



MOUNT LOGAN
CAPITAL

MOUNT LOGAN CAPITAL INC.

ANNUAL INFORMATION FORM

**For the Financial Year Ended
December 31, 2019**

March 25, 2020

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EXPLANATORY NOTES

General

The fiscal year end of Mount Logan Capital Inc. is December 31.

The information in this Annual Information Form is stated as at December 31, 2019, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, all references in this Annual Information Form to “Mount Logan”, “MLC”, “the Corporation”, “we”, “us”, “our”, and “our company” refer to Mount Logan Capital Inc. and its predecessors and material subsidiaries and all references to “\$” or “dollars” are to United States dollars.

All financial information in this Annual Information Form was prepared in accordance with International Financial Reporting Standards.

Forward-Looking Information

This Annual Information Form contains “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (forward-looking statements and forward-looking information being collectively referred to as “forward-looking information”) that are based on expectations, estimates and projections as at the date of this Annual Information Form. This forward-looking information includes, but is not limited to, statements and information concerning: statements relating to the business and future activities of the Corporation; future financial or operating performance of the Corporation; liquidity of the common shares of the Corporation; investment characteristics of the Corporation; expected portfolio scale of the Corporation; the business model and approach of the Corporation; future credit opportunities; future outlook and anticipated events or results; future financial position; expected plans, objectives and industry trends; payment of dividends including the timing and amount thereof; requirements for additional capital; future growth and expansion of the Corporation’s loan portfolio; the specific terms of the loans that will form part of the Corporation’s loan portfolio from time to time; and other statements that are not historical facts. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking information. This forward-looking information is based on the beliefs of the Corporation’s management, as well as on assumptions and other factors, which management believes to be reasonable based on information available at the time such information was given. Such assumptions include, among other things, assumptions regarding the expected results of operations, performance, industry trends and opportunities available to the Corporation. These factors, many of which are beyond the control of the Corporation include, without limitation: general economic conditions, including the impact of the recent outbreak of coronavirus on global financial conditions; industry conditions; currency fluctuations and hedging; competition from other industry participants; stock market volatility; interest rate risk; the creditworthiness of and/or defaults by borrower clients; the illiquidity of loans; continued lack of regulation in the business of lending from sources other than commercial banks; continued operation of key systems; the ability of borrower clients to service their debt; continuing constraints on bank lending to mid-market companies; potential changes in the Corporation’s business strategy; future capital needs and potential dilution to shareholders; there are no guarantees regarding the payment of dividends or, if applicable, the timing or amount thereof; retention of key personnel; conflicts of interest and adequate management thereof; solvency of borrower clients; limited loan prepayment; and effective use of leverage and the strength of proposed and existing relationships with lending partners. This list is not exhaustive of the factors that may affect any of the forward-looking information contained herein.

Forward-looking information is information about the future and is inherently uncertain. There can be no assurance that the forward-looking information will prove to be accurate. Actual results could differ materially from

those reflected in the forward-looking information as a result of, among other things, the matters set out in this Annual Information Form generally and economic and business factors, some of which may be beyond the control of the Corporation. Some of the more important risks and uncertainties that could affect forward-looking information are described further under the heading “Risk Factors” in this Annual Information Form. Forward-looking information contained in this Annual Information Form is made as of the date of this Annual Information Form and the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking information 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 information due to the inherent uncertainty in them. All subsequent forward-looking information, whether written or oral, attributable to the Corporation or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

CORPORATE INFORMATION

Name and Organization

The Corporation was formed in the name “Primary Corp.” by articles of amalgamation dated August 1, 2008, as a result of the amalgamation of Trans America Industries Ltd. and 1774114 Ontario Ltd. pursuant to the *Business Corporations Act* (Ontario) (the “**OBCA**”). On September 9, 2010, the Corporation’s articles were amended to create an unlimited number of preference shares, issuable in series (“**Preference Shares**”). On April 19, 2011, the Corporation’s articles were amended to consolidate the common shares of the Corporation on the basis of 0.2 of a post-consolidation common share for each one pre-consolidation common share, with fractional shares held by any one shareholder being eliminated. On June 29, 2012, the articles of the Corporation were amended to change the name of the Corporation to “Marret Resource Corp.” On June 29, 2015, the articles of the Corporation were amended to permit the Corporation to redeem common shares and return capital to its shareholders.

On October 19, 2018, the Corporation completed a plan of arrangement under the OBCA (the “**Arrangement**”) and filed articles of arrangement which provided for, among other things:

- each of the common shares in the capital of the Corporation (each, a “**Share**”) was exchanged for one (1) common share in the capital of the Corporation created pursuant to the Arrangement (each, a “**New Share**”, in each case, unless otherwise noted in this section of this Annual Information Form, prior to taking into account the Consolidation (as defined below) completed on December 3, 2019) and, subject to certain restrictions, one (1) contingent value right (a “**CVR**”), with each CVR representing a contingent cash entitlement in respect of Cline Mining Corporation (“**Cline**”);
- each shareholder that validly elected to exchange their New Shares for cash, in accordance with the Arrangement and as a result of proration, received cash consideration of CAD\$0.53 per share in respect of 95% of its New Shares deposited pursuant to such election and retained the remainder of its New Shares;
- each shareholder that validly elected to exchange their New Shares for warrants, in accordance with the Arrangement and as a result of proration, received warrants in respect of approximately 72.5% of its New Shares deposited pursuant to such election and retained the remainder of its New Shares;
- each of the subscription receipts (the “**Subscription Receipts**”) issued pursuant to the Corporation’s private placement of 73,738,548 Subscription Receipts for gross proceeds of approximately CAD\$40.6 million automatically converted, for no further consideration and without any further action by the holder thereof, into one (1) Share with each such Share immediately exchanged for one (1) New Share;
- the Corporation acquired Great Lakes Senior MLC I LLC (“**GL SPV**”), a newly formed entity established by an affiliate of BC Partners Investment Holdings Limited (“**BCPIHL**”) in connection with the transactions contemplated by the Arrangement, in exchange for the issuance to BCPIHL of an aggregate of 3,292,952 New Shares (411,619 common shares after giving effect to the Consolidation completed on December 3, 2019); and

- the Corporation changed its name from “Marret Resource Corp.” to “Mount Logan Capital Inc.”.

For more information regarding the Arrangement, please see “General Development of the Business”.

On December 3, 2019, the Corporation filed articles of amendment providing for the consolidation of the issued and outstanding common shares of the Corporation on the basis of one (1) post-consolidation share for every eight (8) pre-consolidation shares (the “**Consolidation**”).

The head office of the Corporation is located at 650 Madison Avenue, 23rd Floor, New York, NY 10022 and the registered office of the Corporation is located at 365 Bay Street, Suite 800, Toronto, ON M5H 2V1.

Structure of the Corporation

The Corporation has two wholly-owned subsidiaries, being GL SPV and Mount Logan Management, LLC (“**ML Management**”), both limited liability companies formed under the laws of the State of Delaware.

GENERAL DEVELOPMENT OF THE BUSINESS

Over the past three completed financial years of the Corporation to the date of completion of the Arrangement, the Corporation (in its prior name of “Marret Resource Corp.”) was focused on natural resource lending and its business was primarily directed to investing in public and private debt securities of, and making term loans (including bridge and mezzanine debt) to, issuers in a broad range of natural resource sectors, including energy, base and precious metals and other commodities, and issuers involved in exploration and development. The Corporation’s business also included financing other resource-related businesses and investing in public and private equity and quasi-equity securities. The Corporation’s investment strategy was to seek to generate income mainly from its lending activities, while taking advantage of additional upside through equity participation in the companies which it financed. During this period, the Corporation appointed Marret Asset Management Inc. (the “**Manager**”) to manage the operations, business and affairs of the Corporation and to provide all necessary or advisable administrative services and facilities as set forth in the management services agreement between the Corporation and the Manager dated December 23, 2010, as amended (the “**Management Services Agreement**”). Such services included implementing decisions of the board of directors of the Corporation (the “**Board of Directors**”), administering day-to-day business affairs, including the Corporation’s day-to-day investment operations and assisting in compliance with regulatory and securities legislation.

Since 2014, the Corporation from time to time considered various alternatives to deal with the significant trading price discount to the net asset value of its common shares, owing to a certain extent to the material deterioration in commodity prices and related securities, and to the consequent lack of liquidity on its common shares. The alternatives considered included liquidity initiatives, modifications to the Corporation’s business strategy, potential divestitures of assets and the sale of the Corporation.

On June 29, 2015, following the receipt of shareholder approval, the Corporation implemented a previously announced proposal to, among other things, redeem a sufficient number of common shares by mid-October 2015 to return substantially all of its capital to shareholders on a pro rata basis except for an amount representing its investment in Cline plus a reserve amount of CAD\$8.0 million.

Since that time, the Corporation continued to consider all available options that may be in the best interests of the Corporation and its shareholders. In connection with its strategic review, at the end of 2017, the Corporation contacted various potential parties operating in an industry complementary to the Corporation’s then current business asking for expressions of interest in pursuing a transaction. Two parties, including BC Partners Advisors L.P. (“**BC Partners**”), a leading international investment firm, responded to the Corporation’s request for expressions of interest and the Corporation began negotiations with each. Negotiations continued during the first quarter of 2018 with draft letters of intent being circulated between the Corporation and the parties. A letter of intent setting out the principal terms of the Arrangement was entered into between the Corporation and BC Partners on April 20, 2018 (the “**Letter of Intent**”). The Corporation determined to pursue the Arrangement in order to improve the Corporation’s risk profile

by permitting the Corporation to broaden its focus from natural resource lending to a broader lending-oriented credit platform. In addition to the Financing (as defined below) greatly improving the liquidity and capitalization of the Corporation, it was anticipated that the broadening of the Corporation's investment strategy beyond the natural resource sector would place the Corporation in a position to take advantage of a larger pool of investment opportunities in order to deliver a strong risk-adjusted return on capital.

On April 23, 2018, the Corporation announced that, pursuant to the terms of the Letter of Intent, the Corporation proposed to raise not less than CAD\$25.0 million through a "best efforts" brokered private placement (the "**Financing**") of Subscription Receipts at a price of CAD\$0.55 per Subscription Receipt. On each of June 27, 2018, August 30, 2018 and October 11, 2018 the Corporation announced the closing of a tranche of the Financing. The total Financing consisted of the issuance of 73,738,548 Subscription Receipts for gross proceeds of approximately CAD\$40.6 million.

On July 27, 2018, the Corporation announced that it had entered into a definitive arrangement agreement in respect of the Arrangement.

On September 19, 2018, the Corporation announced that it had received conditional approval to list on the Neo Exchange Inc. (the "**NEO Exchange**"). In connection with its proposed listing on the NEO Exchange, the Corporation announced that it would apply to voluntarily delist from the Toronto Stock Exchange.

On September 28, 2018, shareholders of the Corporation approved the Arrangement at a special meeting of shareholders convened for such purpose.

On October 19, 2018, and prior to the completion of the Arrangement, GL SPV entered into definitive agreements (collectively, the "**SPV Loan Agreements**") pursuant to which it would acquire an initial seed portfolio of primarily U.S.-based senior secured loans. The SPV Loan Agreements also permit GL SPV to acquire from a leading U.S. based loan provider ("**Loan Partner**") additional loans to be agreed to between GL SPV and the Loan Partner. In connection with the SPV Loan Agreements, GL SPV and the Loan Partner also entered into an administration agreement (the "**Administration Agreement**") whereby the Loan Partner will provide GL SPV with certain administrative services. The Administration Agreement sets out the procedures by which GL SPV will select the loans to be assigned under the SPV Loan Agreements, including timing to select loans and the funding thereof, while the purchase price for the loans will be set out in purchase commitment letters (the "**Loan Program**"). The purchase price for each loan will be an amount (not to exceed par) to be agreed between GL SPV and the Loan Partner. The Loan Partner is required to provide additional services under the Administration Agreement including, but not limited to, providing detailed information to GL SPV on each loan and permitting GL SPV to conduct due diligence on the borrower. Each loan acquired under the Loan Program will be based on GL SPV's investment criteria described elsewhere in this Annual Information Form.

On October 19, 2018, and following the entering into of the SPV Loan Agreements, the Arrangement was completed pursuant to which, among other things, each Subscription Receipt was ultimately converted into one common share of the Corporation, the net proceeds of the Financing were released to the Corporation and the Corporation acquired all of the issued and outstanding securities of GL SPV in exchange for the issuance to BCPIHL of common shares of the Corporation.

Immediately following the completion of the Arrangement, the Corporation (through its wholly-owned subsidiary, GL SPV, and pursuant to the SPV Loan Agreements) completed the acquisition of loans and debt instruments in the aggregate principal amount of approximately \$16.0 million. Immediately thereafter, the Corporation directly completed the acquisition of approximately an additional \$7.3 million and CAD\$5.1 million of loans sourced from BC Partners. The loans and debt instruments directly and indirectly acquired by the Corporation formed the Corporation's initial seed portfolio. The direct and indirect acquisition of the loans and debt instruments comprising the initial seed portfolio required disclosure under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* and the Corporation filed a Form 51-102F4 (Business Acquisition Report) in respect thereof.

In connection with the completion of the Arrangement, the Management Services Agreement was terminated, provided that the Manager and the Corporation agreed that the Manager shall continue to manage the Corporation's

investment in Cline for a fee equal to 1% of the net proceeds of any distribution made by Cline in a particular year or 1% of the net proceeds to the Corporation from a sale of the Corporation's interest in Cline.

On November 28, 2018, the Corporation announced its commitment of \$10.0 million (to be drawn over time) to invest alongside BC Partners in a unitranche lending program. Funding of \$5.0 million was made under this program during 2018, with an additional \$4.5 million during 2019.

On February 22, 2019, GL SPV entered into a facility and security agreement ("**Loan Facility**") of up to \$50.0 million with a large financial institution as initial lender, and such other additional institutions who from time to time parties thereto (the "**Lender**"). Subsequent to the year ended December 31, 2019, on January 31, 2020, GL SPV entered into an amendment to the Loan Facility pursuant to which, among other things, the maturity date was extended from February 21, 2020 to February 19, 2021. On March 23, 2020, the Corporation reached an agreement in principal with the Lender for the Loan Facility such that the applicable ramp-up period for the Loan Facility would be deferred to on or about September 30, 2020 and the increase in the facility size to \$50.0 million would be deferred to a later date.

On July 15, 2019, the Manager announced that Cline entered into a conditional term sheet for the proposed sale by Cline to Allegiance Coal Limited of all the shares in New Elk Coal Company, LLC ("**NECC**"). NECC owns the New Elk Coal hard coking coal mine located in southeast Colorado. Subsequent to the year ended December 31, 2019, on January 22, 2020, the Manager announced that Cline had entered into a binding agreement for the sale by Cline to Allegiance Coal Limited of all the shares in NECC. The total acquisition cost is CAD\$55.0 million to be comprised of a mix of cash, shares of Allegiance Coal Limited and deferred cash payments that will be subject to certain conditions. Completion of the sale must take place before July 15, 2020 and is subject to certain conditions, including Allegiance Coal Limited raising start-up capital for the mine, which was estimated to be CAD\$55.0 million at the time of the announcement. The Corporation has written-down the fair value of Cline to reflect the net present value of expected proceeds from the proposed sale.

On August 19, 2019, ML Management, a wholly-owned subsidiary of the Corporation, entered into a monitoring agreement with BC Partners pursuant to which, among other things, ML Management receives a fee for providing monitoring services in respect of certain investments managed by BC Partners, all as agreed to by ML Management and BC Partners from time to time.

On September 10, 2019, the Corporation completed a non-brokered private placement of an aggregate of 2,968,751 common shares (371,093 common shares after giving effect to the Consolidation completed on December 3, 2019) at a price of CAD\$0.56 per share for gross proceeds of \$1.3 million.

On December 3, 2019, the Corporation completed the Consolidation of the issued and outstanding common shares of the Corporation on the basis of one (1) post-Consolidation share for every eight (8) pre-Consolidation shares. The exercise price and number of common shares of the Corporation issuable upon the exercise of outstanding warrants of the Corporation was adjusted accordingly.

On December 4, 2019, the Corporation announced the declaration of a cash dividend in the amount of CAD\$0.02 per post-Consolidation common share payable to shareholders of record as of December 13, 2019. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

Description of the Business

The Corporation is an investment firm primarily focused on investing in public and private debt securities. The Corporation holds and actively manages and monitors a portfolio of loans and other investments with credit-oriented characteristics. The Corporation's business plan includes actively sourcing, evaluating, underwriting, monitoring, and primarily investing in 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. See "Investment Objective and Strategy" for additional information.

The Corporation applies rigorous and deep due diligence to the credit opportunities it assesses. Priorities include: establishing downside protection and principal preservation through financial and structural protections; seeking to generate attractive returns utilizing the skill and experience of management; and leveraging the expertise and network of management.

While focused on senior secured middle-market credit, depending on market conditions, the Corporation may evaluate employing a variety of credit investing strategies as part of its investment program. These could include: leveraged yield strategies; private and mezzanine lending and structured equity; dislocated structured credit/regulatory capital investments; and other credit-oriented investments. Further information below:

- Leveraged Yield Strategies:
 - Low leveraged bank loan funds: primarily secured bank loans with low loan-to-value metrics and selective and prudent financing at the asset level. This is a strategy typically employed during periods of market or sector dislocation or when an individual company's loans do not reflect true fundamental value.
 - Synthetic baskets: investments in par or near-par performing bank loans via Total Return Swaps or similar structures.
- Private and Mezzanine Lending and Structured Equity:
 - Private and mezzanine lending: providing creative financing solutions to borrowers with custom documentation. Borrowers in the middle-market seek resourceful financing partners that have industry expertise, can provide certainty of execution, and can transact on an expedited timeline.
 - Structured equity: invests in minority structured convertible preferred equity with significant downside protection through company selection and robust negative controls.
- Dislocated Structured Credit/Regulatory Capital:
 - Primary and secondary structured products: opportunistic investments in non-traditional credit instruments with varying counterparty credit risk.
 - Regulatory capital relief: structured financing solutions to mitigate regulatory capital constraints for borrowers. Rising regulatory capital requirements for financial institutions create an opportunity for non-traditional capital providers to structure capital solution programs aimed at mitigating banks' risk of near-term capital losses in return for insurance-like payments on first loss pieces assumed by financial investors.

Investments are expected to be made primarily in developed markets with a focus on North America, although the Corporation may invest in markets outside of North America if the Corporation identifies investment opportunities that offer particular value.

Investment Objective and Strategy

The Corporation's investment objective is to achieve income and potential capital gains, with an attractive risk adjusted return, low volatility, with low risk of principal impairment through the credit cycle.

In order to achieve its investment objective, the Corporation plans to invest primarily in public and private debt securities (including bridge and mezzanine debt) to issuers across a broad range of industries. The Corporation has invested, and may continue to invest, in, and may sell short, corporate debt (both investment grade and non-investment grade), bank loans and commitments, debt with equity warrants attached to the debt, structured equity, structured credit, and convertible debt. The debt securities in which the Corporation invests may be unrated. The Corporation may also purchase, and may sell short, common shares, preferred shares, futures, various over-the counter credit and/or index derivatives and other securities in accordance with the investment objective and restrictions set forth in the Corporation's investment policy as described herein.

The Corporation has invested, and intends to continue to invest, primarily in developed market with a primary focus on North American securities and credit instruments. However, the Corporation may invest in markets outside of North America if the Corporation identifies investment opportunities that offer particular value. The Corporation may also invest in government debt securities. The Corporation may invest across all market capitalization sizes, including small and medium-sized business entities. The Corporation may make use of leverage by purchasing securities on margin or investing borrowed cash.

From time to time, the Corporation may invest a portion of its assets in money market funds, debt securities of the Canadian government, provincial governments, the United States government or other cash equivalents. In addition, during periods in which the Corporation believes that acceptable investments are not available, or under unusual market conditions, a substantial portion or all of the Corporation's assets may be temporarily invested in such securities.

The Board of Directors reserves the right to revisit and amend the Corporation's investment policy as market conditions warrant.

Investment Restrictions

The Corporation conducts its activities within the general parameters of its investment objective and strategy but subject to certain specific restrictions. In pursuing its investment strategy, the Corporation generally aims to adhere to the following investment restrictions:

- Diversification: The net amount invested by the Corporation in the investments of any one issuer (on a look through basis) will not exceed 20% of the portfolio of the Corporation, as determined at the time of such investment other than securities issued or guaranteed by the Government of Canada, the Government of the United States or a province, state or territory thereof.
- Foreign Exposure: The net amount invested by the Corporation in securities outside of Canada and the United States will not exceed 50% of the net asset value of the Corporation, as determined at the time of such investment.
- Liquidity: The nature of the Corporation's business allows for investments in public and private securities, and there are no specific restrictions on the liquidity of the assets in which the Corporation may invest. However, management of the Corporation will seek to ensure that the Corporation's investment portfolio has sufficient liquidity to satisfy any borrowing obligations, to manage the dividend policy, if any, adopted by the Board of Directors from time to time and any share buy-back arrangements.
- Hedging: The Corporation may also use derivatives to hedge credit risk, its exposure to changes in interest rates and currency fluctuations and to gain exposure to individual securities and markets instead of directly buying the securities. The Corporation may use treasury futures and/or government bonds to hedge against changes in interest rates. The Corporation may use credit default swaps and credit default indices to hedge credit risk.

Portfolio Investments

As of December 31, 2019, the holdings of the Corporation consisted of the assets described in the table below:

Company ⁽⁶⁾	Investment	Spread Above Index ⁽¹⁾	Interest	Maturity Date	Currency	Par / Shares	Cost	Fair Value
Debt investments								
Loans								
Consumer								
League Collegiate Holdings, LLC	First Lien Loan	L+475	6.50%	5/1/2024	USD	\$ 4,938	\$ 4,900	\$ 4,789
League Collegiate Holdings, LLC ⁽³⁾⁽⁴⁾⁽⁵⁾	First Lien Delayed							
	Draw Term Loan	L+475	1.00%	5/1/2024	USD	—	(3)	(13)
SW Ingredients Holdings, LLC	First Lien Loan	L+425	5.91%	7/3/2025	USD	4,937	4,918	4,937
Welcome Dairy, LLC	First Lien Loan	L+450	6.30%	6/28/2025	USD	1,781	1,745	1,738
Welcome Dairy, LLC ⁽³⁾⁽⁴⁾⁽⁵⁾	First Lien Delayed							
	Draw Term Loan	NA	0.50%	6/28/2025	USD	—	(1)	(2)
Total consumer							11,559	11,449
Financials								
Actisure, LLC ⁽²⁾	First Lien Loan	L+425	6.19%	11/22/2023	USD	3,959	3,953	3,977
Alera Group Intermediate Holdings, Inc.	First Lien Loan	L+450	6.30%	8/1/2025	USD	3,980	3,977	4,009
CION Investment Group, LLC ⁽⁷⁾	Promissory Note	NA	8.00%	6/30/2029	USD	3,088	3,088	3,068
Total financials							10,998	11,054
Healthcare								
Radiology Partners, Inc. ⁽²⁾	First Lien Loan	L+475	6.66%	7/9/2025	USD	1,444	1,436	1,453
Total healthcare							1,436	1,453
Industrials								
Gladson, LLC	First Lien Loan	L+550	7.34%	10/24/2024	USD	1,979	1,942	1,940
PHI, Inc.	First Lien Loan	L+700	8.80%	9/4/2024	USD	2,148	2,107	2,128
TCP Sunbelt Acquisition Co.	First Lien Loan	L+450	6.44%	5/31/2024	USD	4,046	4,913	4,847
Tenco Holdings LLC	First Lien Loan	L+525	6.99%	7/12/2025	USD	4,988	4,800	4,758
Total industrials							13,762	13,673
Information technology								
The Dun & Bradstreet Corporation ⁽²⁾	First Lien Loan	L+500	6.79%	2/9/2026	USD	5,000	4,998	5,050
Idera, Inc.	First Lien Loan	L+450	6.30%	6/28/2024	USD	3,084	3,070	3,100
Monotype Imaging Holdings Inc.	First Lien Loan	L+550	7.44%	10/11/2026	USD	2,000	1,880	1,880
Wesco Group, LLC	First Lien Loan	L+425	6.20%	6/15/2024	USD	3,456	3,430	3,422
Total information technology							13,378	13,452
Total loans							51,133	51,081
Bonds								
Cline Mining Corporation ⁽⁷⁾				7/8/2022	CAD	8,304	6,394	3,876
Total bonds							6,394	3,876
Total debt investments							57,527	54,957
Equity investments								
BCP Great Lakes Holdings LP ⁽⁷⁾					USD		9,472	9,532
Cline Mining Corporation ⁽⁷⁾					CAD	2,075,595	411	—
Total equity investments							9,883	9,532
Total investments							\$ 67,410	\$ 64,489

- (1) The majority of the investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L"), which resets monthly, quarterly, or semiannually. For each such investment, the Corporation has provided the spread over LIBOR and the current contractual interest rate in effect at December 31, 2019.
- (2) Other than the investments noted by this footnote, the fair value of the Corporation's investments is determined using unobservable inputs that are significant to the overall fair value measurement.
- (3) Position is an unfunded loan commitment. See Note 11 "Commitments and Contingencies" to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019.
- (4) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan. The negative fair value is the result of the capitalized discount on the loan.
- (5) The maturity date represents the commitment period of the unfunded term loan.
- (6) Unless otherwise indicated, the Corporation's portfolio companies are pledged as collateral to secure Great Lakes Senior MLC I LLC's debt obligation outstanding under the Loan Facility. See note 7 "Credit Facility" to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019.
- (7) Investment is not pledged as collateral for the Loan Facility.

Competitive Conditions

A large number of entities compete with the Corporation to make the types of investments that the Corporation makes in debt instruments. The Corporation competes with public and private funds, commercial and investment banks, merchant banks, commercial financing companies, institutional investors, strategic investors and, to the extent they provide an alternative form of financing, private equity funds. Many of these groups are substantially larger and have considerably greater financial, technical and marketing resources than the Corporation. See "Risk Factors".

Employees

The Corporation's day-to-day investment operations are conducted by its four (4) executive officers. Each of the executive officers dedicates sufficient time and resources to manage the Corporation.

Foreign Operations

The Corporation's wholly-owned subsidiary, GL SPV, a limited liability company formed under the laws of the State of Delaware, is a U.S. entity that owns a majority of the investment portfolio holdings. The Corporation's wholly-owned subsidiary, ML Management, is a limited liability company formed under the laws of the State of Delaware for the purpose of entering into the monitoring agreement pursuant to which, among other things, ML Management receives a fee for providing monitoring services in respect of certain investments managed by BC Partners. There are currently no other operations in any other foreign jurisdictions other than specified above.

Reorganizations

During the 2018 fiscal year, the Corporation completed the Arrangement as described above.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of Preference Shares, issuable in series, of which there were 10,604,998 common shares and no Preference Shares outstanding as of December 31, 2019. As of the date of this Annual Information form, there are 10,604,998 common shares and no Preference Shares outstanding.

Common Shares

Each of the Corporation's common shares entitles the holder to: (a) receive dividends, if, as and when declared by the Board of Directors, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the common shares in respect of dividends; (b) receive notice of and to attend all annual and special meetings of the shareholders and to receive two (2) votes in respect of each common share held at all such meetings; and (c) in the event of liquidation, dissolution or winding up, or other distribution of the assets among shareholders for the purpose of winding up the Corporation's affairs, subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the common shares in respect of return of capital on dissolution, to share ratably, together with the holders of any other class of shares of the Corporation ranking equally with the common shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution.

Preference Shares

Preference Shares may be issued at any time and from time to time in one or more series. Subject to the rights, privileges, restrictions and conditions attached to the Preference Shares as a class, the articles of the Corporation and the provisions of the OBCA, the Board of Directors will, prior to the issue of Preference Shares of any series, by resolution fix the number of Preference Shares in such series and determine the designation of, and the rights, privileges, restrictions and conditions attached to, the Preference Shares of such series.

Except as required by the OBCA or in accordance with any voting rights which may be attached to any series of Preference Shares, the holders of Preference Shares are not entitled to receive notice of, or to attend, any meeting of the shareholders of the Corporation and are not entitled to vote at any such meeting provided that the holders of Preference Shares are entitled to receive notice of meetings of the shareholders of the Corporation called for the purpose of authorizing the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business of the Corporation. Subject to the provisions of the OBCA, the holders of

Preference Shares or any series thereof are not, unless the rights, privileges, restrictions and conditions attached to the Preference Shares as a class or to any particular series thereof provide to the contrary, entitled to vote separately as a class or series on, or to dissent in respect of, any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Preference Shares or any series thereof, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Preference Shares or any series thereof; (b) effect an exchange, reclassification or cancellation of all or part of the Preference Shares or any series thereof; or (c) create a new class or series of shares equal or superior to the Preference Shares or any series thereof.

With respect to the payment of dividends and the distribution of the property and assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, the Preference Shares of each series, rank (a) *pari passu* with the Preference Shares of every other series and the shares of any other class of shares of the Corporation ranking equally with the Preference Shares, (b) senior to the common shares and the shares of any other class of shares of the Corporation ranking junior to the Preference Shares, and (c) junior to the shares of any class of shares of the Corporation ranking senior to the Preference Shares. The Preference Shares of any series are also entitled to such other preferences, not inconsistent with the articles of the Corporation, over the common shares and the shares of any other class of shares of the Corporation ranking junior to the Preference Shares as may be fixed by the Board of Directors prior to the issue thereof.

The rights, privileges, restrictions and conditions attached to the Preference Shares as a class may be added to, changed or removed only with the approval of the holders of Preference Shares given in accordance with the requirements of the OBCA and the articles of the Corporation.

Warrants

On closing of the Arrangement and in accordance with the terms of the Arrangement, the Corporation issued to shareholders who made an election to acquire warrants under the Arrangement, warrants to acquire an aggregate of 20,468,128 common shares of the Corporation (the “**Warrants**”). As at December 31, 2019, the Corporation had 20,468,128 Warrants outstanding which are exercisable at any time up to October 19, 2025. As a result of the Consolidation completed on December 3, 2019, every eight (8) Warrants entitle the holder to receive, upon exercise, one common share of the Corporation at a price of CAD\$6.16 per common share. Accordingly, an aggregate of up to 2,558,516 common shares are issuable upon the exercise of the 20,468,128 outstanding Warrants as at December 31, 2019.

Options and Awards

The Corporation has in place a stock option plan (the “**2019 Option Plan**”) and a performance and restricted share unit plan (the “**PR Plan**”). There were no options or awards outstanding under either the 2019 Option Plan or the PR Plan as at December 31, 2019.

Contingent Value Rights or CVRs

On closing of the Arrangement and in accordance with the terms of the Arrangement, the Corporation issued to its shareholders an aggregate of 17,288,140 CVRs. As part of the Arrangement, each shareholder of the Corporation (other than U.S. Shareholders) received one (1) CVR in respect of Cline for each common share held as of the record date for the determination of shareholders entitled to receive CVRs. Pursuant to the indenture governing the terms of the CVRs, the Corporation will seek to dispose of Cline for the five (5) year period following the closing of the Arrangement and will distribute to the holders of CVRs: (a) distributions received from Cline; and (b) the net proceeds from the sale of the Corporation’s holdings in Cline (each, a “**Contingent Payment Event**”). The Corporation has made certain covenants in connection with the CVRs including that the Corporation will use commercially reasonable efforts to dispose of, in one or more transactions, all of the debt and equity securities and instruments of Cline which the Corporation held at the closing of the Arrangement, and any other securities and instruments exchanged, exercised or converted therefore, in a manner the Board of Directors reasonably believes is likely to maximize the aggregate payment per CVR.

DIVIDENDS AND DISTRIBUTIONS

Dividend Policy

The payment of any cash dividend to shareholders of the Corporation in the future will be at the discretion of the Board of Directors and will depend on, among other things, the financial condition, capital requirements and earnings of the Corporation, and any other factors that the Board of Directors may consider relevant. See “Risk Factors”.

The OBCA provides that a corporation may not declare or pay a dividend if there are reasonable grounds for believing that the corporation is, or would be after the payment of the dividend, unable to pay its liabilities as they become due or the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of all classes of shares of its capital. Furthermore, holders of common shares may be subject to the prior dividend rights of holders of the Preference Shares, if any, then outstanding.

Dividends and Distributions

During the years ended December 31, 2017 and 2018, the Corporation did not declare or pay any dividends or make any distributions on the common shares of the Corporation. On December 4, 2019, the Corporation announced the declaration of a cash dividend in the amount of CAD\$0.02 per post-Consolidation common share payable to shareholders of record as of December 13, 2019. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

MARKET FOR SECURITIES

The common shares of the Corporation are listed and posted for trading on the NEO Exchange under the symbol “MLC”.

Trading Price and Volume

The following table sets out the aggregate volumes of trading and the price ranges (including intraday prices) of the common shares on the NEO Exchange for the period beginning on January 1, 2019 and ending on December 31, 2019, all presented on a post-Consolidation basis.

Period	High (CAD\$)	Low (CAD\$)	Volume
January 2019	4.24	3.68	265,787
February 2019	3.84	3.28	209,356
March 2019	4.00	3.28	140,012
April 2019	3.84	3.36	1,359,066
May 2019	3.60	3.44	508,683
June 2019	3.60	3.44	16,888
July 2019	3.92	3.36	349,119
August 2019	3.96	3.20	158,813
September 2019.....	3.84	3.48	87,638
October 2019.....	3.76	2.96	1,076,573
November 2019.....	4.00	3.08	33,473
December 2019 ⁽¹⁾	3.56	2.51	544,355

Note:

(1) On December 3, 2019, the common shares of the Corporation commenced trading on a post-Consolidation basis.

Prior Sales

On closing of the Arrangement on October 19, 2018 and in accordance with the terms of the Arrangement, the Corporation issued an aggregate of 20,468,128 Warrants and an aggregate of 17,288,140 CVRs. Neither the

Warrants nor the CVRs are listed or quoted on a marketplace. See “Description of Capital Structure” for additional details.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following table summarizes details of the Corporation’s securities of each class held, to the Corporation’s knowledge, in escrow or that are subject to a contractual restriction on transfer as of December 31, 2019. All figures in the below table regarding common shares of the Corporation are presented on a post-Consolidation basis.

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common shares	149,350 ⁽¹⁾	1.40% ⁽²⁾

Notes:

- (1) In connection with the Arrangement and the offering of the Subscription Receipts, certain significant security holders of the Corporation and certain former and current officers and directors of the Corporation entered into lock-up agreements in respect of their securities of the Corporation with the Corporation and GMP Securities L.P., the lead agent in respect of the offering of the Subscription Receipts (collectively, the “**Lock-Up Agreements**”). Pursuant to the Lock-Up Agreements, holders of an aggregate of 149,350 common shares as of December 31, 2019 agreed not to directly or indirectly sell, transfer, or otherwise dispose of or deal with any securities of the Corporation held by them until the date that is thirty-six months after the closing of the Arrangement on October 19, 2018.
- (2) Based on 10,604,998 common shares of the Corporation issued and outstanding as at December 31, 2019.

DIRECTORS AND OFFICERS

Directors and Officers

The following table sets forth, for each of the directors and executive officers of the Corporation as of the date hereof, the person’s name, jurisdiction of residence, position and office held with the Corporation, principal occupation during the last five years and, if a director, the period or periods during which the person has served as a director of the Corporation. Each of the directors of the Corporation will hold office until the close of the next annual meeting of the shareholders of the Corporation unless his or her office is earlier vacated in accordance with the by-laws of the Corporation. As of December 31, 2019, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 397,860 common shares of the Corporation, representing approximately 3.75% of the then outstanding common shares.

Name and Jurisdiction of Residence	Position	Principal Occupation	Director Since
Edward Goldthorpe New York, USA	Director, Chief Executive Officer	Partner in charge of the Global Credit Business for BC Partners since February 2017. Prior to that, President and Chief Investment Officer of Apollo Investment Corporation.	October 19, 2018
Graeme Dell ⁽¹⁾ London, UK	Director	Partner and COO at BC Partners since 2014. Prior to that, Group Finance Director at Ashmore Group plc (asset management firm).	October 19, 2018
Perry Dellelce ⁽²⁾⁽³⁾ Ontario, Canada	Director	Managing Partner of Wildeboer Dellelce LLP.	October 19, 2018
Sabrina Liak ⁽¹⁾⁽²⁾⁽³⁾ British Columbia, Canada	Lead Director	Managing Partner of ALOI Investment Management (investment and advisory firm) since 2016. Prior to that, Managing Director and Portfolio Manager at Goldman Sachs – New York.	October 19, 2018

Radford Small ⁽¹⁾⁽²⁾⁽³⁾ California, USA	Director	Principal at Lightspeed Capital (investment firm) since 2018. Prior to that, Vice President at Tesla from 2016-2018. Prior to that, CFO at Solar City (which was acquired by Tesla) in 2016. Prior to that, Managing Director at Goldman Sachs – San Francisco.	October 19, 2018
Edward Gilpin New York, USA	Chief Financial Officer, Corporate Secretary	Chief Financial Officer, Secretary and Treasurer of Portman Ridge Finance Corp. since June 2012.	N/A
Matthias Ederer New York, USA	Co-President	Managing Director at BC Partners Credit since February 2017. Prior to that, Partner at Wingspan Investment Management since 2013.	N/A
Henry Wang New York, USA	Co-President	Managing Director at BC Partners Credit since February 2017. Prior to that, Partner at Stonerise Capital Partners since 2011.	N/A

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Nominating Committee.
- (3) Member of the Compensation Committee

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

To the best of the knowledge of the Corporation, no director or executive officer of the Corporation is, or was within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

To the best of the knowledge of the Corporation, no director or executive officer of the Corporation or, to the knowledge of the Corporation, shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (a) is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the best of the knowledge of the Corporation, no director or executive officer of the Corporation or, to the knowledge of the Corporation, shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Audit Committee

Under National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), the Corporation is required to include in this Annual Information Form the disclosure required under Form 52-110F1 with respect to the audit committee of the Board of Directors (the “**Audit Committee**”), including the composition of the Audit Committee, the text of the Audit Committee charter (attached to this Annual Information Form as Appendix A), and the fees paid to the Corporation’s external auditor.

Composition of the Audit Committee

The members of the Audit Committee are Mr. Dell (Chair), Ms. Liak, and Mr. Small. All of the members of the Audit Committee are considered to be independent of the Corporation and financially literate for the purposes of NI 52-110.

Relevant Education and Experience

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an audit committee member is set forth below.

Graeme Dell: Mr. Dell has been a qualified accountant since 1992 with the Institute of Chartered Accountants of England & Wales. All professional roles undertaken thereafter have utilized this qualification. He has served in senior financial roles in several companies. Mr. Dell holds a degree in engineering, economics, and management from Oxford University and is an FCA.

Sabrina Liak: Ms. Liak has been qualified as a Chartered Financial Analyst since 2004. She worked as a financial analyst and portfolio manager at Goldman Sachs from 2001-2015. In addition, she has served on the audit committees of two private companies. Ms. Liak holds an HBA from the Richard Ivey School of Business at the University of Western Ontario.

Radford Small: Mr. Small has served in senior management roles in the investment banking and technology industries, most recently as Vice President at Tesla and prior to that as CFO of Solar City. Earlier in his career, he served as a tax attorney. Mr. Small holds a LLM in Tax from the New York University School of Law, a JD from Loyola Law School, and a Bachelor of Arts in Economics from the University of California, Berkeley.

Reliance on Exemptions

The Corporation did not rely on any exemptions from the provisions of NI 52-110 during the year ended December 31, 2019.

Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee charter set out at Appendix A attached hereto provides that the Audit Committee shall review and pre-approve all non-audit services to be provided by the Corporation’s external auditors.

External Auditor Service Fees (By Category)

The aggregate fees billed by KPMG LLP, the external auditor of the Corporation, in each of the last two years ended December 31 are as follows:

<u>Year Ending</u>	<u>Audit Fees⁽¹⁾</u>	<u>Audit Related Fees⁽²⁾</u>	<u>Tax Fees⁽³⁾</u>	<u>All Other Fees⁽⁴⁾</u>
December 31, 2019	CAD\$172,438	CAD\$82,133	Nil	CAD\$97,695
December 31, 2018	CAD\$70,850	CAD\$2,568	CAD\$9,068	CAD\$16,200

Notes:

- (1) Represents fees billed by the Corporation's external auditor for audit fees.
- (2) Represents aggregated fees billed for assurance and related services by the Corporation's external auditor that relate to the performance of limited review procedures in connection with the Corporation's interim financial statements and are not reported under "Audit Fees".
- (3) Represents aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance and tax consultation and advisory.
- (4) Represents aggregate fees billed for products and services provided by the Corporation's external auditor, other than the services reported under "Audit Fees", "Audit Related Fees" and "Tax Fees".

Conflicts of Interest

The Board of Directors supervises the management of the business and affairs of the Corporation in accordance with the provisions of the OBCA. The directors and officers of the Corporation will in all cases be required by law to act honestly and in good faith with a view to the best interest of the Corporation. A director or officer of the Corporation who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation or who is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation is required to disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest. A director who is in conflict may not attend any part of a meeting of directors during which the contract or transaction is discussed and may not vote on any resolution to approve the contract or transaction except in the limited circumstances permitted by the OBCA.

Certain of the Corporation's directors and officers serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business (notably BC Partners) as the Corporation does, or of investment funds managed by the same personnel. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the Corporation's best interests or in the best interest of its stakeholders. The Corporation's investment objective may overlap with the investment objectives of such investment funds, accounts or other investment vehicles. Certain of the Corporation's directors, officers and employees and certain of the Corporation's affiliates will have conflicts of interest in allocating their time between the Corporation and other activities in which they are or may become involved, including the management of BC Partners' affiliated funds. Directors and officers of the Corporation with conflicts of interest will be subject to and required to comply with the procedures set out in the OBCA and other applicable legislation, regulations, rules and policies.

RISK FACTORS

An investment in the securities of the Corporation is subject to various risks and uncertainties, including those set out below, under the heading "Forward-Looking Information" and elsewhere in this Annual Information Form. Such risks and uncertainties should be carefully considered by an investor before making any investment decision. If any of the possibilities described in such risks actually occurs, the Corporation's business, financial condition and operating results could be materially adversely affected. Investors should carefully consider the risks

and uncertainties described below as well as the other information contained in this Annual Information Form. The risks and uncertainties described below are not the only ones the Corporation may face. The following risks, together with additional risks and uncertainties not currently known to the Corporation or that the Corporation may deem immaterial, could impair the Corporation's business, financial condition and results of operations. The market price of the securities of the Corporation could decline if one or more of these risks and uncertainties develop into actual events, and investors may lose all or part of their investment.

Dependence upon key management

The Corporation depends on the business and technical expertise of the Board of Directors and its key personnel. There is little possibility that this dependence will decrease in the near term. As the Corporation's operations expand, additional general management resources will be required. The Corporation, through the Board of Directors, may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Corporation's operations.

Limited operating history for the Corporation's current strategy

Following the completion of the Arrangement, the Corporation changed its investment strategy from a focus on natural resource lending to a broader lending-oriented credit platform. Prior to the Arrangement, the Corporation did not have any record of operating under an investment strategy with a focus on a broader lending-oriented credit platform. As such, the Corporation is subject to all of the business risks and uncertainties associated with the broadening of its business, including the risk that the Corporation will not achieve its financial objectives as estimated by its management. Furthermore, past successes of the Board of Directors in other ventures do not guarantee future successes.

No assurance of profitability

There is no assurance that the Corporation will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Corporation's business development and marketing activities. If the Corporation does not have sufficient capital to fund its operations, it may be required to reduce its operations accordingly.

Risks of fluctuations in the value of the Corporation and the common shares

The net asset value and market value of the common shares will fluctuate with changes in the market value of the Corporation's investments and fluctuations in currency exchange rates. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations who have borrowed from the Corporation and changes in interest rates which may affect the value of interest-bearing securities owned by the Corporation. An investment in the Corporation is speculative and may result in the loss of a substantial portion of a shareholder's investment. Only shareholders who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the Corporation.

The Corporation is exposed to risks associated with changes in market rates

The Corporation is subject to financial market risks, including changes in interest and currency exchange rates. General interest and currency exchange rate fluctuations may have a substantial negative impact on the Corporation's investments and investment opportunities and, accordingly, have a material adverse effect on its ability to achieve its investment objectives and its target rate of return on invested capital. In addition, an increase in interest rates would make it more expensive to use debt for the Corporation's financing needs, if any.

No current market for Warrants

There is currently no market through which the Warrants may be sold, and such a market may not develop and therefore, holders may not be able to resell the Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of

issuer regulation. The Corporation does not intend to apply to list the Warrants on the NEO Exchange or any other stock exchange.

Financing risks

Additional funding will be required for the Corporation to acquire new loans. There is no assurance that any such funds will be available or available on favourable terms. Failure to obtain additional financing, if required, on a timely basis, could cause the Corporation to reduce or delay its operations. The primary source of funds currently available to the Corporation is derived from the issuance of equity and under the Loan Facility. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation.

Credit risks

The assets and other debt securities in which the Corporation invests are subject to credit and liquidity risk. Any loan investment may become a defaulted obligation for a variety of reasons, including non-payment of principal or interest, as well as covenant violations by the borrower in respect of the underlying loan documents. A defaulted loan may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted loan. In addition, such negotiations or restructuring may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted loan. In addition, substantial costs and resources in such situations may be imposed on the Corporation, further affecting the value of the investment. The liquidity in defaulted loans may also be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the net asset value of the Corporation and consequently, the market value of the common shares.

Due diligence risks

The due diligence process undertaken by the Corporation in connection with investments that it makes or wishes to make, may not reveal all relevant facts in connection with an investment. Before making investments, the Corporation will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Corporation may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Corporation relies on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary.

Price declines in the medium- and large-sized corporate debt market may adversely affect the fair value of the Corporation's portfolio, reducing the net asset value of the Corporation through increased net unrealized depreciation

Conditions in the medium- and large-sized corporate debt market may deteriorate, as seen during the recent financial crisis, which may cause pricing levels to similarly decline or be volatile. During the financial crisis, many institutions were forced to raise cash by selling their interests in performing assets in order to satisfy margin requirements or the equivalent of margin requirements imposed by their lenders and/or, in the case of hedge funds and other investment vehicles, to satisfy widespread redemption requests. This resulted in a forced deleveraging cycle of price declines, compulsory sales, and further price declines, with falling underlying credit values, and other constraints resulting from the credit crisis generating further selling pressure. If similar events again occurred in the medium- and large-sized corporate debt market, the net asset value of the Corporation could decline through an increase in unrealized depreciation and incurrence of realized losses in connection with the sale of the Corporation's investments, which could have a material adverse impact on the Corporation's business, financial condition and results of operations.

Financing of mid-market businesses

The Corporation's loan portfolio consists and is expected to consist primarily of loans provided to mid-market businesses, including privately-owned companies, many of which do not publicly report their financial condition and are not subject to the same accounting rules and securities laws that govern disclosure and financial controls of public companies. Compared to larger, publicly-traded companies, loans offered to these types of businesses may carry more inherent risk. Borrowers of the Corporation may generally have limited access to capital and have higher funding costs. Such businesses may need more capital to expand or compete, and may be unable to obtain financing from public capital markets or from traditional sources, such as commercial banks. Mid-market businesses may also have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, because many of the borrowers of the Corporation do not publicly report their financial condition and may not have sophisticated financial controls and oversight, the Corporation is more susceptible to a client's misrepresentation. The failure of a borrower to accurately report its financial position could result in the Corporation providing loans to a borrower that does not meet the Corporation's underwriting criteria, defaults on payments owing to the Corporation, the loss of some or all of the principal of a loan, or non-compliance by a borrower with applicable covenants. Accordingly, loans offered to these types of businesses involve higher risk than loans offered to larger businesses with greater financial resources or that are otherwise able to access traditional credit sources.

Dependence on the performance of borrower clients

The Corporation is dependent on the operations, assets and financial health of borrowers to which it directly and indirectly provides capital. If the financial performance of borrowers decline, cash payments to the Corporation will likely decline. The failure of any borrower to fulfill its payment obligations to the Corporation could adversely affect the Corporation's financial condition and cash flow.

Risks facing borrower clients

Each borrower client is also subject to risks which affects their financial condition. As the Corporation is not privy to all aspects of its clients' businesses, it is impossible to predict exactly what risks borrowers will face. Nonetheless, typical risks include the following: (i) the success of the Corporation's borrowers may depend on the management talents and efforts of certain key persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse effect on a borrower; (ii) borrowers may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, or is not available on beneficial terms, the financial performance and development of the businesses of the borrowers may be adversely affected; (iii) damage to the reputation of the borrowers' brands could negatively impact consumer opinion of those businesses or their related products and services, which could have an adverse effect on their business; (iv) borrowers may face competition, including competition from companies with greater financial or other resources, more extensive development, manufacturing, marketing, and other capabilities. There can be no assurance that the Corporation's borrower clients will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses; (v) borrowers may experience reduced revenues from the loss of one or more customers representing a high percentage of their revenues; (vi) borrowers may experience reduced revenues due to an inability to meet regulatory requirements, or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government; (vii) borrowers may rely on government or other subsidy programs for revenue or profit generation. Changes to or elimination of such programs may have an adverse effect on the borrower; and (viii) borrowers may derive some of their revenues from foreign sources and may experience negative financial results based on foreign exchange losses, hedging costs or foreign investment restrictions.

Prepayment by borrower client

Certain of the loans provided by the Corporation may be prepayable by the borrowers, subject to prepayment penalties. The Corporation is unable to predict if or when a borrower will make a prepayment. Typically, a borrower's decision to prepay depends on its continued positive economic performance and the existence of favourable financing

market conditions that permit the borrower to replace its existing financing with less expensive capital. As market conditions change frequently, it is difficult to predict if or when a borrower may deem market and business conditions to be favourable for prepayment. Prepayment by a borrower may have the effect of reducing the achievable yield of the loan to a level below that which was anticipated by the Corporation. Such a reduction may occur when the Corporation is unable to invest the funds prepaid by the borrower in other transactions with an expected yield greater than or equal to the yield the Corporation expected to receive from the prepaying borrower.

Default by and bankruptcy of a borrower client

A borrower's failure to satisfy its borrowing obligations, including any covenants imposed by the Corporation, could lead to defaults and the termination of the borrower's loans and enforcement against its assets. In order to protect and recover its investments, the Corporation may be required to bear significant expenses (including legal, accounting, valuation and transaction expenses) to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting borrower. In certain circumstances, a borrower's default under one loan could also trigger cross-defaults under other agreements and jeopardize that borrower's ability to meet its obligations under a loan agreement it may have with the Corporation.

Second priority liens on collateral securing debt investments that the Corporation makes to its portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and the Corporation

Certain debt investments that the Corporation makes in portfolio companies may be secured on a second priority basis by the same collateral securing first priority debt of such companies. The first priority liens on the collateral will secure the portfolio Corporation's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the Corporation under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before the Corporation. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the debt obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the debt obligations secured by the second priority liens, then the Corporation, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the Corporation's remaining assets, if any.

The rights the Corporation may have with respect to the collateral securing the debt investments it makes to its portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that the Corporation enters into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. The Corporation may not have the ability to control or direct such actions, even if its rights are adversely affected.

Collateral securing the Corporation's loans

Where the loans provided by the Corporation are secured by a lien on specified collateral of the borrower (particularly inventory, receivables and tangible fixed assets), there is no assurance that the Corporation will have obtained or properly perfected its liens, or that the value of the collateral securing any particular loan will protect the Corporation from suffering a partial or complete loss if the loan becomes non-performing and the Corporation moves to enforce against the collateral. In such event, the Corporation could suffer losses that could have a material adverse effect. In addition, during its underwriting process, the Corporation will make an estimate of the value of the collateral. A decrease in the market value of collateral assets at a rate greater than the rate projected by the Corporation may

adversely affect the current realization values of such collateral. The degree of realization risk varies by the business of the borrower and the nature of the security.

Control over borrower clients

The Corporation will not always be in a position to exercise control over its borrower clients or prevent decisions by the management or shareholders of a borrower that may affect the fair value of the Corporation loan, or otherwise affect the ability of the borrower to repay its obligations to the Corporation. Furthermore, the Corporation does not intend to take significant equity positions in its borrower clients. The lack of liquidity of debt positions that the Corporation will typically hold in its borrower clients results in the risk that the Corporation may not be able to dispose of its exposure to the borrower in the instance where a borrower is underperforming. This could have a material adverse effect on the Corporation.

Securities of borrower clients

The Corporation anticipates lending to both public and private companies, which may include bonus features granting the Corporation securities of the client. The securities issued by private companies will be subject to legal and other restrictions on resale or will be otherwise less liquid than publicly traded securities. To the extent the Corporation receives any form of securities issued by private companies, it may be difficult for the Corporation to dispose of such holdings if the need arises. Furthermore, if the Corporation is required to liquidate all or a portion of the securities it holds in an illiquid company, it may realize significantly less than the value at which it had previously recorded its holdings. In addition, the Corporation may face restrictions imposed by securities law on its ability to liquidate or otherwise trade in securities of a borrower client, including, where the Corporation obtains material non-public information regarding such borrower.

Material non-public information

Certain of the Corporation's directors, officers or employees, and their respective affiliates, may serve as directors of, or in a similar capacity with, its borrowers. In the event that material non-public information is obtained with respect to its borrowers, such persons may become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations. As a result, the Corporation could be prohibited for a period of time from selling the securities of a borrower, to the extent it owns any, and such a prohibition could have a material adverse effect on the Corporation.

Illiquidity of loans

Due to the nature of the Corporation's financing strategy and portfolio, certain loans may have lengthy terms and may be outstanding for a substantial period of time before they are repaid or can be liquidated under conditions preferable to the Corporation or, in some cases, at all. Illiquid investments carry the risk that a buyer may not be found for such investments. Also, certain of the loans offered by the Corporation may be subject to legal or contractual restrictions which may impede the Corporation's ability to dispose of such assets which it might otherwise desire to do. To the extent that there is no liquid trading market for these loans, the Corporation may be unable to liquidate these assets or may suffer a loss.

Payment in-kind interest

Some of the loans and debt securities made by the Corporation may contain a payment in-kind, or PIK, interest provision. Loans with a PIK provision carry additional risk as the Corporation will not receive cash until such time as the "cash payment date" is reached (unless a portion of such loan is sold). If a borrower whose loan contains a PIK provision defaults, the Corporation may obtain no return on its investment.

Changes in strategies

The Corporation may alter its business strategies at any time without notice to its shareholders and there is no guarantee that such changes will yield similar returns as the current strategy or improved returns, if any.

There may be conflicts of interest related to obligations that management has to other clients

Certain of the Corporation's directors and officers serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business (notably BC Partners) as the Corporation does, or of investment funds managed by the same personnel. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the Corporation's best interests or in the best interest of its stakeholders. The Corporation's investment objective may overlap with the investment objectives of such investment funds, accounts or other investment vehicles. Certain of the Corporation's directors, officers and employees and certain of the Corporation's affiliates will have conflicts of interest in allocating their time between the Corporation and other activities in which they are or may become involved, including the management of BC Partners' affiliated funds. Directors and officers of the Corporation with conflicts of interest will be subject to and required to comply with the procedures set out in the OBCA and other applicable legislation, regulations, rules and policies.

Use of leverage and changes in interest rates may affect the Corporation's cost of capital and net investment income

Since the Corporation uses debt to finance a portion of its investments, its net investment income depends, in part, upon the difference between the rate at which it borrows funds and the rate at which it invests those funds. As a result, the Corporation can offer no assurance that a significant change in market interest rates will not have a material adverse effect on the Corporation's net investment income. In periods of rising interest rates when the Corporation has debt outstanding, the Corporation's cost of funds will increase, which could reduce its net investment income. The Corporation expects that its long-term fixed-rate investments will be financed primarily with equity and long-term debt. The Corporation may use interest rate risk management techniques in an effort to limit its exposure to interest rate fluctuations. These activities may limit the Corporation's ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The ability of the Corporation to service any future outstanding debt depends largely on its financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that the Corporation employs at any particular time will depend on its assessments of market and other factors at the time of any proposed borrowing. As a result of the Corporation's use of leverage: (i) the common shares may be exposed to incremental risk of loss and a decrease in the value of the Corporation's loan portfolio would have a greater negative impact on the value of the common shares of the Corporation than if the Corporation did not use leverage; (ii) adverse changes in interest rates could reduce or eliminate the incremental income the Corporation receives from the proceeds of any leverage; (iii) the Corporation and, indirectly, its shareholders, bear the entire cost of paying interest and repaying any borrowed funds; (iv) the Corporation's ability to pay dividends on the common shares of the Corporation may be restricted by covenants or other restrictions imposed by its lenders; (v) the Corporation's ability to amend its organizational documents or other agreements may be restricted if such amendments would result in a material adverse effect on its lenders; and (vi) the Corporation may, under some circumstances, be required to dispose of its assets under unfavourable market conditions in order to maintain its leverage, thus causing the Corporation to recognize a loss that might not otherwise have occurred. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed.

The Corporation may acquire various financial instruments for purposes of "hedging" or reducing its risks, which may be costly and ineffective and could reduce its cash available for distribution to its shareholders

The Corporation may seek to hedge against interest rate and currency exchange rate fluctuations and credit risk by using financial instruments such as futures, options, swaps and forward contracts. These financial instruments may be purchased on exchanges or may be individually negotiated and traded in over-the-counter markets. Use of such financial instruments for hedging purposes may present significant risks, including the risk of loss of the amounts invested. Defaults by the other party to a hedging transaction can result in losses in the hedging transaction. Hedging activities also involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the instrument being hedged. Use of hedging activities may not prevent significant losses and could increase the Corporation's losses. Further, hedging transactions may reduce cash available to pay distributions to its shareholders.

Capital markets may experience periods of disruption and instability. These market conditions could materially adversely affect the Corporation's business, financial condition and results of operations

The Canadian, U.S., and global capital markets have in the past and may in the future experience periods of volatility and disruption during economic downturns and recessions. While, until recently, credit markets and the United States economy have experienced relative stability since the global financial crisis from 2007-2009, there can be no assurance that market conditions will normalize or improve in the near future.

The recent outbreak of the novel coronavirus, or COVID-19, in many countries continues to adversely impact global commercial activity, and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines, restrictions on travel and other measures to mitigate the impact of this pandemic. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, including, among others, transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown with continued volatility. The rapid development and fluidity of this situation precludes any prediction as to the duration and extent of this pandemic and its impact on the Corporation's business, financial condition and results of operations, as well as the business, financial condition and results of operations of the Corporation's portfolio companies. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to our and our portfolio companies' performance and financial results. The Corporation is actively monitoring developments with respect to this pandemic and its impact as part of the Corporation's overall investment objective and strategy.

Such periods of disruption may be accompanied by depressed levels of consumer and commercial spending, a lack of liquidity in debt capital markets, significant write-offs in the financial services sector and the re-pricing of credit risk. The Corporation and the portfolio companies in which it invests may be adversely affected by these deteriorations in the financial markets and economic conditions throughout the world.

A weak economy could impact the quality, quantum and frequency of the deals available to the Corporation. Adverse economic conditions also may decrease the estimated value of the collateral securing the Corporation's financing structures. Further or prolonged economic slowdowns or recessions could lead to financial losses in the Corporation's loan portfolio and a decrease in the Corporation's net finance income, net income and book value. Any of these events, or any other events caused by turmoil in global financial markets, could have a material adverse effect on the Corporation.

Competitive business environment

The Corporation's ability to acquire new financing opportunities could be significantly affected by the activities of other industry participants. New competitors may enter the credit industry in which the Corporation operates or current market participants may significantly increase their activities in this area. There can be no assurance that the Corporation will be able to compete effectively with its competitors in connection with the acquisition or origination of new financing opportunities. If these or other competitors were to engage in aggressive pricing policies, the Corporation may have difficulty sourcing new financing opportunities or could be forced to offer lower rates, both of which could have a material adverse effect on the Corporation. Some of the Corporation's competitors offer a broader range of financing services than the Corporation and can leverage their existing relationships to offer and sell services that compete directly with the Corporation's services. Further, the Corporation's competitors may have greater financial, technical, marketing, and other resources, and may have greater access to lower cost capital. As a result of competition, the Corporation may not be able to attract new borrowers or sustain the rate of growth that the Corporation expects to achieve. As a result, the Corporation's ability to profitably expand its loan portfolio may decline.

Because the Corporation's business model depends to a significant extent upon relationships with private equity sponsors, investment banks and commercial banks, the inability of the Corporation to maintain or develop these

relationships, or the failure of these relationships to generate investment opportunities, could adversely affect the Corporation's business

The Corporation depends on its broader organization's relationships with private equity sponsors, investment banks and commercial banks, and the Corporation relies to a significant extent upon these relationships to provide it with potential investment opportunities. If the Corporation or its organizations fail to maintain their existing relationships or develop new relationships with other sponsors or sources of investment opportunities, the Corporation may not be able to grow its investment portfolio. In addition, individuals with whom the Corporation or its broader organizations have relationships are not obligated to provide the Corporation with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for the Corporation.

Inability to realize potential benefits from growth

The Corporation's inability to realize the potential benefits from its growth strategy may adversely impact its operating results. The Corporation's ability to realize such benefits will be based on its management of growth and will require it to continue to build its operational, financial and management controls, human resource policies, and reporting systems and procedures. The Corporation's ability to manage its growth will depend in large part upon a number of factors, including the ability of the Corporation to rapidly: (i) secure additional sources of funding to fund new loans, while maintaining a prudent capital structure for the Corporation; and (ii) attract and retain qualified personnel in order to continue to develop the Corporation's pipeline of investment opportunities and provide services that respond to evolving financing needs. The Corporation's inability to achieve any of these objectives could have a material adverse effect on the Corporation.

Changes in laws or regulations governing the Corporation's operations may adversely affect the Corporation's business or cause the Corporation to alter its business strategy

The Corporation and its portfolio companies will be subject to regulation at the municipal, local, state, provincial, and federal level. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments the Corporation is permitted to make, any of which could harm the Corporation and its shareholders, potentially with retroactive effect.

Additionally, any changes to the laws and regulations governing the Corporation's operations relating to permitted investments may cause the Corporation to alter its investment strategy to avail itself of new or different opportunities. Such changes could result in material differences to the Corporation's strategies and plans as set forth in this Annual Information Form and may result in the Corporation's investment focus shifting from the areas of expertise of the Corporation to other types of investments in which the Corporation may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on the Corporation's financial condition and results of operations.

Any changes in tax regulations or tax reform may have an adverse impact on investors

Given the Corporation has investment holdings in both Canada and the U.S., there is potential that potential tax changes in Canada or the U.S. could result in adverse effects on the Corporation's financial results and share price. The Corporation cannot predict how changes in tax legislation will affect the Corporation, the Corporation's business, or the business of its portfolio companies but these provisions may in certain circumstances increase the tax burden on the Corporation's portfolio companies, which, in turn, could negatively affect their ability to meet their borrowing obligations to the Corporation.

The Corporation may experience fluctuations in its quarterly results

The Corporation could experience fluctuations in its quarterly operating results due to a number of factors, including its ability or inability to make investments in companies that meet its investment criteria, the interest rate payable on the debt securities it acquires, the level of its expenses (including the Corporation's borrowing costs), variations in and the timing of the recognition of realized and unrealized gains or losses, fluctuations in currency exchange rates, the degree to which it encounters competition in its markets and general economic conditions. As a

result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.

A significant portion of the Corporation's investment portfolio is and will be recorded at fair value as determined in good faith by the Board of Directors and, as a result, there is and will be uncertainty as to the value of the Corporation's portfolio investments

The Corporation is required to carry its portfolio investments at market value or, if there is no readily available market value, at fair value as determined by the Board of Directors. There is not a public market for the securities of the privately-held companies in which the Corporation invests. Most of the Corporation's investments will not be publicly traded or actively traded on a secondary market. As a result, the Corporation values these securities quarterly at fair value as determined in good faith by the management team and Board of Directors.

Certain factors that may be considered in determining the fair value of the Corporation's investments include investment dealer quotes for securities traded on the secondary market for institutional investors, the nature and realizable value of any collateral, the portfolio company's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to comparable publicly-traded companies, discounted cash flow and other relevant factors. As a result, the Corporation's determinations of fair value may differ materially from the values that would have been used if a ready market for these non-traded securities existed. Due to this uncertainty, the Corporation's fair value determinations may cause the net asset value of the Corporation on a given date to materially differ from the value that it may ultimately realize upon the sale of one or more of its investments.

No guarantee as to timing or amount of dividends

Holders of common shares of the Corporation do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors, even if the Corporation has sufficient distributable cash to pay such dividends. The declaration of any dividend will depend on the Corporation's financial results, cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

The Corporation may not declare or pay a dividend if there are reasonable grounds to believe that (i) it is, or after the payment would be, unable to pay its liabilities as they become due, or (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities, including those arising in the ordinary course of business. Dividends are not guaranteed and the amount of any dividend may fluctuate or be reduced or eliminated. There can be no assurance as to the levels of dividends to be paid by the Corporation, if any. The market value of the common shares of the Corporation may deteriorate if the Corporation is unable to pay dividends in accordance with its intended dividend strategy, or not at all, and such deterioration may be material.

Given the nature of the Corporation's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Corporation's portfolio

Market value of portfolio companies can be reflective of the actual or anticipated operating results and/or the general market conditions that affect the sectors in which the Corporation invests. There are various factors that could affect these sectors which could have a negative impact on the Corporation's portfolio companies and thereby have an adverse effect on the Corporation's business. Additionally, macroeconomic factors such as fluctuations in commodity prices and global political, economic and market conditions could have an adverse effect on one or more sectors to which the Corporation is exposed, and a disproportionate effect on the sectors as compared to the overall market, thereby negatively impacting one or more of the portfolio companies concurrently.

Cash flows/investment income

The Corporation generates income and cash flows primarily from interest and dividends from its portfolio investments, from financing activities and from proceeds from the disposition of its investments. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various factors, most of which are outside of the Corporation's direct control. The Corporation's liquidity and operating results may be

adversely affected if access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to the Corporation, or if the value of the Corporation's investments decline, resulting in lesser proceeds of disposition and capital losses for the Corporation upon disposition.

Foreign exchange risk

A significant portion of the Corporation's investment portfolio is invested in U.S. dollar-denominated investments. To the extent that such exposure is not hedged, changes in the value of the currencies in which the Corporation's investments are denominated could have a negative impact on the Corporation's reported financial results and overall financial performance.

Valuation risk of Cline

The Corporation, along with affiliates of the Manager (the "**Group**"), holds an investment in the equity and bonds of Cline. Under a restructuring plan involving Cline, approved by the courts in 2015, the Group owns all of the equity and the senior secured bonds of Cline post-restructuring. On July 15, 2019, the Manager announced that Cline had entered into a conditional term sheet with Allegiance Coal Limited for the purchase and sale of all of the shares of NECC, which holds all the mining assets of Cline.

On January 22, 2020, the Manager announced that Cline had entered into a binding agreement for the sale by Cline to Allegiance Coal Limited of all the shares in NECC. The total acquisition cost is CAD\$55.0 million to be comprised of a mix of cash, shares of Allegiance Coal Limited and deferred cash payments that will be subject to certain conditions. Completion of the sale must take place before July 15, 2020 and is subject to certain conditions, including Allegiance Coal Limited raising start-up capital for the mine, which was estimated to be \$55.0 million at the time of the announcement.

The estimate fair value is based on assumptions related to the completion of the announced transaction and the future operations of the mine. The assumptions include the expected timing of the repayment of certain obligations owed by NECC to Cline and the appropriateness of discount rates used in the estimates. Accordingly, by their nature, estimates of fair value of this type are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could change by a material amount.

CVR holders may never receive a payment on the CVRs

The right to receive any payment on the CVRs will be contingent upon the satisfaction of Contingent Payment Events. If a Contingent Payment Event is not achieved for any reason, payments will not be made on the CVRs. Accordingly, the value, if any, of the CVRs is speculative, and the CVRs may ultimately have no value.

The CVRs are difficult to value

If any payment is made on the CVRs, it will not be made until the satisfaction of the Contingent Payment Event. As such, it may be difficult to value the CVRs, which may affect the market price and/or make it difficult or impossible for a holder to sell its CVRs. In addition, the amount payable to holders of CVRs in respect of a particular Contingent Payment Event will be net of certain fees, expenses, costs (including transaction costs) and taxes payable by the Corporation in respect of such Contingent Payment Event.

The Canadian federal income tax treatment of the CVRs is unclear

There is no legal authority directly addressing the Canadian federal income tax treatment of the CVRs and the consequences of the receipt, holding and disposition of the CVRs are therefore unclear for such purposes. Holders are urged to consult their own tax advisors regarding the Canadian federal income tax consequences to them of the receipt, holding and disposition of CVRs.

No current market exists for CVRs

There is currently no market through which the CVRs may be sold, and such a market may not develop therefore, holders may not be able to resell the CVRs. This may affect the pricing of the CVRs in the secondary market, the transparency and availability of trading prices, the liquidity of the CVRs and the extent of issuer regulation. The Corporation does not intend to apply to list the CVRs on the NEO Exchange or any other stock exchange.

Because there will not be an active public market for the CVRs, the market price of the CVRs, if any, may be volatile

The market price of the CVRs, if any, could fluctuate significantly for many reasons, including, without limitation:

- as a result of the risk factors listed in this Annual Information Form;
- it is not expected that the CVRs will be posted for trading on any stock exchange;
- an inability to complete a Contingent Payment Event;
- Cline's operating performance;
- legal or regulatory changes that could impact the business of Cline; and
- general economic, securities markets and industry conditions.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no director or executive officer of the Corporation and, to the knowledge of the directors and executive officers of the Corporation, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the outstanding common shares of the Corporation, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Corporation or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Corporation.

MATERIAL CONTRACTS

The Corporation has no material contracts, other than contracts entered into in the ordinary course of business, that were entered into during the financial year ended December 31, 2019, or that were entered into before the financial year ended December 31, 2019 that are still in effect, other than:

- (i) the agreement of purchase and sale between GL SPV and the Loan Partner dated October 18, 2018 providing for the acquisition by GL SPV of loans from time to time pursuant to the Loan Program;
- (ii) the loan sourcing and administration agreement between GL SPV and the Loan Partner dated October 18, 2018 providing for the provision of certain services by the Loan Partner to the Corporation in respect of the Loan Program;
- (iii) the warrant indenture between the Corporation and Computershare Trust Company of Canada, as warrant agent, dated October 19, 2018 providing for the creation and issue of the Warrants;
- (iv) the rights indenture between the Corporation and Computershare Trust Company of Canada, as rights agent, dated October 19, 2018 providing for the creation and issue of the CVRs;
- (v) the servicing agreement between the Corporation and BC Partners dated November 20, 2018 pursuant to which BC Partners provides certain administrative services to the Corporation; and
- (vi) the Loan Facility between, among others, GL SPV and the Lender dated February 22, 2019, as amended pursuant to a first amendment to facility and security agreement dated January 31, 2020.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not, and during the last financial year of the Corporation was not, a party to any legal proceedings. No property of the Corporation is, or during the last financial year of the Corporation was, the subject of any legal proceedings. To the knowledge of the Corporation, no such legal proceedings are contemplated. There have not been any penalties or sanctions imposed against the Corporation by, or settlement agreement entered into by the Corporation before, a court or regulatory body, including any securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Corporation is Computershare Investor Services Inc. at its principal transfer office in Toronto, Ontario.

INTEREST OF EXPERTS

KPMG LLP, the external auditor of the Corporation, reported on the fiscal 2019 audited consolidated financial statements. KPMG LLP has confirmed to the Corporation that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under the Corporation's SEDAR profile at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under the Corporation's equity compensation plan is contained in the Corporation's management information circular dated April 29, 2019 prepared and filed in connection with the Corporation's annual and special meeting of shareholders held on May 30, 2019.

Additional financial information is provided in the Corporation's financial statements and Management's Discussion and Analysis for the year ended December 31, 2019.

APPENDIX A

MOUNT LOGAN CAPITAL INC.

Audit Committee Charter

MANDATE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

ROLE AND MEMBERSHIP

The Audit Committee (the “**Committee**”) shall be a committee to the Board of Directors of Mount Logan Capital Inc. (the “**Corporation**”).

The Committee shall consist of not fewer than three (3) such directors, one of whom shall be the Chairman of the Committee. All members of the Committee shall be “independent” (as such term is used in National Instrument 52-110 – “Audit Committees”) and who are independent of management and free of any relationship, which would interfere or appear to interfere with the exercise of independent judgment as Committee members. For clarity, each member of the Committee may not, other than in his or her capacity as a member of the Committee, the Board of Directors or any other committee of the Board of Directors, accept any consulting, advisory or other compensatory fee from Corporation, and may not be an affiliated person of Corporation or any subsidiary thereof, unless otherwise approved by a majority of the Board of Directors. Each member shall be financially literate, as defined in National Instrument 52-110, being able to read and understand financial statements that present a level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements.

One member shall have past employment in finance, accounting or any other comparable experience or background providing financial expertise. The Committee composition, including the qualifications of its members, shall comply with the applicable requirements of stock exchanges on which Corporation lists its securities and of securities regulatory authorities, as such requirements may be amended from time to time.

The Chairman of the Committee and its members shall be elected annually by the Board of Directors.

A majority of members of the Committee shall constitute a quorum.

AUTHORITY

The Committee has the authority to:

- Engage independent counsel and other advisors as it determines necessary to carry out its responsibilities.
- Set and pay the compensation for any advisors employed by the Committee.
- Communicate directly with the external and internal auditors.
- Communicate directly with the management and staff as and when the Committee deems appropriate.
- Determine or direct the training and or professional development of Committee members.
- To conduct or authorize investigations into any matters within the scope of the Committee’s responsibilities, with full access to all books, records, facilities and personnel of Corporation, its auditors and its legal advisors.

MANDATE AND RESPONSIBILITIES

The Committee will work closely and cooperatively with such officers and employees of Corporation, its auditors, and/or other appropriate advisors and with access to such information as the Committee considers being necessary or

advisable in order to perform its duties and responsibilities, as assigned by the Board of Directors, in the following areas:

- Review of Audited Financial Statements
- Review the annual audited financial statements, MD&A, earnings press releases and, as applicable, the text of any proposed conference calls where financial information will be discussed, in each case before public disclosure of this information and make specific recommendations to the Board of Directors. As part of this process the Committee should:
 - Review the content of the MD&A in the context of prevailing and proposed legislation.
 - Review the appropriateness of any changes to the underlying accounting principles and practices.
 - Review the appropriateness of estimates, judgments of choice and level of conservatism of accounting principles.
 - Review business risks, uncertainties, commitments and contingent liabilities.
 - Be satisfied that adequate procedures are in place for the review of Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements.

Engagement of External Auditors

The Committee shall recommend to the Board of Directors the appointment of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest functions. The external auditors shall report directly to the Committee.

The Committee shall review and approve the engagement letter. As part of this review the Committee reviews and recommends to the Board of Directors for their approval the auditor's fees for the annual audit. The Committee is responsible for the oversight of the work of the Corporation's auditor for the purpose of preparing or issuing an audit report or related work, and the auditor shall report directly to the Committee.

The Committee shall receive of a written statement not less than annually from the external auditor describing in detail all relationships between the auditor and Corporation that may impact the objectivity and independence of the auditor. The Committee shall review annually with the Board of Directors the independence of the external auditors and either confirms to the Board of Directors that the external auditors are independent or recommend that the Board of Directors take appropriate action to satisfy itself of the external auditor's independence.

The Committee will take reasonable steps to confirm the independence of the independent auditor, which shall include:

- ensuring receipt from the independent auditor of the written statement referred to above; and
- considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor.

The Committee shall review and pre-approve all non-audit services to be provided to Corporation by its external auditors.

Review and Discussion with External Auditors

The Committee shall review with the external auditors and management the annual external audit plans which would include objectives, scope, timing, materiality level and fee estimate.

The Committee shall request and review an annual report prepared by the external auditors of any significant recommendations to improve internal control and corresponding management responses.

The Committee shall make specific inquiry of the external auditors relating to:

- Performance of management involved in the preparation of financial statements.
- Any restrictions on the scope of audit work.
- The level of cooperation received in the performance audit.
- The effectiveness of the work of internal audit.
- Any unresolved material differences of opinion or disputes between management and the external auditors.
- Any transactions or activities which may be illegal or unethical.
- Independence of the external auditor including the nature and fees of non-audit services performed by external audit firms and its affiliates.

The Committee shall resolve disagreements between management and the external auditors regarding financial reporting.

Review and Discussion with Management

The Committee shall review and assess the adequacy and quality of organization and staffing for accounting and financial responsibilities.

The Committee shall review with management the annual performance of external and internal audits.

Review of Other Documents

The Committee shall ensure all material public documents relating to the financial performance, financial position or analysis thereon are reviewed by the Committee or another appropriate committee, as designated by the Board of Directors. Such documents would include, but not be limited to, interim financial statements, and the Annual Information Form. In certain cases which involve severe timing considerations such as the Management's Discussion and Analysis contained in the annual report to shareholders, the Committee may designate the responsibility for review to any two members of the Committee. The Committee shall review and monitor practices and procedures adopted by the Corporation to assure compliance with applicable listing requirements, laws, regulations and other rules, and where appropriate, make recommendations or reports thereon to the Board of Directors.

The Committee shall review significant changes in the accounting principles to be observed in the preparation of the accounts of the Corporation and its subsidiaries, or in their application, and in financial disclosure presentation.

The Committee shall prepare or review such reports as may be required by any applicable securities regulatory authority to be included in the Corporation's Information Circular or any other disclosure document of the Corporation.

Other Responsibilities

The Board may from time to time refer to the Committee such matters relating to the financial affairs of the Corporation as the Board may deem appropriate.

The Committee must review and approve Corporation's hiring policies regarding employees and former employees of the present and former auditors of the Corporation.

Meetings

The Committee shall meet at such times as deemed necessary by the Board of Directors or the Committee.

Handling of Complaints

The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. These procedures for the receipt, retention and treatment of complaints shall be set out in a separate “whistleblower” policy.

Annual Review

The Committee shall review and assess the adequacy of its mandate annually, report to the Board of Directors thereon, and recommend any proposed changes to the Board of Directors for approval. The Committee shall also perform an annual evaluation of the performance of the Committee and shall report the results of the evaluation to the Board of Directors.

Approved by the Board of Directors November 28, 2018