee distributions accrued post-IPO for both NCOF II and CCF IV LP.

5. Share-based compensation:

The table below details the share-based compensation expense recognized in the three months ended March 31, 2016. Share-based compensation expense is recognized over the expected vesting period of each award.

For the three months ended March 31, 2016				
	Number outstanding at January 1, 2016	**Issued in period**	**Number outstanding at March 31, 2016**	**Expensed in period**
Transition Restricted Share Units	181,818	2,586	184,404	$ 143,907
Performance Share Units	36,528	516	37,044	64,198
Restricted Share Units	29,168	409	29,577	37,225
Retainer Restricted Share Units	-	5,908	5,908	50,218
Retainer Restricted Share Units vested	-	(5,908)	(5,908)	-
Stock options	491,849	-	491,849	79,201
Total	739,363	3,511	742,874	$ 374,749

On January 29, 2016 and concurrent with a dividend payment, the Corporation issued 2,586 transition restricted share units (“TRSUs”), 516 performance share units (“PSUs”) and 409 restricted share units (“RSUs”) (each a “Share Unit” and, collectively with TRSUs, RSUs and PSUs issued in prior periods, the “Share Units”) to key management personnel, directors and employees. Share Units issued in the three months ended March 31, 2016 were issued in lieu of dividends on outstanding Share Units (the “Dividend Share Units”). Dividend Share Units vest on the same date as the respective Share Units for which they were awarded. The number of Dividend Share Units issued was based on the weighted average trading price of the common shares in the five days preceding payment of the dividend ($7.74). For the three months ended March 31, 2016, the Corporation expensed $2,708 (2015 - $nil) as share-based compensation related to these Dividend Share Units.

Also included in share-based compensation for the three months ended March 31, 2016 was $50,218 for the issuance of 5,908 Retainer Restricted Share Units (“RRSUs”) on January 11, 2016 to directors as partial payment of director retainers. RRSUs vest immediately upon grant and, on the issue date, each was exchanged for one Share and a total of $50,218 was added to share capital.

5. Share-based compensation (continued):

For the three months ended March 31, 2016, the Corporation expensed $242,622 (2015 - $nil) as share-based compensation related to Share Units issued in prior periods.

Other than the RRSUs, all of the Share Units issued remained outstanding as at March 31, 2016.

For the three months ended March 31, 2016, the Corporation expensed $79,201 (2015 - $nil) as share-based compensation related to the 491,849 Options issued in prior periods. All of the Options issued remained outstanding as at March 31, 2016. The Options granted were fair valued using a Black-Scholes formula and the expense is recognized over the vesting period. The Options vest over a three-year period and have a five-year term and an exercise price of $11.00.

6. Non-controlling interests:

Non-controlling interests in net income and comprehensive income of 30.25% in NCOF II amounted to $534,806 for the three months ended March 31, 2016 (2015 - $nil). Non-controlling interest in net income and comprehensive income of 50% in CCF IV LP amounted to $481,400 for the three months ended March 31, 2016 (2015 - $nil).

Non-controlling interests at March 31, 2016 represents the opening balance of $24,571,005 plus the share of net income and comprehensive income attributable to non-controlling interests in 2016 of $1,016,206, less distributions paid in 2016 to non-controlling interests of $1,770,386.

Non-controlling interests at December 31, 2015 represents the acquisition of NCOF II of $14,526,035, plus the non-controlling interests' contribution to CCF IV LP of $17,500,000, plus the share of net income and comprehensive income attributable to non-controlling interests in 2015 of $1,811,714, less distributions paid in 2015 to non-controlling interests of $9,266,744.

7. Net change in non-cash working capital:

Three months ended March 31,	2016	2015
Accounts receivable	$ (2,558)	$ (82,018)
Prepaid expenses	15,579	8,961
Accounts payable and accrued liabilities	589,653	1,342,961
Deferred revenue	(870,219)	-
Performance fee payable	389,662	-
Income tax payable	749,799	39
	$ 871,916	$ 1,269,943

8. Commitments:

In 2015, the Corporation entered into a commitment to contribute capital of $50,000,000 to CCF IV LP. Of this commitment, $17,500,000 was contributed as of March 31, 2016.

9. Subsequent events:

(a) On April 22, 2016, the Corporation declared a quarterly dividend of $0.11 per Common Share, payable on May 20, 2016 to the shareholders on record as on May 6, 2016.

(b) The Corporation announced on April 6, 2016 its Notice of Intention to make a normal course issuer bid ("NCIB"). The Corporation has the right under the NCIB to purchase up to 620,000 of its common shares. As at May 9, 2016, the Corporation had acquired 4,700 common shares under the NCIB.

CORPORATE DIRECTORY

DIRECTORS

George Fowlie, MBA
Chair of the Board

Sandra Cowan
Director

Robert Gillis, CPA, CA
Director

Christopher A. Johnson, CFA
Director

Glen Roane, MBA, ICD.D
Director

Alan Rowe, CPA, CA
Director

Peter Snucins
Director

OFFICERS

Christopher A. Johnson, CFA
President and
Chief Executive Officer

Lyle Bolen, FCPA, FCA
Chief Financial Officer

Tim Oldfield, CA, CPA, CFA, CBV
Senior Vice President,
Chief Investment Officer

Brent G. Hughes, CFA
Senior Vice President,
Business Development

SHAREHOLDER INFORMATION

Stock Exchange Listing
The Company's common shares are listed on the Toronto Stock Exchange under the symbol "CRN".

Shareholder Inquiries
Inquiries regarding change of address, transfer requirements or lost certificates should be directed to the Company's transfer agent.

Transfer Agent
TMX Equity Transfer Services
1 (866) 393-4891 ext. 205 or
TMXEInvestorServices@tmx.com

Legal Counsel
Torys LLP

Auditors
KPMG LLP

INVESTOR RELATIONS

Craig Armitage
LodeRock Advisors Inc.
Tel: (416) 347-8954
craig.armitage@loderockadvisors.com

Crown Capital Partners Inc.

CALGARY
Bankers Hall West
888 3rd Street SW
10 Fl, West Tower
Calgary, AB T2P 5C5
Tel: (403) 775-2554

TORONTO
TD North Tower
Suite 4330, 77 King Street W
Toronto, ON M5K 1H6
Tel: (416) 640-6715