



Coventree Reports Third Quarter 2012 Financial Results

TORONTO, ONTARIO (August 28, 2012) – Coventree Inc. (“Coventree” or the “Company”) today announced its financial results for the three months ended June 30, 2012. All amounts are reported in Canadian dollars.

Effective February 15, 2012, Coventree changed the basis for presentation of its consolidated financial statements from going concern to liquidation. Under the liquidation basis of accounting, the Company’s financial position is presented in the consolidated statement of net assets in liquidation and the results of the Company’s operations are presented in the consolidated statement of changes in net assets in liquidation. Costs expected to be incurred during the winding up, including administrative costs and professional fees expected to be incurred in future periods until the winding up of the Company is completed, are accrued in the consolidated statement of net assets in liquidation. As a result of this change in the basis of presentation, information as at dates or for periods ending after February 15, 2012 will not be comparable to information as at prior dates or for prior periods.

Coventree’s net income for the three months ended June 30, 2012 was \$0.4 million, compared to a net loss of \$0.3 million for the same period in the previous fiscal year.

Total revenue for the three months ended June 30, 2012 was \$0.1 million, compared to \$0.3 million for the comparable period in the previous fiscal year. The Company’s primary source of revenue was interest income earned on cash and cash equivalents.

Operating expenses for the three months ended June 30, 2012 were nil compared to \$0.5 million for the same period in the previous year. Coventree recorded a \$5.3 million accrual for future liquidation and administrative as at February 15, 2012 as a result of the change in the basis of presentation of its consolidated financial statements from going concern to liquidation. Approximately \$0.9 million in expenses incurred by the Company during the three months ended June 30, 2012 were offset against that accrual. The Company’s accrual for future liquidation and administrative costs as at June 30, 2012 was \$3.2 million.

As at June 30, 2012, the Company had cash and cash equivalents of \$20.2 million, or approximately \$1.34 per share. As at that date, the Company’s net assets in liquidation per share were approximately \$0.83 per share. On May 4, 2012, the Company made an interim distribution to shareholders comprised of \$44.5 million in cash and all of the 2,661,449 shares of Xceed owned by Coventree. The cash component of the distribution was approximately \$2.94 per share and included a return of capital in the amount of \$0.46 per share. The Xceed shares were valued at \$1.49 per share for purposes of the distribution, and Coventree shareholders received approximately 0.175 shares of Xceed (with a value of about \$0.26) for each share of Coventree held. As a result, the total value of the interim distribution to Coventree shareholders was approximately \$3.20 per share.

The Company recorded a realized gain of \$1.8 million in the period ending June 30, 2012 on the distribution of the Xceed shares, of which \$1.5 million was recorded in prior periods as unrealized gain.

The Company's Management Discussion and Analysis and unaudited consolidated financial statements for the three months ended June 30, 2012 will be available on the Liquidator's website at www.duffandphelps.com/restructuringcases, the Company's website at www.coventree.ca and on SEDAR at www.sedar.com.

This press release is intended for distribution in Canada only.

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