

LWP Capital Inc.

October 26, 2016 10:36 ET

LWP Capital Inc. Provides Update on Liquidation Proceedings

TORONTO, ONTARIO--(Marketwired - Oct. 26, 2016) - LWP Capital Inc. (formerly "**Legumex Walker Inc.**") ("**LWP**" or the "**Company**"), by KSV Advisory Inc. in its capacity as the Court-appointed liquidator of LWP (the "**Liquidator**"), provides the following update in respect of the Company's liquidation proceedings:

- As previously announced on February 23 and May 20, 2016, the Liquidator was to issue a press release when the claims of The Scoular Company (the "**Purchaser**") under the Asset Purchase Agreement dated September 14, 2015 (the "**APA**") were definitively determined. On October 20, 2016, the Company and Scoular entered into a settlement agreement (the "**Settlement Agreement**") agreeing to a full and final settlement of all claims against the Company asserted by the Purchaser under the APA, including those raised in the previously announced objection notice (the "**Objection Notice**") in respect of the Company's calculation of the closing working capital (the "**Closing Working Capital**"). The Purchaser had also previously filed a proof of claim with the Liquidator. The Purchaser's claims against the Company totaled in excess of CAD\$25 million, including a working capital adjustment claim of approximately CAD\$20 million;
- In total, purchase price adjustments of approximately CAD\$5 million, including the CAD\$555,000 working capital settlement payment described below, have been paid to the Purchaser in full and final settlement of all claims asserted by the Purchaser under the APA, including all claims for working capital adjustments, environmental costs and other claims set out under the Objection Notice or otherwise. These settlement payments were authorized by the inspectors named in the Company's Plan of Liquidation, which was approved by the shareholders and became effective on December 31, 2015;
- Under the terms of the Settlement Agreement, the Liquidator, on behalf of the Company, has made a payment of approximately CAD\$555,000 as a final working capital adjustment to resolve a dispute over the net realizable value ("**NRV**") of certain inventory acquired by the Purchaser (which resulted from a NRV determination of approximately CAD\$4.3 million less approximately CAD\$3.8 million to account for the inventory fluctuation between the Preliminary Closing Working Capital and the Closing Working Capital). These amounts were determined following a favourable NRV determination by the valuator named in the APA;
- The Liquidator has administered the Court-approved claims process and there were no other material claims filed other than the claims of the Purchaser under the APA. The claims bar date was March 15, 2016;
- There is approximately CAD\$18.8 million on deposit with the Liquidator after payment to the Purchaser of all amounts payable under the Settlement Agreement, before any provision for taxes payable. The amount of cash available for distribution to shareholders will be determined once the Company's remaining accounts receivable and other sundry assets are realized upon and its tax obligations arising from the transaction with the Purchaser are quantified. There are 16,294,635 common shares issued and outstanding. The Company's accountants can now commence the preparation of the Company's final tax returns as the Closing Working Capital has been definitively determined. The net cash available for distribution to shareholders will likely be materially less than the range of CAD\$1.69 to CAD\$1.98 per share disclosed in the Company's press release dated November 23, 2015, principally as a result of the agreed-upon purchase price adjustments under the APA and collection issues with certain foreign accounts receivable excluded from the APA; and

- The Liquidator is likely to propose an interim distribution to shareholders following receipt of a Notice of Assessment from Canada Revenue Agency ("CRA") in respect of the Company's final tax returns. A final distribution will be paid upon the issuance by CRA of the applicable tax clearance certificates. It is the Liquidator's experience that obtaining clearance certificates from CRA is typically a lengthy process.

Updates on the timing and quantum of shareholder distributions, and the status of the liquidation proceedings generally, will be made available by the Liquidator in its Reports to Court and/or future press releases. Such updates will be available on the Liquidator's website at www.ksvadvisory.com.

Cautionary Note on Forward-looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities laws which may include, but is not limited to, statements relating to the amount of net distributable cash available for distribution to shareholders, the timing of a proposed interim distribution and the final distribution, and the timing to obtain a tax clearance certificate. Such forward-looking information reflects the Company's/Liquidator's views with respect to future events and is subject to risks, uncertainties and assumptions, including uncertainty with respect to the amount of taxes payable and timing of such assessment, future expenses and amount of net distributable cash and timing of any distribution, and risks generally relating to the liquidation process, as referred to in the section entitled "Risk Factors" in the Company's Management Information Circular dated October 12, 2015 as amended by the Addendum dated October 26, 2015, in the Management's Discussion and Analysis for the period ended September 30, 2015 and in the Annual Information Form dated March 31, 2015 which are available on SEDAR at www.sedar.com and should be reviewed in conjunction with this press release. Although the Company/Liquidator has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Although the Company/Liquidator believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this press release. The Company/Liquidator expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Contact Information

- KSV Advisory Inc.
David Sieradzki
Managing Director
(416) 932-6030
dsieradzki@ksvadvisory.com