

March 25, 2020



MOUNT LOGAN
C A P I T A L

Mount Logan Capital Inc. Announces December 2019 Annual Results; Declares Shareholder Distribution

TORONTO, March 25, 2020 (GLOBE NEWSWIRE) -- Mount Logan Capital Inc. (NEO: MLC) ("Mount Logan," "our," "we," or the "Company") announces its financial results for the year ended December 31, 2019. All amounts are stated in United States dollars, unless otherwise indicated.

Financial Highlights

- Total investment income of \$3.5 million for the year ended December 31, 2019
- Achieved record quarterly investment income of \$1.1 million for the three months ended December 31, 2019
- As of December 31, 2019, the fair value of the Company's portfolio was \$60.6 million¹, consisting of 79.2% in first lien senior secured loans, 5.1% in promissory notes and 15.7% in the Great Lakes Unitranche Joint Venture
- Net income and comprehensive income for the year was \$0.2 million, or \$0.02 per basic and diluted share
- Net assets of \$34.2 million as of December 31, 2019, an increase of \$2.9 million year over year; net asset value per share as of December 31, 2019 was \$3.23
- Cash and cash equivalents (including restricted cash) of \$7.2 million as of December 31, 2019
- The board of directors of the Company (the "Board") declared a cash dividend of CAD\$0.02 per common share, which was paid in the fourth quarter

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "I am very pleased with our continued growth in book value and achieving a record amount of quarterly investment income. In these challenging economic times, we are pleased with our portfolio construction and resilience of the underlying loans. We have seen strong realizations in our portfolio and we continue to opportunistically rebalance the portfolio in light of stressed market conditions. Over the course of 2019, we obtained access to a \$50 million leverage facility, raised equity, initiated our initial asset management contract, and paid our first

dividend. We intend to continue the momentum established in 2019 into 2020 with a continued focus on creating shareholder value.”

¹ Excludes the Company’s legacy investment in Cline Mining Corporation (“Cline”), which is subject to the contingent value rights issued by the Company to the holders of the common shares of the Company prior to its plan of arrangement completed in October 2018.

Operating Results

Total investment income for the year ended December 31, 2019 was \$3.5 million as compared to \$0.6 million for the year ended December 31, 2018. The increase in investment income is attributable to the growth in the Company’s investment portfolio related to the broadening of the Company’s investment strategy following its plan of arrangement completed in October 2018, the greater capital resources available to the Company from equity financings, and from the Company’s revolving senior loan facility which closed in February 2019.

Total expenses for the year ended December 31, 2019 were \$3.3 million, including interest and financing expense under the revolving senior loan facility of \$1.6 million, as compared to total expenses of \$3.8 million in the same period last year.

Portfolio and Investment Activity

The fair value of our portfolio was \$60.6 million as of December 31, 2019 (excluding Cline). The composition of our investment portfolio at December 31, 2019 and 2018 at fair value (in each case, excluding Cline) was as follows:

	December 31, 2019		December 31, 2018	
	Fair value	% of total	Fair value	% of total
First Lien Loan	\$ 48,013	79.2 %	\$ 14,683	62.6 %
Promissory Notes and Unsecured Debt	3,068	5.1 %	3,789	16.1 %
Great Lakes Unitranche Joint Venture	9,532	15.7 %	4,987	21.3 %
	\$ 60,613	100.0 %	\$ 23,459	100.0 %

On January 22, 2020, Marret Asset Management Inc., the former manager, announced that Cline had entered into a binding agreement for the sale by Cline to Allegiance Coal Limited of all the shares in New Elk Coal Company, LLC. The total acquisition consideration is \$55.0 million and completion of the sale must take place before July 15, 2020. The attributable portion of the consideration will be assessed to be distributed to holders of the Company’s contingent value rights following receipt of the cash and securities associated with the consideration.

Liquidity and Capital Resources

On September 10, 2019, the Company completed a non-brokered private placement of an aggregate of 2,968,751 common shares (prior to giving effect the share consolidation

completed on December 3, 2019) at a price of CAD\$0.56 per share for gross proceeds of \$1.3 million.

At December 31, 2019, we had cash and cash equivalents (including restricted cash) of \$7.2 million, total assets of \$75.3 million and shareholders' equity of \$34.2 million. Our net asset value per common share was \$3.23. As of December 31, 2019, we had \$34.4 million of borrowings outstanding on our revolving senior loan facility. On January 31, 2020, the revolving senior loan facility was amended to, among other things, extend the maturity date from February 21, 2020 to February 19, 2021.

Subject to prevailing market conditions, we intend to grow our portfolio of assets by raising additional capital, including through the prudent use of leverage available to us and potentially raising additional equity from time to time.

Our audited annual consolidated financial statements for the year ended December 31, 2019 and related management's discussion and analysis (the "Annual MD&A") will be available on the Company's website at www.mountlogancapital.ca and on SEDAR (www.sedar.com).

Dividend Declaration

The Board has declared a cash dividend in the amount of CAD\$0.02 per common share to be paid on April 28, 2020 to shareholders of record on April 14, 2020. This dividend is designated by the Company as an eligible dividend for the purpose of the Income Tax Act (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

The declaration and payment by the Company of any future cash dividends, including the amount thereof, will be at the discretion of the Board and will depend on, among other things, the financial condition, capital requirements and earnings of the Company.

Conference Call

We will hold a conference call on Thursday, March 26, 2020 at 11:00 a.m. Eastern Time to discuss our 2019 financial results. Shareholders, prospective shareholders, and analysts are welcome to listen to the call. To register for the call and access dial-in information please visit <https://bit.ly/2QF4Nbv>. The recording of the conference call will be available on our Company's website www.mountlogancapital.ca in the Investor Relations section under Events.

About Mount Logan Capital Inc.

Mount Logan Capital Inc. is a Canada-based asset manager created to source and execute on credit investment opportunities in North America. The Company holds and actively manages and monitors a portfolio of loans and other investments with credit-oriented characteristics. The Company intends to actively source, evaluate, underwrite, monitor, and primarily invest in additional loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle.

Non-IFRS Financial Measures

This news release makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning

prescribed by IFRS and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS financial measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this news release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company has included herein certain non-IFRS supplemental measures of key performance, including, but not limited to, net asset value ("NAV") per share and comprehensive income. We utilize NAV per share in managing our business, including performance measurement. We believe that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. However, these measures are not recognized under IFRS. The definitions and calculations of the non-IFRS measures used in this news release are described in greater detail in the Company's management discussion and analysis for the year ended December 31, 2019. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

Change in Presentation Currency

Effective January 1, 2019, the Company changed its presentation currency from CAD to USD to better reflect the Company's business activities. In making this change in presentation currency to USD, the Company followed the guidance in International Auditing Standards 21, *The Effects of Changes in Foreign Exchange Rates*, and has applied the change retrospectively, as if USD has always been the Company's presentation currency, as more particularly described in the Annual MD&A. Accordingly, financial information of the Company referred to in this news release is presented on the basis of giving effect to the change in presentation currency.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the Company's business strategy, model, approach and future activities, portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, and the expansion of the Company's loan portfolio. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks Factors" in the most

recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

This press release is not, and under no circumstances is it to be construed as, a prospectus or an advertisement and the communication of this release is not, and under no circumstances is it to be construed as, an offer to sell or an offer to purchase any securities in the Company or in any fund or other investment vehicle.

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MOUNT LOGAN CAPITAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of United States dollars, except number of shares and per share amounts)

	December 31, 2019	December 31, 2018
Assets		
Investments, at fair value	\$ 64,489	\$ 29,282
Cash	425	5,882
Restricted cash	6,733	—
Due from affiliates, net	411	—
Accrued interest and dividend receivable	358	328
Deferred tax asset	2,863	2,044
Prepaid expenses	33	27
Total assets	\$ 75,312	\$ 37,563
Liabilities		
Credit facility (net of deferred financing costs of \$80 and \$0, respectively)	\$ 34,320	\$ —
Payable for investments purchased	1,880	—
Interest payable	383	—
Contingent value rights	3,876	5,823

Accounts payable and accrued liabilities	644	458
Total liabilities	41,103	6,281
Shareholders' equity		
Share capital	80,988	79,744
Warrants	1,086	1,086
Contributed surplus	7,240	7,240
Deficit	(33,247)	(33,312)
Cumulative translation adjustment	(21,858)	(23,476)
Total shareholders' equity	34,209	31,282
Total liabilities and shareholders' equity	\$ 75,312	\$ 37,563
Common shares issued and outstanding	10,604,998	10,233,905
Net asset value per share	\$ 3.23	\$ 3.06

MOUNT LOGAN CAPITAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of United States dollars, except number of shares and per share amounts)

	Years ended December 31,	
	2019	2018
Investment income		
Interest income	\$ 3,046	\$ 596
Dividend income	442	—
Fee income	11	—
Total investment income	3,499	596
Operating expenses		
Management and servicing fees	—	79
Arrangement costs	166	3,033
Transaction costs	—	170
Interest and other credit facility expenses	1,563	—
Professional fees	593	109
Compensation	312	107
Directors' fees	99	99
Regulatory and shareholder relations	239	166
Other general and administrative	303	64
Total operating expenses	3,275	3,827
Net investment income (loss)	224	(3,231)
Realized and unrealized gain (loss)		
Net realized gain (loss) on investments	620	(713)
Net realized loss on foreign currency	(43)	(31)
Net change in unrealized appreciation on investments	9	1,447
Net change in unrealized (loss) gain on foreign currency	(1,281)	220
Total net realized and unrealized (loss) gain	(695)	923

Loss and comprehensive loss before income tax	(471)	(2,308)
Deferred tax recovered	699	2,150
Income (loss) and comprehensive income (loss)	\$ 228	\$ (158)
Weighted average shares outstanding – basic and diluted	10,348,477	3,834,589
Income (loss) per share – basic and diluted	\$ 0.02	\$ (0.04)



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Source: Mount Logan Capital Inc.