



NEWS RELEASE

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Mount Logan Capital Inc. Announces \$20 Million Best Efforts Private Placement and Termination of Prospectus Offering and Provides SCIM Transaction Update

All figures in Canadian dollars unless otherwise noted.

TORONTO, October 9, 2020 – Mount Logan Capital Inc. (NEO: MLC) (“**Mount Logan**” or the “**Company**”) is pleased to announce that it has entered into an agreement with a syndicate of agents led by Canaccord Genuity Corp. (the “**Lead Agent**” and collectively, the “**Agents**”) to offer for sale, on a best efforts private placement basis, up to 7,272,727 common shares of the Company (the “**Offered Shares**”) at a price of \$2.75 per Offered Share (the “**Private Placement**”) for gross proceeds of up to \$20,000,000. The Company has also granted the Agents an option to increase the size of the Private Placement by up to 15% of the number of Offered Shares issued pursuant to the Private Placement, exercisable until 48 hours prior to closing. Upon closing of the Private Placement, the Agents will receive a cash commission equal to 6% of the gross proceeds of the Private Placement, subject to a reduced fee in respect of proceeds raised directly by the Company from certain subscribers as agreed to between the Company and the Agents.

The Company also announces that the Company and the Lead Agent have mutually agreed to terminate their prior engagement letter entered into in respect of an offering of common shares of the Company pursuant a short form prospectus dated July 31, 2020 (the “**Prospectus Offering**”). Due to the anticipated timeline for completing the Prospectus Offering and having regard to the Company’s near-term business objectives, including the completion of the SCIM Transaction (as defined below), the Company has determined that it is in the best interests of the Company to complete the Private Placement in lieu of continuing with the Prospectus Offering.

The Company intends to use the net proceeds of the Private Placement to fund the Company’s obligations under the SCIM Transaction, to continue to invest in public and private debt securities in the North American market in furtherance of its business objective as an alternative asset management company and for general corporate and working capital purposes.

Closing of the Private Placement is anticipated to occur on or about October 21, 2020 and is subject to certain customary conditions, including the approval of the Neo Exchange Inc. (the “**NEO Exchange**”). The Offered Shares will be subject to a hold period of four months from the closing of the Private Placement.

SCIM Transaction Update

On June 22, 2020, the Company together with Sierra Crest Investment Management LLC (“**SCIM**”), an affiliate of BC Partners Advisors L.P., announced that they had entered into a definitive agreement (the “**CIF Purchase Agreement**”), subject to certain approvals, for SCIM to become the investment adviser of the Resource Credit Income Fund (“**CIF**”) pursuant to a new advisory agreement (the “**CIF Advisory Agreement**”) to be entered into between SCIM and CIF (collectively, the “**SCIM Transaction**”) and, in connection therewith, for the acquisition by SCIM from Resource America, Inc. (the “**CIF Seller**”) of certain nominal assets related to CIF. The Company wishes to provide the following update with respect to the material terms of the SCIM Transaction.

Pursuant to the CIF Advisory Agreement, SCIM will receive an annual base management fee equal to 1.85% of CIF’s average daily net assets and a quarterly income incentive fee. The CIF Advisory Agreement is renewable annually following an initial two-year term, which renewal must be approved by (a) a majority of the outstanding voting securities of CIF or by vote of CIF’s Board of Trustees; and (b) by vote of a majority of non-interested Trustees (collectively, the “**CIF Approvals**”). CIF is a U.S.-based, continuously offered, closed-end interval fund, with approximately US\$252 million of

assets under management (unaudited) as of September 30, 2020, that invests across credit markets including direct credit, private credit, and public credit. As part of the transaction, Mount Logan has agreed to, among other things, guarantee the payment of all financial obligations of SCIM under the CIF Purchase Agreement, including the payment of the purchase price to the CIF Seller.

In connection with the SCIM Transaction, the Company proposes to advance to SCIM, either directly or through a subsidiary, by way of a secured loan, the amount of US\$13,000,000 to US\$15,000,000, to be used by SCIM to fund the US\$13,000,000 purchase price under the CIF Purchase Agreement (the “**SCIM Facility**”), of which US\$12,000,000 is payable on closing.

The SCIM Facility is proposed to have a maturity date of 20 years (extendable for up to one year in certain circumstances described below), subject to earlier repayment upon the occurrence of certain events including, but not limited to, the termination of the CIF Advisory Agreement, certain merger and acquisition activity affecting CIF, or a liquidation or dissolution of CIF. Quarterly payments of accrued interest will be required for the first 10 years of the SCIM Facility, with outstanding principal being payable in equal quarterly installments for the remaining 10 years. To the extent SCIM does not receive sufficient net management or incentive fees under the CIF Advisory Agreement for a given quarter, SCIM will have the right to defer payment of interest and, if applicable, principal until the following quarter. In addition, SCIM will have the right to extend the interest-only payment period for a consecutive 12-month period which will automatically extend the maturity date of the SCIM Facility accordingly. Interest on the SCIM Facility will be fixed at 8.00% per annum. The SCIM Facility will be secured based on certain of SCIM’s cash flows derived from the CIF Advisory Agreement. The Company will not have recourse to any other business operations of SCIM pursuant to or in connection with the SCIM Facility. If the CIF Advisory Agreement is terminated, the SCIM Services Agreement (as defined below) would automatically terminate pursuant to its terms and all amounts outstanding under the SCIM Facility would become due and payable in full by SCIM to the Company within ten business days thereafter.

In addition, the Company has agreed to enter into, either directly or through a subsidiary, a services agreement with SCIM (the “**SCIM Services Agreement**”) concurrently with the closing of the SCIM Facility, pursuant to which the Company or a subsidiary will provide certain administrative services to SCIM in respect of CIF. Under the SCIM Services Agreement, in exchange for the administrative services relating to CIF, SCIM will pay to the Company, on a quarterly basis, an amount equal to the aggregate base management and incentive fees received by SCIM from CIF under the CIF Advisory Agreement in respect of such quarter, net of debt service, a quarterly fee to be retained by SCIM comprised of a specified amount, plus an allocable portion of the compensation of SCIM’s investment professionals in connection with their performance of investment advisory services for CIF (collectively, the “**Retained Benefits**”). In addition, SCIM will be reimbursed by the Company quarterly for certain expenses it incurs in connection with the investment advisory services provided pursuant to the CIF Advisory Agreement. Pursuant to this arrangement, the Company will receive substantially all of the economic benefit derived by SCIM under the CIF Advisory Agreement, subject to the holdback of the Retained Benefits and expense reimbursements.

Notwithstanding the indicative terms of the SCIM Facility and the SCIM Services Agreement described herein, the Company and SCIM may restructure the proposed SCIM Facility and the proposed SCIM Services Agreement to provide for better tax efficiency or may consider an alternative form of transaction as agreed to among the parties after taking into consideration the respective tax, corporate and accounting effects on each of the Company and SCIM.

[About Mount Logan Capital Inc.](#)

Mount Logan Capital Inc. is an alternative asset management company that is focused on public and private debt securities in the North American market. The Company seeks to source and actively manage loans and other debt-like securities with credit-oriented characteristics. The Company actively sources, evaluates, underwrites, monitors and primarily invests 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.



Cautionary Notes

*This press release contains forward-looking statements and information within the meaning of applicable securities legislation (collectively referred to herein as “**forward-looking statements**”). Forward-looking statements can be identified by the expressions “seeks”, “expects”, “believes”, “estimates”, “will”, “target” and similar expressions. The forward-looking statements are not historical facts, but reflect the current expectations of management of the Company regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this press release may include, but are not limited to, information concerning the completion of the Private Placement; the approval of the NEO Exchange of the Private Placement and the listing of the Offered Shares being issued thereunder; the receipt of any additional regulatory approvals required to complete the Private Placement; if required by the NEO Exchange, the receipt of shareholder approval in respect of the Private Placement; the number of Offered Shares to be sold by the Company; the expected use of proceeds from the Private Placement; the terms and structure of the CIF Advisory Agreement, SCIM Facility and SCIM Services Agreement; the completion of the SCIM Transaction, if at all, and the timing thereof; if the SCIM Transaction is completed, that SCIM will remain the investment adviser of CIF following each two year renewal period and the Company will continue to receive substantially all of the economic benefit derived by SCIM under the CIF Advisory Agreement; and statements relating to the business and future activities of the Company. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are reasonable based on upon the information available at the time such information was given; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including that the CIF Advisory Agreement is subject to the CIF Approvals every two years and such approvals may not be obtained, that the SCIM Facility will be secured based on certain of SCIM’s cash flows derived from the CIF Advisory Agreement and if the CIF Advisory Agreement is not renewed the Company’s recourse for repayment under the SCIM Facility may be limited, as well as the matters discussed under “Risk Factors” in the most recently filed annual information form and management’s discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. The forward-looking statements in this press release are made as of the date of this press release.*

This press release is not, and under no circumstances is it to be construed as, a prospectus or an advertisement, and the communication of this press release is not, and under no circumstances is it to be construed as, an offer to sell or a solicitation of an offer to purchase securities of the Company. This press release is not intended for U.S. persons. The Company’s shares are not and will not be registered under the U.S. Securities Act of 1933 and the Company is not and will not be registered under the U.S. Investment Company Act of 1940 (the “1940 Act”). U.S. persons are not permitted to purchase the Company’s shares absent an applicable exemption from registration under each of these Acts. In addition, the number of investors in the United States, or which are U.S. persons or purchasing for the account or benefit of U.S. persons, will be limited to such number as is required to comply with an available exemption from the registration requirements of the 1940 Act.

For additional information, please contact:

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