MOUNT LOGAN CAPITAL INC.

ANNUAL INFORMATION FORM

For the Financial Year Ended
December 31, 2021

March 22, 2022

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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, 2021, 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; statements and information about the receipt by the Corporation of proceeds from the sale by Cline (as defined below) to Allegiance (as defined below) of all the shares of NECC (as defined below), the timing thereof and the distribution of any proceeds to the holders of CVRs (as defined below); SCIM (as defined below) remaining the investment adviser of ACIF (as defined below) following each one year renewal period following its initial two-year term and that the Corporation will continue to receive the net economic benefit derived by SCIM under the ACIF Advisory Agreement (as defined below); ML Management (as defined below) remaining the collateral manager of the CLOs (as defined below) and the investment manager of Logan Ridge (as defined below); the Corporation’s plans to extend the maturity of its CLOs in light of expiring reinvestment periods or launch new collateralized loan obligations to create new incomes streams; the Corporation’s plans to reposition Logan Ridge’s portfolio and the Corporation’s expectations for higher portfolio income as a result thereof; the Corporation’s plans to scale the business of Logan Ridge through strategic acquisitions; the expected benefits to the Corporation of the acquisition of Ability (as defined below) including, without limitation, a significant increase in the Corporation’s assets under management, the generation of recurring management fees and increased income through insurance earnings as the Corporation transitions to a hybrid asset management business and insurance solutions model; the Corporation’s minority investment in CPCP (as defined below) will provide the Corporation with opportunities in the Canadian private debt market; the phaseout of LIBOR (as defined below) and the timing thereof; the Corporation’s expansion from a lending-oriented credit platform to an alternative asset management company and insurance solutions provider and the related asset management fee income; 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: risks relating to investment performance and the Corporation's ability to generate taxable income from operations; market fluctuations; the strength of the Canadian, U.S. and other economies; foreign exchange fluctuations; political and economic conditions in the countries in which the interests of the Corporation's portfolio investments are located; the continued impact of the novel coronavirus including the progression of the virus, the emergence of variants and the timing of the manufacture and distribution of vaccines and the level of public acceptance thereof; 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; effective use of leverage and the strength of proposed and existing relationships with lending partners; that the ACIF Advisory Agreement is subject to approval every year following its initial two-year term by the ACIF's board of trustees, including a majority of its independent trustees, and such approvals may not be obtained; the risk that collateral management agreements in respect of the CLOs may be terminated at the direction of holders of a specified supermajority in principal amount of the notes issued by the CLO; the risk that the assets held by the CLOs are prepaid or go into default resulting in a reduction in collateral management fees; the investment advisory agreement in respect of Logan Ridge is subject to approval every year following its initial two-year term by Logan Ridge's board of directors, including a majority of its independent directors, and such approvals may not be obtained; the Corporation may not be able to identify and complete strategic acquisitions through Logan Ridge in order to scale the business; the management of assets of Ability may not generate recurring management fees for ML Management as currently contemplated and the Corporation may not achieve sufficient income through insurance earnings to provide meaningful diversification having regard to the Corporation's business model; and the business and future activities of CPCP may not result in a significant benefit to the Corporation. 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 was exchanged for one (1) new common share in the capital of the Corporation created pursuant to the Arrangement 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**");

- the Corporation acquired Great Lakes Senior MLC I LLC ("**MLC I**"), 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 common shares of the Corporation; and

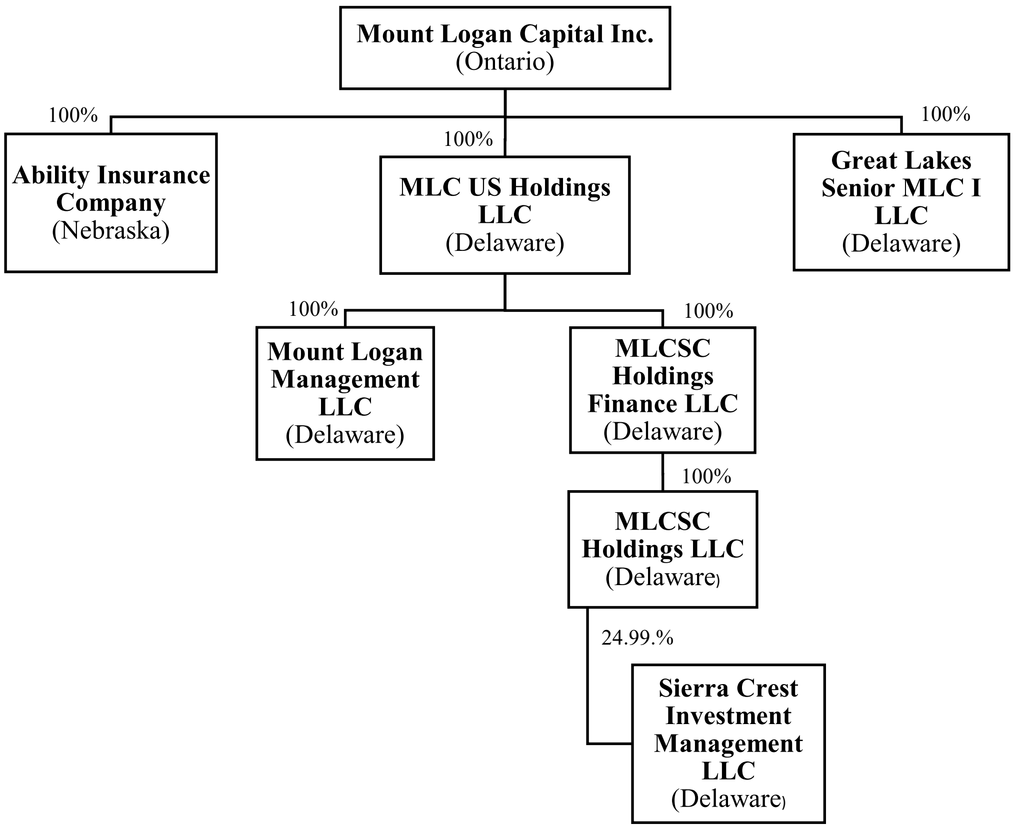
- the Corporation changed its name from "Marret Resource Corp." to "Mount Logan Capital Inc.".

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 following chart outlines the Corporation's corporate structure and identifies the jurisdictions of each of the Corporation's subsidiaries as of the date hereof.



GENERAL DEVELOPMENT OF THE BUSINESS

The following describes how the Corporation's business has developed over the last three completed fiscal years, as well as any changes to the Corporation's business expected to occur during the 2022 fiscal year.

On February 22, 2019, MLC I entered into a facility and security agreement ("**MLC I 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 are parties thereto.

On July 15, 2019, Marret Asset Management Inc. (the "**Former Manager**") announced that Cline entered into a conditional term sheet for the proposed sale by Cline to Allegiance Coal Limited ("**Allegiance**") 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.

On August 19, 2019, Mount Logan Management LLC ("**ML Management**"), a wholly-owned subsidiary of the Corporation, entered into a monitoring agreement with BC Partners Advisors L.P. ("**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 CAD$1.7 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 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.

On January 22, 2020, the Former Manager announced that Cline had entered into a binding agreement for the sale by Cline to Allegiance of all the shares in NECC, which holds all the mining assets of Cline, for a purchase price of CAD$55.0 million to be comprised of a mix of cash, shares of Allegiance and deferred cash payments that will be subject to certain conditions.

On January 31, 2020, MLC I entered into an amendment to the MLC I Loan Facility pursuant to which, among other things, the maturity date was extended from February 21, 2020 to February 19, 2021.

On March 25, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share payable to shareholders of record as of April 14, 2020. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On May 11, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share payable to shareholders of record as of May 21, 2020. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On June 5, 2020, the Former Manager announced that Cline had amended the binding agreement for the sale by Cline to Allegiance of all the shares of NECC with respect to, among other things, the structure of the consideration payable by Allegiance, and subsequently announced that completion of the transaction was estimated to take place before the end of October 2020.

On June 19, 2020, the Corporation together with Sierra Crest Investment Management LLC ("**SCIM**"), an affiliate of BC Partners, announced that they had entered into a definitive agreement (the "**ACIF Purchase Agreement**"), subject to certain approvals, in connection with the acquisition by SCIM of certain assets from Resource America, Inc. (the "**ACIF Seller**") and for SCIM to become the investment adviser of the Alternative Credit Income Fund (formerly, Resource Credit Income Fund, "**ACIF**") pursuant to a new advisory agreement (the "**ACIF Advisory Agreement**") to be entered into between SCIM and ACIF (collectively, the "**SCIM Transaction**"). ACIF is a U.S.-based, continuously offered, closed-end interval fund that invests across credit markets including direct credit, private credit, and public credit. As part of the transaction, the Corporation agreed to, among other things, guarantee the payment of all financial obligations of SCIM under the ACIF Purchase Agreement, including the payment of the purchase price to the ACIF Seller. In connection with the SCIM Transaction, the Corporation and SCIM entered into an indicative term sheet pursuant to which, among other things, the Corporation agreed to advance to SCIM by way of a secured loan the amount of $13.0 to $15.0 million to be used by SCIM to fund the $13.0 million purchase price under the Purchase Agreement (the "**SCIM Facility**"). In addition, the Corporation and SCIM agreed to enter into a services agreement (the "**SCIM Services Agreement**") concurrently with the closing of the SCIM Facility pursuant to which the Corporation would provide certain administrative services to SCIM.

On July 31, 2020, MLC I entered into an amendment to the MLC I Loan Facility pursuant to which, among other things, the ramp-up period of the MLC I Loan Facility was modified.

On August 7, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share payable to shareholders of record as of August 25, 2020. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On August 21, 2020, ML Management entered into an asset purchase agreement (the "**CLO Agreement**") with Garrison Investment Management LLC and other sellers (collectively, "**GARS Sellers**") with respect to the acquisition by ML Management of the rights of the GARS Sellers under certain investment management agreements, the general partnership interests of the GARS Sellers under certain partnership agreements and the rights of the GARS Sellers under certain collateral management agreements relating to Garrison Funding 2018-1 LP and Garrison MML CLO 2019-1 LP (collectively, the "**CLOs**") for a purchase price of $3.0 million (the '**CLO Acquisition**").

On October 26, 2020, Allegiance acquired all the shares of NECC held by Cline and the Corporation was advised that it was the Former Manager's intention to direct Cline to remit the net proceeds from the transaction, less a prudent provision for any ongoing minimal Cline operating costs, to the senior bondholders (which included the Corporation) as soon as practicable after receipt. See "Description of Capital Structure – Contingent Value Rights and CVRs" for additional information.

On October 27, 2020, the Corporation entered into an agency agreement (the "**Agency Agreement**") with Canaccord Genuity Corp., ATB Capital Markets Inc. and Stifel Nicolaus Canada Inc. (collectively, the "**Agents**") providing for the private placement issuance of up to 7,272,727 common shares of the Corporation at a purchase price of CAD$2.75 per share for aggregate gross proceeds of up to CAD$20.0 million (the "**Offering**"). On October 27, 2020, the Corporation completed the first tranche of the Offering and issued 6,108,199 common shares of the Corporation for gross proceeds of CAD$16.8 million. Pursuant to the Agency Agreement, the Agents received a cash commission equal to 6% of the gross proceeds of the Offering, subject to a reduced fee in respect of proceeds raised directly by the Corporation from certain subscribers as agreed to between the Corporation and the Agents.

On October 30, 2020, the SCIM Transaction closed and SCIM purchased certain assets from the ACIF Seller and became the investment adviser of ACIF pursuant to the ACIF Advisory Agreement. Pursuant to the ACIF Advisory Agreement, SCIM will receive an annual base management fee equal to 1.85% of ACIF's average daily net assets and a quarterly income incentive fee. The ACIF 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 ACIF or by vote of ACIF's Board of Trustees; and (b) by vote of a majority of non-interested Trustees. In connection with the closing of the SCIM Transaction, the Corporation entered into the agreements described below whereby the Corporation will receive the net economic benefits derived under the ACIF Advisory Agreement. Upon closing, the Corporation advanced $12.0 million to SCIM pursuant to the SCIM Facility and could advance up to an additional $3.0 million, for an aggregate principal amount not to exceed $15.0 million. The SCIM Facility is secured by the rights, management fees, performances fees, and other compensation associated with the ACIF Advisory Agreement. In addition, the Corporation entered into the SCIM Services Agreement, pursuant to which the Corporation will provide certain administrative services to SCIM in respect of ACIF. Under the SCIM Services Agreement, in exchange for the administrative services relating to ACIF, SCIM will pay to the Corporation, on a quarterly basis, an amount equal to the aggregate base management and incentive fees received by SCIM from ACIF under the ACIF 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 ACIF. In addition, SCIM will be reimbursed by the Corporation quarterly for certain expenses it incurs in connection with the investment advisory services provided pursuant to the ACIF Advisory Agreement.

On November 6, 2020, the U.S. Securities and Exchange Commission declared ML Management's registration as an investment adviser under the *Investment Advisors Act of 1940*, as amended, to be effective.

On November 10, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share payable to shareholders of record as of November 23, 2020. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On November 12, 2020, ML Management completed the CLO Acquisition pursuant to the CLO Agreement and ML Management became the investment manager of the CLOs. As the investment manager of the CLOs, ML Management is entitled to receive an annual management fee of 0.50%-0.60% of aggregate gross assets, paid quarterly, and subject to reductions based on caps, transaction fees, and fee-sharing arrangements. Following the completion of the CLO Acquisition, the names of Garrison Funding 2018-1 LP and Garrison MML CLO 2019-1 LP were changed to Mount Logan Funding 2018-1 LP and Mount Logan MML CLO 2019-1 LP, respectively.

On November 25, 2020, the Corporation completed the second and final tranche of the Offering and issued an additional 250,182 common shares for additional gross proceeds of CAD$0.7 million. In total, the Corporation issued 6,358,381 common shares pursuant to the Offering for gross proceeds of CAD$17.5 million.

On December 9, 2020, the Corporation formed MLC US Holdings LLC ("**US Holdings**") as a direct wholly-owned subsidiary. As part of an internal restructuring, the Corporation contributed all of the issued and outstanding membership interest of ML Management, a wholly-owned subsidiary of the Corporation, and of its newly formed subsidiaries MLCSC Holdings Finance LLC ("**MLCSC Holdings Finance**") and MLCSC Holdings LLC, as well as the SCIM Facility and the SCIM Services Agreement, to US Holdings.

On December 17, 2020, the Corporation completed the acquisition of a 24.1% equity stake in SCIM from an arms-length third party for a purchase price of $7.0 million, funded by a combination of newly incurred debt and a deferred cash consideration. In connection with the acquisition, MLCSC Holdings Finance, a wholly-owned subsidiary of the Corporation, entered into a credit facility of $5.3 million (the "**MLCSC Holdings Facility**"), which bears interest at a rate of 9.5% per annum and matures on April 2, 2024. The MLCSC Holdings Facility is guaranteed by the Corporation.

On February 4, 2021, the outstanding amount under the MLC I Loan Facility was repaid in full and terminated.

On February 24, 2021, the Corporation received $0.5 million from the Former Manager in connection with the sale of Cline.

On March 1, 2021, Jason T. Roos succeeded Edward Gilpin as the Corporation's Chief Financial Officer and Corporate Secretary.

On March 22, 2021, 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 March 31, 2021. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On March 25, 2021, KPMG LLP resigned as the auditor of the Corporation and Deloitte and Touche LLP was appointed as successor auditor.

On April 20, 2021, the Corporation, through ML Management, entered into a definitive agreement for the acquisition (the "**Capitala Acquisition**") of certain assets from Capitala Investment Advisors, LLC ("**CIA**"), pursuant to which ML Management would become the investment advisor of Capitala Finance Corp. ("**Capitala**") a United States publicly-traded business development company whose common stock is listed on the NASDAQ.

On May 7, 2021, the Corporation, through MLC I, a wholly-owned subsidiary of the Corporation, entered into a revolving credit and security agreement (the "**Facility Agreement**") with a large US-domiciled financial institution, as administrative agent (the "**Administrative Agent**"). Pursuant to the Facility Agreement, the Administrative Agent shall arrange for lenders to advance to MLC I on a revolving basis up to $60.0 million (the "**MLC I Revolving Credit Facility**"). Amounts drawn under the MLC I Revolving Credit Facility will bear interest at LIBOR plus a spread of 4.00% for the first three months, 5.50% for the following three months, and 8.00% thereafter. The MLC I Revolving Credit Facility is collateralized by assets held by MLC I. ML Management is a guarantor of the MLC I Revolving Credit Facility and the MLC I Revolving Credit Facility is non-recourse in nature to the Corporation. The MLC I Revolving Credit Facility was temporary in nature and was repaid in full in the fourth quarter of fiscal 2021.

Also on May 7, 2021, the Corporation completed a non-brokered private placement and issued 223,214 common shares of the Corporation at a purchase price of CAD$2.80 per share for gross proceeds of CAD$0.6 million.

On May 12, 2021, 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 May 27, 2021. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On May 19, 2021, the Corporation announced that it had entered into a non-binding agreement for the acquisition of 100% of the equity of Ability Insurance Company ("**Ability**"), a Nebraska domiciled insurer and reinsurer of long-term care policies, for a purchase price of $20.0 million (the "**Ability Acquisition**").

On June 9, 2021, the Corporation distributed CAD$0.3 million to the holders of CVRs.

On July 1, 2021, the Corporation, through ML Management, completed the Capitala Acquisition whereby ML Management became the investment advisor of Capitala and Capitala changed its name to Logan Ridge Finance Corporation ("**Logan Ridge**").

On July 12, 2021, the Corporation acquired a minority stake in Crown Private Credit Partners Inc. ("**CPCP**"), a Canadian alternative corporate financing business that was partially divested from Crown Capital Partners Inc. ("**CCPI**"). CPCP serves as a strategic partner for the Corporation to provide private credit opportunities to the Corporation in the Canadian private credit market.

On July 20, 2021, the Corporation completed a non-brokered private placement and issued 2,165,000 common shares at a purchase price of CAD$3.20 per common share for gross proceeds of CAD$6.9 million.

On August 12, 2021, 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 August 24, 2021. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On August 20, 2021, the Corporation, through US Holdings, entered into a credit facility with a large US-based asset manager, as administrative agent and collateral agent for the lenders, whereby US Holdings may borrow up to $25.0 million by December 31, 2021 (the "**MLC US Holdings Credit Facility**"). The MLC US Holdings Credit Facility matures on August 20, 2027. Amounts drawn under the MLC US Holdings Credit Facility will bear interest at LIBOR plus a spread of 7.50%. A commitment fee of 0.50% per annum is charged on undrawn amounts. Payment of principal and interest are made on each payment date in March, June, September and December, with the remaining principal outstanding and accrued but unpaid interest payable on August 20, 2027. The MLC US Holdings Credit Facility is collateralized by assets held by US Holdings. The Corporation is a guarantor of the MLC US Holdings Credit Facility.

Also on August 20, 2021, MLCSC Holdings Finance repaid in full the outstanding MLCSC Holdings Facility, and such facility was terminated.

On October 29, 2021, the Corporation completed the Ability Acquisition for a purchase price of $20.0 million (the "**Ability Purchase Consideration**"), comprised of the issuance of an unsecured promissory note in the amount of $15.0 million and an aggregate of 1,579,671 common shares of the Corporation having an aggregate value of $5.0 million. In connection with the Ability Acquisition, ML Management was engaged as an investment adviser for a meaningful portion of Ability's assets, increasing ML Management's assets under management. As part of the Ability Acquisition, the Ability Purchase Consideration was pledged to Ability to support Ability's investment portfolio and the Corporation invested $10.0 million of capital into Ability to strengthen Ability's balance sheet and launch a platform for the reinsurance of annuities. The Ability Acquisition was a significant acquisition under National Instrument 51-102 – *Continuous Disclosure Obligations* and the Corporation has filed with the applicable securities regulators a Form 51-102F4 – *Business Acquisition Report* in respect thereof which is available under the Corporation's SEDAR profile at www.sedar.com.

Also on October 29, 2021, the Corporation issued an aggregate of 1,258,931 common shares of the Corporation having an aggregate value of $4.0 million and paid $1.0 million in cash to CIA as part of the deferred purchase price payable by the Corporation pursuant to the Capitala Acquisition.

On November 9, 2021, 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 November 22, 2021. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On February 15, 2022, Radford Small retired from the Board of Directors of the Corporation (the "**Board of Directors**") and Rudolph Reinfrank was appointed a director of the Corporation.

On March 22, 2022, 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 March 31, 2022. The dividend was designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

On March 22, 2022, Albert Siu was appointed as the Corporation's Chief Accounting Officer.

Description of the Business

The Corporation is an alternative asset management and insurance solutions company that is focused on public and private debt securities in the North American market and the reinsurance of annuity products, primarily through its wholly-owned subsidiaries, ML Management and Ability, respectively .

The Corporation's reporting segments include asset management and insurance. The asset management segment reflects the Corporation's historical operations through its subsidiaries, including ML Management, and the insurance segment represents Ability's operations. The Corporation has successfully diversified across multiple credit-oriented vehicles, as discussed below, all of which are underpinned by recurring fee related earnings and permanent or long duration capital.

The Corporation, through its subsidiaries, earns management and incentive fees and servicing fees for providing investment management, monitoring and other services to investment vehicles and advisers. The Corporation also earns investment income by 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, and minority equity stakes in funds and companies. ML Management, a wholly-owned subsidiary of the Corporation, is registered as an investment adviser with the United States Securities and Exchange Commission under the *Investment Advisors Act of 1940*, as amended, and is registered to act in an investment advisory role for clients in the United States.

The Corporation's insurance business is operated by Ability, which the Corporation acquired on October 29, 2021. Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies. As part of the transaction, the Corporation invested $10.0 million of capital into Ability to strengthen its balance sheet and launch a platform for the reinsurance of annuities, which is expected to reinsure $150.0 million of fixed annuities within the six to twelve month period following closing of the acquisition. As a result of this acquisition, Ability's assets and operations have been consolidated with the Corporation's operating results from and after October 29, 2021.

Asset Management – Advisory

The Corporation expanded its focus from a lending-oriented credit platform to an alternative asset management platform in the United States. Through its subsidiaries, the Corporation acquired certain investment management contracts and/or the economic benefit thereof thereby providing a growing stream of asset management fee income.

On October 30, 2020, the Corporation entered into the SCIM Services Agreement with SCIM pursuant to which the Corporation provides certain administrative services to SCIM in respect of ACIF. On December 17, 2020, the SCIM Services Agreement was amended to be between the Corporation's wholly-owned subsidiary, US Holdings, and SCIM. Under the SCIM Services Agreement, in exchange for the administrative services provided, SCIM will pay to US Holdings, on a quarterly basis, an amount equal to the aggregate base management and incentive fees received by SCIM from ACIF 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 ACIF (collectively, the "**Retained Benefits**"). In addition, SCIM will be reimbursed by US Holdings quarterly for certain expenses it incurs in connection with the investment advisory services provided to ACIF. Pursuant to this arrangement, US Holdings will receive the net economic benefit derived by SCIM under the ACIF Advisory Agreement, subject to the holdback of the Retained Benefits and expense reimbursements.

On November 12, 2020, the Corporation, through its wholly-owned subsidiary, ML Management completed the CLO Acquisition which consisted of the acquisition of the rights of the GARS Sellers under certain investment management agreements, the general partnership interests of the GARS Sellers under certain partnership agreements and the rights of the GARS Sellers under certain collateral management agreements relating to the CLOs. ML Management, as the investment manager of the CLOs, receives management fees based on aggregate gross assets under management, paid quarterly, and subject to various reductions based on caps, transaction fees, and fee-sharing arrangements.

On July 1, 2021, the Corporation, through ML Management, completed the Capitala Acquisition and ML Management became the investment adviser of Logan Ridge (formerly, Capitala Finance Corp.), a U.S. publicly traded business development company whose common stock is listed on NASDAQ. ML Management, as the investment adviser of Logan Ridge, receives a fee for investment advisory and management services consisting of two components – a 1.75% annual base management fee based upon gross assets and an incentive tied to performance.

The following is a list of the investment vehicles managed by subsidiaries of the Corporation:

- Logan Ridge Finance Corporation
- Mount Logan Funding 2018-1 LP
- Mount Logan MML CLO 2019-1 LP
- Mount Logan Middle Market Funding LP
- Mount Logan Middle Market Funding A LP
- Mount Logan Middle Market Funding II LP
- Mount Logan Middle Market Funding II A LP

Asset Management - Loans

The Corporation, directly and through its subsidiaries, focuses on investing in public and private debt securities in the North American market. The Corporation seeks to source and actively manage loans and other debt-like securities with credit-oriented characteristics. The Corporation 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. 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.

The sourcing, negotiation and documentation of highly structured investments by management of the Corporation permits the construction of a diversified portfolio of investments through the use of flexible and innovative loan strategies.

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 as further discussed below:

- Leveraged Yield Strategies:
  - Low leveraged bank loan funds: employing various strategies to invest in 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 financing 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: investing 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 made and 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 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 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.

Asset Management – Other

In December 2020, the Corporation, through its indirect wholly-owned subsidiary, MLCSC Holdings LLC acquired a minority stake in SCIM, which manages Portman Ridge Finance Corp., a United States business development company, and ACIF. The Corporation receives periodic distributions from SCIM and recognizes its share of profit or loss in SCIM.

Insurance – Ability

The Corporation’s insurance business is operated by Ability, which the Corporation acquired on October 29, 2021. The Corporation owns 100% of the equity of Ability. Beginning with the fourth quarter of 2021, the Corporation presents Ability's financial results as a separate reportable segment.

Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies. The acquisition of Ability by the Corporation combined two products that the Corporation believes are, and will continue to be, in high demand – insurance solutions and asset management. The Corporation’s acquisition of Ability brings additional capital, strengthening of the investment portfolio, stability and continuity of liability management, and new growth opportunities that will provide increased security to policyholders. The acquisition positions the Corporation for a new stage of growth with a commitment for immediate and future capital, product diversification, asset management opportunities, de-risking legacy assets, and enhancing risk based capital. The stronger capital base and alignment will allow the Corporation to scale asset and liability origination for the benefit of Ability's policyholders as well as the Corporation and its shareholders. Additionally, the Corporation will continue to expand on its specialty health product offerings and begin to reinsure annuity products.

Competitive Conditions

Many entities compete with the Corporation and its subsidiaries in the alternative asset management and insurance solutions spaces. In alternative asset management, 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. In insurance solutions, the Corporation competes with other insurers, reinsurers and other financial institutions that offer investment products. The Corporation faces intense competition, based upon price, terms and conditions, relationships with distribution partners and other clients, quality of service, capital and perceived financial strength (including independent rating agencies' ratings), technology, innovation, ease of use, capacity, product breadth, reputation and experience, brand recognition and claims processing. Many of these competitors are large and well-established, and some have greater market share or breadth of distribution, assume a greater level of risk while maintaining financial strength ratings, or have higher financial strength, claims-paying or credit ratings than the Corporation does or benefit, by offering various lines of insurance, from diversification of risks and possible positive impacts on capital requirements. See “Risk Factors”.

The insurance and reinsurance industry is generally heavily regulated and Ability’s operations in each jurisdiction in which it operates are subject to varying degrees of regulation and supervision. The laws and regulations of the jurisdictions in which Ability operates may require Ability to, among other things, maintain minimum levels of statutory capital, surplus and liquidity, meet solvency standards, submit to periodic examinations of its financial condition, and restrict payments of dividends and distributions of capital. Ability is also subject to laws and regulations that may restrict its ability to write insurance and reinsurance policies, make certain types of investments and distribute funds. With respect to investments, Ability must comply with applicable regulations regarding the type and concentration of investments it may make.

Employees

The Corporation and its subsidiaries collectively have a total of eleven (11) employees, nine (9) of who are primarily involved in the Corporation's asset management segment and two (2) of who are primarily involved in the Corporation's insurance segment. The insurance segment represents Ability's operations, many of which are outsourced to third party providers.

Foreign Operations

The Corporation's wholly-owned subsidiary, MLC I, 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, US Holdings, a limited liability company formed under the laws of the State of Delaware, is a U.S. entity that holds 100% of the equity in each of ML Management and MLCSC Holdings Finance and holds the interest in the SCIM Facility and the SCIM Services Agreement. The Corporation's indirect wholly-owned subsidiary, ML Management, is a limited liability company formed under the laws of the State of Delaware, is registered as an investment adviser with the United States Securities and Exchange Commission under the *Investment Advisors Act of 1940*, as amended, and is registered to act in an investment advisory role for clients in the United States. ML Management has entered into a 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. ML Management also acquired the assets sold by the GARS Sellers pursuant to the CLO Acquisition and the assets sold by CIA pursuant to the Capitala Acquisition. ML Management is also an investment adviser for a meaningful portion of Ability's assets. The Corporation's indirect wholly-owned subsidiary, MLCSC Holdings Finance, is a limited liability company formed under the laws of the State of Delaware that holds the Corporation's indirect interest in MLCSC Holdings LLC and entered into a credit facility of $5.3 million in connection with the Corporation's indirect acquisition of a 21.4% equity stake in SCIM. The Corporation's indirect wholly-owned subsidiary, MLCSC Holdings LLC, is a limited liability company formed under the laws of the State of Delaware that currently holds a 24.99% equity stake in SCIM. The Corporation's wholly-owned subsidiary, Ability, a company formed under the laws of Nebraska, operates the Corporation's insurance business and is a Nebraska domiciled insurer and reinsurer of long-term care policies. There are currently no other operations in any other foreign jurisdictions other than specified 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 22,190,195 common shares and no Preference Shares outstanding as of December 31, 2021. As of the date of this Annual Information form, there are 22,190,195 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 "**Arrangement Warrants**"). As at December 31, 2021, the Corporation had 20,468,128 Arrangement 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) Arrangement 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 Arrangement Warrants as at December 31, 2021.

Broker Warrants

In connection with the private placement of common shares completed on July 20, 2021, the Corporation issued an aggregate of 76,923 broker warrants (the "**Broker Warrants**"), each of which is exercisable to acquire one common share of the Corporation at any time up to January 20, 2023 at an exercise price of CAD$3.90. As at December 31, 2021, there were 76,923 Broker Warrants outstanding.

Options and Awards

The Corporation has in place a stock option plan (the "**Option Plan**") and a performance and restricted share unit plan (the "**PR Plan**"). There were no options or awards outstanding under either the Option Plan or the PR Plan as at December 31, 2021. As of the date of this Annual Information form, there are no options outstanding under the Option Plan and an aggregate of 331,795 restricted share units ("**RSUs**") outstanding under the PR Plan, each of which entitles the holder thereof to receive one common share of the Corporation following the vesting thereof, all in accordance with the terms and subject to the conditions set out in the PR Plan.

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.

On October 26, 2020, Allegiance acquired all the shares of NECC held by Cline and the Corporation was advised that it was the Former Manager's intention to direct Cline to remit the net proceeds from the transaction, less a prudent provision for any ongoing minimal Cline operating costs, to the senior bondholders (which included the Corporation) as soon as practicable after receipt. On June 9, 2021, the Corporation distributed CAD$0.3 million to the holders of CVRs**.** Further distributions by the Corporation of proceeds received from the Cline transaction will be made in accordance with the terms of the indenture governing the CVRs.

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

On December 4, 2019, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of December 13, 2019. On March 25, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of April 14, 2020. On May 11, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of May 21,

2020. On August 7, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of August 25, 2020. On November 10, 2020, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of November 23, 2020. On March 22, 2021, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of March 31, 2021. On May 12, 2021, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of May 27, 2021. On August 12, 2021, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of August 24, 2021. On November 9, 2021, the Corporation announced the declaration of a cash dividend in the amount of CAD$0.02 per common share that was paid to shareholders of record as of November 22, 2021. On March 22, 2022, 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 March 31, 2022. 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 Inc. (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, 2021 and ending on December 31, 2021.

Period	High (CAD$)	Low (CAD$)	Volume[(1)]
January 2021	3.00	2.80	11,600
February 2021	2.85	2.73	33,331
March 2021	2.80	2.70	1,500
April 2021	2.85	2.72	257,825
May 2021	3.59	2.91	224,450
June 2021	3.60	3.40	107,586
July 2021	4.20	3.70	178,515
August 2021	4.10	3.80	43,904
September 2021	4.25	3.80	31,921
October 2021	4.10	3.75	69,575
November 2021	4.10	3.90	22,603
December 2021	4.15	3.60	291,185

Note:
(1) Source: Bloomberg

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 Arrangement Warrants and an aggregate of 17,288,140 CVRs. In connection with the private placement of common shares completed on July 20, 2021, the Corporation issued an aggregate of 76,923 Broker Warrants. None of the Arrangement Warrants, Broker Warrants nor the CVRs are listed or quoted on a marketplace. On February 15, 2022, the Corporation issued 331,795 RSUs to certain directors, officers and employees of the Corporation and its subsidiaries. The RSUs are not listed or quoted on a marketplace. See "Description of Capital Structure" for additional details.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

To the Corporation's knowledge, none of the Corporation's securities of any class are held in escrow or are subject to a contractual restriction on transfer as of December 31, 2021.

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 at March 22, 2022, the current directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 1,055,654 common shares of the Corporation, representing approximately 4.76% 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
Perry Dellelce[(1)(2)] Ontario, Canada	Director	Managing Partner of Wildeboer Dellelce LLP.	October 19, 2018
Sabrina Liak[(2)(3)] British Columbia, Canada	Lead Director	Co-founder and Chief Financial Officer of Kits Eyecare Ltd. an online eyecare company, 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
Stephen Usher[(1)(3)] California, USA	Director	Managing Director and Head of Distribution at Lafayette Square since April 2021. Previously a Partner at Standard General LP, a New-York based investment fund.	June 17, 2021
Rudolph Reinfrank[(1)(2)(3)(4)] California, USA	Director	Managing General Partner of Riverford Partners LLC, a strategic advisory and investment firm since October 2010.	February 15, 2022
Jason Roos New York, USA	Chief Financial Officer, Corporate Secretary	Chief Financial Officer of Portman Ridge Finance Corp. and BC Partners Lending Corporation since March 2021. Chief Financial Officer of Logan Ridge Finance Corporation since July 2021. Credit Product Controller at BC Partners LLC since May 2020. Prior to that, Controller, Data Quality Leader of Wells Fargo & Company from 2014 to 2020.	N/A

Matthias Ederer New York, USA	Co-President	Partner at BC Partners Credit since 2021. 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	Partner at BC Partners Credit since 2021. 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 Corporate Governance and Nominating Committee.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

(4) Mr. Reinfrank was appointed as a Director of the Corporation subsequent to December 31, 2021.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Other than as set forth, below:

(a) 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;

(b) 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; and

(c) 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.

Perry Dellelce is a director of Lendified Holdings Inc. A cease trade order was issued against Lendified Holdings Inc. by the Ontario Securities Commission on July 9, 2020 (the "**Cease Trade Order**") for failure to file audited annual financial statements of Lendified PrivCo Holding Corporation for the year ended December 31, 2019.

Lendified Holdings Inc. was granted a partial revocation of the Cease Trade Order on August 14, 2020 to permit it to sell units, comprised of its common shares and warrants, by way of private placement. The Cease Trade Order was revoked by the Ontario Securities Commission on October 1, 2020 and trading of Lendified Holdings Inc. shares on the TSX Venture Exchange resumed on November 3, 2020.

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. Reinfrank (Chair), Ms. Liak, and Mr. Usher. 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.

Rudolph Reinfrank: Mr. Reinfrank is a Sarbanes-Oxley audit committee financial expert pursuant to item 407(d)(5)(ii) of Regulation S-K and he is FINRA licensed for Series 7, 62 and Series 63. In addition, he is the former chairman of the audit committee (2013-2018) for Apollo Investment Corporation (NASDAQ: AINV) and is a member of its audit, nominating and governance committees. Mr. Reinfrank holds an MBA from UCLA.

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 and is currently the Chief Financial Officer of Kits Eyecare Ltd. (TSX:KITS). Ms. Liak holds an HBA from the Richard Ivey School of Business at the University of Western Ontario.

Stephen Usher: Mr. Usher is a Managing Director and Head of Distribution at Lafayette Square. Prior to joining Lafayette, he was a partner at Standard General, an investment firm where he served on the firm's investment committee, and was involved with the firm's trading business. Mr. Usher was formerly a founding partner of Serengeti Asset Management, where he managed the firm's business development activity and built out its credit trading business. He spent close to a decade at Goldman Sachs from 1996 to 2005, during which time he built out Goldman's European distressed bond and bank loan sales and sourcing effort in London, and worked for Goldman's distressed bank loan and bond sales and trading group in New York. Mr. Usher currently serves as a director of Turning Point Brands, Inc. (NYSE: TPB).

Reliance on Exemptions

The Corporation did not rely on any exemptions from the provisions of NI 52-110 during the year ended December 31, 2021.

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 following table presents fees for professional services rendered by Deloitte & Touche LLP the external auditor of the Corporation, appointed as the auditor of the Corporation effective March 25, 2021, and KPMG LLP, the former external auditor of the Corporation, for the fiscal years ended December 31, 2021 and 2020:

Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2021	CAD$921,235	CAD$112,804	Nil	Nil
December 31, 2020	CAD$258,380	CAD$864	Nil	Nil

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 or business objectives may overlap with the investment or business 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 in the Corporation's securities may lose all or part of their investment.

Risks Related to the Business – General

Dependence upon key management

The Corporation depends on the business and technical expertise of its 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 management resources will be required. The Corporation may not be able to attract and retain additional experienced qualified personnel in respect of the Corporation's insurance solutions business. The failure to attract and retain qualified personnel for the Corporation's current and expected business plans would have a negative effect on operations and could adversely affect the Corporation's business, financial condition and results of 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 with an increasing focus on the alternative asset management business. 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 or as an asset management and investment firm. With the recent acquisition of Ability, the Corporation has continued its transition from a balance sheet oriented investment vehicle to a hybrid asset management business and insurance solutions business. As such, the Corporation is subject to all of the business risks and uncertainties associated with the broadening of its businesses, including the risk that the Corporation will not achieve its financial objectives as estimated by management. Furthermore, past successes of the Board of Directors and management in other ventures do not guarantee future successes or the success of the Corporation in executing its current strategy. 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 or improved results.

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 operations. 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 its shares

The net asset value and market value of the Corporation's shares will fluctuate with changes in, among other things, the value of the Corporation's investments, changes in the amount of the Corporation's dividends, adverse market reaction to any acquisitions or other transactions, a lack of liquidity in the trading of the Corporation's common shares and fluctuations in currency exchange rates. Such changes in value may occur as a result of various factors, including general economic and market conditions, the performance of companies who have borrowed from the

Corporation, the performance of the Corporation relative to entities engaged in similar businesses and changes in interest rates which may affect the value of interest-bearing securities owned or managed by the Corporation or interest sensitive products sold by the Corporation. An investment in the Corporation is speculative and may result in the loss of a shareholder's investment in the Corporation. Only shareholders who are experienced in high risk investments and who can afford to lose 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.

Financing risks

Additional funding will be required for the Corporation to acquire and source new loans and expand its alternative asset management and insurance businesses. 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 proposed operations. The primary source of funds currently available to the Corporation is derived from the issuance of equity and the incurrence of debt. There is no assurance that the Corporation will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation. Ability's capital requirements will depend on the rate of its sales growth, reserve levels and the level of risk in the insurance products and the investment assets. Additional funding may be required to maintain Ability's statutory capital and surplus. Adverse market conditions may affect the availability and cost of additional funding, which will impact Ability's profitability, liquidity, and growth prospects.

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 directors, officers and employees of the Corporation and its 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 *Business Corporations Act (Ontario)* and other applicable legislation, regulations, rules and policies.

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

The Canadian, U.S., and global capital markets and economic conditions have in the past and may in the future experience periods of volatility and disruption from changes in interest rates, credit availability, inflation rates, uncertainty, legal and regulatory changes, trade barriers, commodity prices, fluctuation in currency exchange rates, and political conditions. While credit markets and the economy have experienced relative stability since the global financial crisis from 2007-2009, there can be no assurance that market conditions will remain or improve further in the near future.

The outbreak of the novel coronavirus, or COVID-19, continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets and economies. The global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting or reinstituting quarantines, restrictions on travel and other measures to mitigate the impact of this pandemic. While many of these measures have been relaxed in certain jurisdictions, spread of the virus continues and some of these restrictions remain in place. Such actions have created disruption in global supply chains, and have adversely impacted a number of industries, including, among others, transportation, hospitality and entertainment. The outbreak has triggered a period of global economic slowdown and continued volatility and could have a continued adverse impact on economic and market conditions even after restrictive measures are relaxed or removed. The rapid development and continued fluidity of this situation precludes any prediction as to the duration and extent of this pandemic and its impact on the business, financial condition and results of operations of the Corporation and its subsidiaries, as well as the business, financial condition and results of operations of their portfolio companies. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to our and our portfolio companies' performance and financial results, including following the relaxation or removal of restrictive measures. The Corporation continues to actively monitor developments with respect to this pandemic and its impact as part of the Corporation's overall investment objective and strategy. To the extent the Corporation's portfolio companies continue to be adversely impacted by the effects of COVID-19, it may have a material adverse impact on the Corporation's future net investment income, the fair value of its portfolio investments, its financial condition and the results of its operations and financial condition.

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, its subsidiaries 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.

The insurance market is affected by capital market and global economic conditions. Conditions of perceived or actual stress, volatility and disruption in capital markets and asset classes may decrease the returns and value of the investment portfolio and impact Ability's claim liability. During unfavourable economic conditions policyholders may defer premium payments, surrender policies, or stop paying premiums. Uncertain economic conditions may also discourage potential policyholders from purchasing Ability's products. Claim rates may increase in certain economic conditions which could lead to operating losses and capital increases from Ability's products.

Competitive business environment

The Corporation's ability to acquire and access new opportunities could be significantly affected by the activities of other industry participants. New competitors may enter the credit, asset management and insurance industries in which the Corporation operates, or current market participants may significantly increase their activities in these areas. There can be no assurance that the Corporation will be able to compete effectively with its competitors. If competitors were to engage in aggressive pricing policies, the Corporation may have difficulty originating new financing opportunities, securing new investment management mandates or, in the case of Ability, offering crediting rates at an appropriate service standard, all 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 products and services that compete directly with the Corporation's products and services. Further, the Corporation's competitors may have greater financial, technical, marketing and other resources, and may have greater access to lower cost of capital. As a result of competition, the Corporation's ability to profitably expand its business lines 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 and 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 fails 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 and asset management opportunities, 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.

Ability's growth depends on the size of the capital base supporting the growth. Ability may need to seek additional funding, invest additional assets and hire additional personnel in order to facilitate its growth. As Ability grows there is a risk that service quality to its customers declines if it does not commit additional resources. There is a risk that Ability may not be able to realize the potential benefits from growth if it does not adequately manage the scaling of its business. An inability to realize the benefits from growth may have a material adverse effect on its business.

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, its portfolio companies and Ability are and 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 and the insurance products sold or anticipated to be sold by Ability, 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 and policyholders

Given the Corporation expects to have investment holdings in both Canada and the U.S., there is potential that 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 (including Ability), 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 or result in reduced asset management fees for the Corporation. Ability's annuity products offer income tax advantages to policyholders as compared to other savings instruments. Income tax can be deferred on the earnings during the accumulation of an annuity. Tax reforms could change this tax deferral benefit or reduce the taxation of competing products which could adversely affect Ability's annuity product sales and result in more policy surrenders. If Ability's corporate income tax rate was increased, Ability's earning would decrease accordingly.

The Corporation may experience fluctuations in its quarterly financial 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, financial 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 management 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 a significant portion of its portfolio investments at market value or, if there is no readily available market value, at fair value as determined by the Corporation's management. 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.

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 nontraded 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.

The fair market value determination of the majority of Ability's investments is based on readily available market value. For Ability's investments without readily available market value, fair value will be determined by the Corporation's management consistent with the methodology described above. The assumptions required to reach the fair market value may change which will impact the fair market value and the net income under IFRS, which may have material adverse impact on the Corporation's financial position.

No guarantee as to timing or amount of dividends

Holders of the Corporation's shares do not have a right to dividends on such shares unless declared by the Board. The declaration of dividends is at the discretion of the Board, 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.

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 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.

Cash flows/investment income

The Corporation generates income and cash flows primarily from interest and dividends from its portfolio investments, from financing activities, from investment management activities, from insurance contracts and from proceeds of 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, many 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 market conditions generally or to matters specific to the Corporation, or if the value of the Corporation's investments decline, resulting in lesser proceeds on 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 U.S. dollar could have a negative impact on the Corporation's reported financial results and overall financial performance.

Major public health issues, and specifically the novel coronavirus COVID-19, could have an adverse impact on our financial condition and results of operations and other aspects of our business.

We are closely monitoring developments related to the COVID-19 pandemic to assess its impact on our and our portfolio companies' business. While, due to the evolving and highly uncertain nature of this event, it currently is not possible to estimate its impact precisely, the COVID-19 pandemic could impact the business, financial condition, results of operations, liquidity or prospects of the Corporation (including Ability) as well as our portfolio companies in a number of ways. For instance, our investment portfolio (and, specifically, the valuations of investment assets we hold) has been, and may continue to be, adversely affected as a result of market developments from the COVID-19 pandemic and uncertainty regarding its outcome. Moreover, changes in interest rates, reduced liquidity or a continued slowdown in U.S. or global economic conditions may also adversely affect the business, financial condition, results of operations, liquidity or prospects of the Corporation as well as our portfolio companies. Further, extreme market volatility may leave us and our portfolio companies unable to react to market events in a prudent manner consistent with our historical practices in dealing with more orderly markets. Although it is impossible to predict with certainty the potential full magnitude of the business and economic ramifications of this pandemic, including after restrictive measures have been relaxed or removed, COVID-19 has impacted, and may further impact, our business in various ways, including but not limited to:

- from an operational perspective, the activities of the Corporation's employees, as well as those of workforces of our vendors, service providers and counterparties, may be limited by the COVID-19 pandemic or efforts to mitigate the pandemic, including as a result of government-mandated shutdowns, requests or orders for employees to work remotely, and other social distancing measures, which could result in an adverse impact on our ability to conduct our business in the normal course;
- while the market dislocation caused by the COVID-19 pandemic may present attractive investment opportunities, due to increased volatility in the financial markets, we may not be able to complete those investments;
- if the impact of the COVID-19 pandemic continues, we may have more limited opportunities to successfully exit existing investments, due to, among other reasons, lower valuations, decreased revenues and earnings, or lack of potential buyers with financial resources to pursue an acquisition, resulting in a reduced ability to realize value from such investments;

- our portfolio companies are facing or may face in the future increased credit and liquidity risk due to volatility in financial markets, reduced revenue streams, and limited or higher cost of access to preferred sources of funding, which may result in potential write-downs or write-offs in the value of our investments. Changes in the debt financing markets are impacting, or, if the volatility in financial market continues, may in the future impact, the ability of our portfolio companies to meet their respective financial obligations;
- borrowers of loans, notes and other credit instruments in our portfolio may be unable to meet their principal or interest payment obligations or satisfy financial covenants, resulting in a decrease in the value of our investments and lower than expected return. In addition, for variable interest instruments, lower reference rates resulting from government stimulus programs in response to the COVID-19 pandemic could lead to lower interest income;
- many of our portfolio companies operate in industries that are materially impacted by the COVID-19 pandemic, including but not limited to healthcare and consumer. Many of these companies are facing operational and financial hardships resulting from the spread of COVID-19 and related governmental measures, such as the closure of stores, restrictions on travel, quarantines or stay-at-home orders. If the disruptions caused by COVID-19 continue and the restrictions put in place are not lifted, the businesses of these portfolio companies could suffer materially or become insolvent, which would decrease the value of our investments;
- an extended period of remote working by the Corporation's employees could strain its technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic; and
- COVID-19 presents a significant threat to the Corporation's employees' well-being and morale. While the Corporation has implemented a business continuity plan to protect the health of its employees and has contingency plans in place for key employees or executive officers who may become sick or otherwise unable to perform their duties for an extended period of time, such plans cannot anticipate all scenarios, and the Corporation may experience potential loss of productivity or a delay in the roll out of certain strategic plans.

The Corporation may require authorizations as it expands the scope of its business

As the Corporation expands the scope of its business and investment strategy, aspects of its operations may require registration with regulatory authorities in the jurisdictions in which it operates. There can be no assurance that all required approvals or authorizations will be obtained on a timely basis or at all. If such approvals or authorizations are obtained, there can be no assurance that the Corporation will be successful in obtaining such approvals or authorizations on terms that permit the Corporation to expand the scope of its business and investment strategy successfully and realize potential benefits.

The current political environment may have a material adverse impact on the Corporation and its portfolio companies

The current U.S. and Canadian political environments and the resulting uncertainties regarding actual and potential shifts in U.S. and/or Canadian foreign investment, trade, taxation, economic, environmental and other policies under the current administrations, as well as the impact of geopolitical tension, such as a deterioration in the bilateral relationship between the U.S. and China or the conflict between Russia and Ukraine, could lead to disruption, instability and volatility in the global markets. Unfavorable economic conditions also would be expected to increase the Corporation's funding costs, limit its access to the capital markets or result in a decision by lenders not to extend credit to the Corporation. These events may limit the Corporation's investment originations, and limit its ability to grow and could have a material negative impact on its operating results, financial condition, results of operations and cash flows and the fair values of its debt and equity investments.

The Russian invasion of Ukraine may have a material adverse impact on us and our portfolio companies

Commencing in 2021, Russian President Vladimir Putin ordered the Russian military to begin massing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization since the illegal annexation of Crimea in 2014, and initiated troop movements into the eastern portion of Ukraine. On February 22, 2022, the United States and several European nations announced sanctions against Russia in response to Russia's actions. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, which could have a negative impact on the economy and business activity globally (including in the countries in which the Corporation invests), and therefore could adversely affect the performance of the Corporation's investments. Furthermore, the conflict between the two nations and the varying involvement of the United States and other NATO countries could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Corporation and the performance of its investments or operations, and the ability of the Corporation to achieve its investment objectives. Additionally, to the extent that the Corporation's portfolio companies, service providers or related customer bases have material operations or assets in Russia or Ukraine, they may have adverse consequences related to the ongoing conflict, which may negatively impact the Corporation.

Deficiencies in the Corporation's financial reporting and disclosures could adversely impact its reputation

As the Corporation expands the size and scope of its business, there is a greater susceptibility that its financial reporting and other public disclosure documents may contain material misstatements and that the controls the Corporation maintains to attempt to ensure the complete accuracy of its public disclosures may fail to operate as intended. The occurrence of such events could adversely impact the Corporation's reputation and financial condition. In addition, the Corporation discloses certain metrics that do not have standardized meaning and are based on its own methodologies and assumptions, which is unique to the Corporation and may reduce comparability with other companies.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to give the Corporation's stakeholders assurance regarding the reliability of its financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, the process for establishing and maintaining adequate internal controls over financial reporting has inherent limitations, including the possibility of human error. The Corporation's internal controls over financial reporting may not prevent or detect misstatements in the Corporation's financial disclosures on a timely basis, or at all. Some of these processes may be new for certain subsidiaries in the Corporation's structure and in the case of acquisitions may take time to be fully implemented.

The Corporation's disclosure controls and procedures are designed to provide assurance that information required to be disclosed by the Corporation in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified. The Corporation's policies and procedures governing disclosures may not ensure that all material information regarding the Corporation is disclosed in a proper and timely fashion, or that the Corporation will be successful in preventing the disclosure of material information to a single person or a limited group of people before such information is generally disseminated.

Failure to maintain the security of the Corporation's information and technology systems could have a material adverse effect on the Corporation

The Corporation relies on certain information and technology systems, including the systems of others with whom the Corporation does business, which may be subject to security breaches or cyber-terrorism intended to obtain unauthorized access to proprietary information or personally identifiable information, destroy data or disable, degrade or sabotage these systems, through the introduction of computer viruses, fraudulent emails, cyber-attacks or other means. Such acts of cyber-terrorism could originate from a variety of sources including our own employees or unknown third parties. In the ordinary course of our business, the Corporation collects and stores sensitive data, including personally identifiable information of the Corporation's employees and clients. Data protection and privacy rules have become a focus for regulators globally. Although the Corporation takes various measures to ensure the integrity of its systems and to safeguard against failures or security breaches, there can be no assurance that these measures will provide adequate protection, and a compromise in these systems could go undetected for a significant period of time. If these information and technology systems are compromised, the Corporation could suffer a disruption in one or more of our businesses and experience, among other things, financial loss; a loss of business opportunities; misappropriation or unauthorized release of confidential or personal information; damage to our systems and those with whom the Corporation does business; violations of privacy and other laws, litigation, regulatory penalties or remediation and restoration costs (particularly in light of increased regulatory focus on cyber-security by regulators around the world); as well as increased costs to maintain the Corporation's systems. This could have a negative impact on the Corporation's operating results and cash flows and result in reputational damage.

The failure of the Corporation's information technology systems, or those of our third-party service providers, could adversely impact our reputation and financial performance

The Corporation operates in businesses that are dependent on information systems and technology, and the Corporation relies on third-party service providers to manage certain aspects of the Corporation's businesses, including for certain information systems and technology, data processing systems, and the secure processing, storage and transmission of information. In particular, the Corporation's financial, accounting and communications processes are all conducted through data processing systems. The Corporation's information technology and communications systems and those of its third-party service providers are vulnerable to damages or disruption from fire, power loss, telecommunications failure, system malfunctions, natural disasters, acts of war or terrorism, employee errors or malfeasance, computer viruses, cyber-attacks or other events which are beyond the Corporation's control. The Corporation's information systems and technology and those of our third-party vendors may not continue to be able to accommodate the Corporation's growth and the cost of maintaining such systems may increase from its current level, either of which could have a material adverse effect on the Corporation. Any interruption or deterioration in the performance or failures of the information systems and technology that are necessary for the Corporation's businesses, including for business continuity purposes, could impair the quality of the Corporation's operations and could adversely affect the Corporation's business, financial condition and reputation.

Risks Related to the Corporation's Securities

No current market for Warrants

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

Valuation of Cline

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 Former 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. The fair value of Cline was determined based on the net present value of expected proceeds resulting from the proposed sale of Cline's mining assets. The estimated fair value is based on assumptions related to the completion of the announced transaction and the future operations of the mine. Should the underlying assumptions change, the estimated fair value could change by a material amount.

On January 22, 2020, the Former Manager announced that Cline had entered into a binding agreement for the sale by Cline to Allegiance Coal Limited of all the shares in 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 was to take place before July 15, 2020 and was subject to certain conditions, including Allegiance Coal Limited raising start-up capital for the mine, which was estimated to be $55 million at the time of the announcement. On June 5, 2020, the Former Manager announced that Cline had amended the binding agreement for the sale by Cline to Allegiance of all the shares of NECC with respect to, among other things, the structure of the consideration payable by Allegiance, and subsequently announced that the completion of the transaction is estimated to take place before the end of October 2020. On October 27, 2020, the Former Manager announced that the completion of the transaction took place on October 26, 2020. On February 24, 2021, the Corporation received $0.5 million from the Former Manager in connection with the sale. On June 9, 2021, the Corporation distributed CAD$300,000 to the holders of CVRs. Further distributions by the Corporation of proceeds received from the Cline transaction will be made in accordance with the terms of the indenture governing the CVRs.

CVR holders may not receive a further payment on the CVRs

Other than a residual balance currently held by the Corporation for payment on the CVRs, the right to receive any further 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 acquisition, 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 acquisition, 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 is not expected to develop. Accordingly, 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.

Risks Related to the Business – Lending

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 Corporation's net asset value and consequently, the market value of the Corporation's 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 through increased net unrealized depreciation

Conditions in the medium- and large-sized corporate debt market may deteriorate, as seen during the 2008 financial crisis, which may cause pricing levels to similarly decline or be volatile. During the 2008 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 Corporation's net asset value 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 will 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 its 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 its 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 expected to be 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.

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

Since the Corporation may from time to time use 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 of the Corporation 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 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 its common shares 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 interest rates of some of the Corporation's term loans to its portfolio companies may be priced using a spread over LIBOR, which are expected to be phased out in the future.

The London Interbank Offered Rate ("**LIBOR**") is a widely referenced benchmark rate, which is published in five currencies and a range of tenors and seeks to estimate the cost at which banks can borrow on an unsecured basis from other banks. On July 27, 2017, the United Kingdom Financial Conduct Authority ("FCA") announced that it would phase out the LIBOR as a benchmark by the end of 2021. In March 2021, the FCA confirmed that all LIBOR tenors will either cease to be provided by any administrator or no longer be representative immediately after December 31, 2021, in the case of the one-week and two-month USD LIBOR tenors and all non-USD LIBOR tenors, and immediately after June 30, 2023, in the case of the remaining overnight, one-month, three-month, six-month, and twelve-month USD LIBOR tenors. The extension of certain USD LIBOR tenors until June 2023 will allow many legacy LIBOR-based contracts to mature naturally and significantly aids in reducing the risks associated with transitioning legacy contracts onto replacement rates. As an alternative to LIBOR, for example, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements, backed by Treasury securities. Notwithstanding the extension of certain USD LIBOR tenors until June 2023, abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and the Corporation's existing financial instruments which reference LIBOR. While some instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate setting methodology, not all instruments may have such provisions and there is significant uncertainty regarding the effectiveness of any such alternative methodologies. Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. If LIBOR ceases to exist, the Corporation's and its portfolio companies may need to amend or restructure the Corporation's existing LIBOR-based debt instruments and any related hedging arrangements that extend beyond 2021, which may be difficult, costly and time consuming. In addition, from time to time we invest in floating rate loans and investment securities whose interest rates are indexed to LIBOR. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR, or any changes announced with respect to such reforms, may result in a sudden or prolonged increase or decrease in the reported LIBOR rates and the value of LIBOR-based loans and securities, including those of other issuers the Corporation or its funds currently own or may in the future own. It remains uncertain how such changes would be implemented and the effects such changes would have on the Corporation, issuers of instruments in which the Corporation invests and financial markets generally.

The expected discontinuation of LIBOR could have a significant impact on the Corporation's business. The dollar amount of the Corporation's outstanding debt investments and borrowings that are linked to LIBOR with maturity dates after the anticipated discontinuation date is material. The Corporation anticipates significant operational challenges for the transition away from LIBOR including, but not limited to, amending existing loan agreements with borrowers on investments that may have not been modified with fallback language and adding effective fallback language to new agreements in the event that LIBOR is discontinued before maturity. Beyond these challenges, the Corporation anticipates there may be additional risks to the Corporation's current processes and information systems that will need to be identified and evaluated by the Corporation. Due to the uncertainty of the replacement for LIBOR, the potential effect of any such event on the Corporation's cost of capital and net investment income cannot yet be determined. The transition from LIBOR to SOFR or other alternative reference rates may also introduce operational risks in the Corporation's accounting, financial reporting, loan servicing, liability management and other aspects of its business. The Corporation is assessing the impact of a transition from LIBOR; however, the Corporation cannot reasonably estimate the impact of the transition at this time.

There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have a material adverse effect on the Corporation's business, result of operations, financial condition, and unit price.

Risks Related to the Business – Asset Management

The Corporation expects to derive an increasing amount of the Corporation's revenues from funds managed pursuant to advisory agreements and collateral management agreements, either by the Corporation or another entity in which the Corporation has have an economic interest relating thereto, that may be terminated

With respect to funds regulated under the United States Investment Company Act of 1940 (the "**Investment Company Act**"), including SCIM with respect to its management of ACIF and Logan Ridge, each fund's investment management agreement must be approved annually (or, in the case of Logan Ridge, annually after the expiration of its initial two-year term) by such fund's board of directors or by the vote of a majority of the stockholders and the majority of the independent members of such fund's board of directors and, in certain cases, by its stockholders, as required by law. In addition, as required by the Investment Company Act, ACIF has the right to terminate the ACIF Advisory Agreement without penalty upon 60 days' written notice to SCIM and Logan Ridge has the right to terminate the investment advisory agreement without penalty upon 60 days' written notice to ML Management. In addition, we, through ML Management, receive management fees pursuant to the investment management agreement for acting as the investment manager of certain assets of Ability. There can be no assurance that the ACIF Advisory Agreement, the investment advisory agreement in respect of Logan Ridge, the investment management agreement in respect of Ability or similar agreements that we may enter into in the future will remain in place.

We, through ML Management, receive collateral management fees pursuant to collateral management agreements for acting as the collateral manager of the CLOs. If all the notes issued by one of the CLOs are redeemed, or if the collateral management agreement is otherwise terminated, we will no longer receive collateral management fees from that CLO. In general, a collateral management agreement may be terminated both with and without cause at the direction of holders of a specified supermajority in principal amount of the notes issued by the CLO. Furthermore, such fees are based on the total amount of assets held by the CLO.

If the assets held by the CLO are prepaid or go into default, we will receive lower collateral management fees than expected or the collateral management fees may be eliminated.

In addition, collateral management agreements typically provide that if certain over-collateralization tests are failed, the collateral management agreement may be terminated by a vote of the security holders resulting in our loss of management fees from these CLOs.

If any of our CLOs fail to meet over-collateralization tests relevant to the CLO's most senior existing debt, an event of default may occur. Upon an event of default, our ability to manage the CLO may be terminated and our ability to attempt to cure any defaults in the CLO would be limited, which would increase the likelihood of a reduction or elimination of cash flow and returns to us in those CLOs for an indefinite time.

The asset management business is competitive.

The asset management business is competitive, with competition based on a variety of factors, including investment performance, business relationships, quality of service provided to investors, investor liquidity and willingness to invest, fund terms (including fees), brand recognition and business reputation. We compete for investors with a number of other asset managers, public and private funds, business development companies, interval funds and others. Numerous factors increase our competitive risks, including:

- a number of our competitors have greater financial, technical, marketing and other resources and more personnel than we do;
- several of our competitors have raised significant amounts of capital, and many of them have similar investment objectives to ours, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that otherwise could be exploited;
- some of our competitors may have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to our funds;
- some of our competitors may be subject to less regulation and, accordingly, may have more flexibility to undertake and execute certain business or investments than we do and/or bear less compliance expense than we do;
- some of our competitors may have better expertise or be regarded by investors as having better expertise in a specific asset class or geographic region than we do; and
- other industry participants may, from time to time, seek to recruit our investment professionals and other employees away from us.

In addition, the attractiveness of our funds relative to investments in other investment products could decrease depending on economic conditions. This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future funds, either of which would adversely impact our business, results of operations and financial condition.

The Corporation requires third-party capital in order to grow its asset management business and the success of the asset management business depends on the Corporation's ability to appropriately allocate and deploy capital in a manner that produces targeted investment returns

The Corporation's asset management business depends on the Corporation's ability to fundraise third-party capital, deploy that capital effectively, and produce targeted investment returns.

The Corporation's ability to raise third-party capital depends on a number of factors, including many that are outside the Corporation's control. Poor investment performance could hamper the Corporation's ability to compete for these sources of capital or force the Corporation to reduce our management fees. If poor investment returns or changes in investment mandates prevent the Corporation from raising further capital from its existing partners, the Corporation may need to identify and attract new investors in order to maintain or increase the size of its private funds, and there are no assurances that the Corporation will be able to find new investors.

Poor investment performance could result in the withdrawal of cash by existing investors in favour of better performing products. The Corporation's inability to retain existing investors and attract new investors could have an adverse impact on the Corporation's assets under management, management fees, carried interest, transaction fees, profitability and growth prospects. The Corporation cannot guarantee it will be able to achieve or maintain any particular level of assets under management and cannot guarantee it will be able to achieve positive relative returns, retain existing clients or attract new clients.

The successful execution of the Corporation's investing strategy is uncertain as it requires suitable opportunities, careful timing and business judgment, as well as the resources to complete asset purchases and restructure them, if required. There is no certainty that the Corporation will be able to identify suitable or sufficient opportunities that meet the Corporation's investment criteria and be able to acquire additional high-quality assets at attractive prices to supplement the growth of the asset management business in the short term, or at all.

If the Corporation is unable to successfully raise and deploy third-party capital into investments, the Corporation may be unable to collect management fees, carried interest or transaction fees, which would materially reduce the Corporation's revenue and cash flows and adversely affect the Corporation financial condition. If any of the Corporation's managed investments perform poorly or experience prolonged periods of volatility, or the Corporation is unable to deploy capital effectively, the Corporation's fee-based revenue, cash available for distribution and/or carried interest would decline. In addition, the Corporation could experience losses on its capital invested in its managed entities. Accordingly, the Corporation's expected returns on these investments may be less than the Corporation assumed in forecasting the value of the Corporation's business.

The asset management industry has experienced significant historical growth which may not continue

The Corporation's ability to generate revenues will be dependent on the growth of the asset management industry and by the Corporation's performance within the asset management industry. The asset management industry has experienced significant historical growth which may not continue and adverse economic conditions and other factors, including any significant decline in the financial markets, could affect market acceptance of the Corporation's services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the asset management industry or other changes to the industry that discourage investors from investing with the Corporation and could affect the Corporation's ability to attract clients and result in a decline in revenues.

The Corporation is subject to numerous laws, rules, and regulatory requirements which may impact its business, including resulting in financial penalties, loss of business, and/or damage to its reputation in instances of non-compliance

The Corporation’s ability to carry on business is dependent upon its compliance with, and continued registration under, securities legislation in the jurisdictions where it carries on business. Monitoring and responding to the rapidly changing securities regulatory environment requires significant managerial, operational and financial resources. Laws or regulations governing the Corporation’s operations or particular investment products or services could be amended or interpreted in a manner that is adverse to the Corporation. Any change in the securities regulatory framework or failure to comply with these regulations could result in fines, temporary or permanent prohibitions on the Corporation’s activities or the activities of some of the Corporation’s personnel or reputational harm, which could materially adversely affect the Corporation’s business, financial condition and results of operations.

The Corporation manages a limited number of funds and investments

The Corporation manages a limited number of funds and each fund may participate in a limited number of investments. The Corporation’s entitlement to carried interest in respect of a particular fund depends on the returns generated in respect of the limited number of investments made by that fund. A fund’s investments may be concentrated within relatively few industries, sectors, countries or regions. The Corporation and its fund investments may also be exposed to one or more common or systemic risks. The aggregate returns of the Corporation’s funds, and therefore the amount of our carried interest, may be negatively affected by the unfavourable performance of a single investment or small group or type of investments. The unfavourable performance of even a single fund may have a material adverse effect on the Corporation’s business, operations and financial results.

Changes in Asset Management Fees

Investors in future funds may negotiate to pay the Corporation lower management fees, reimburse the Corporation for fewer expenses or change the economic terms of the Corporation’s future funds to be less favourable than those of the Corporation’s current funds, reducing our financial opportunity from those asset management activities.

The Corporation’s insurance business is heavily regulated and changes in regulation could reduce the Corporation’s profitability

The Corporation’s insurance and reinsurance subsidiary, being Ability, is highly regulated by insurance regulators in the United States and changes in regulations affecting the Ability’s insurance business may reduce the Corporation’s profitability and limit its growth. Ability operates in 42 U.S. states and the District of Columbia. The insurance and reinsurance industry is generally heavily regulated and Ability’s operations in each of these jurisdictions are subject to varying degrees of regulation and supervision. The laws and regulations of the jurisdictions in which Ability operates may require Ability to, among other things, maintain minimum levels of statutory capital, surplus and liquidity, meet solvency standards, submit to periodic examinations of its financial condition, and restrict payments of dividends and distributions of capital. Ability is also subject to laws and regulations that may restrict its ability to write insurance and reinsurance policies, make certain types of investments and distribute funds. With respect to investments, Ability must comply with applicable regulations regarding the type and concentration of investments it may make. These restrictions are set forth in investment guidelines that ML Management must comply with when providing investment management to Ability. These restrictions may limit Ability’s ability to invest and ML Management’s ability to earn fees on those investments. In addition, Ability is subject to laws and regulations governing affiliate transactions. The investment management agreements between ML Management and Ability were approved by applicable insurance regulators, and any changes of such agreements, including with respect to fees, must receive applicable approval. These affiliate transaction rules are particularly important to Ability given its relationship with ML Management.

In connection with the conduct of Ability’s insurance and reinsurance business, it is crucial that Ability establish and maintain good working relationships with the various regulatory authorities having jurisdiction over its business. If those relationships and that reputation were to deteriorate, Ability’s business could be materially adversely affected. For example, Ability requires various consents and approvals from its regulators, both with respect to transactions Ability enters into and in the ordinary course of the conduct of its business. If Ability fails to maintain good working relationships with its regulators, it may become more difficult or impossible for Ability to obtain those consents and approvals, either on a timely basis or at all.

Regulations applicable to Ability and interpretations and enforcement of such regulations may change. Insurance regulators have increased their scrutiny of the insurance regulatory framework in the United States. Ability is unable to predict whether, when or in what form legislators will enact legislative and regulatory changes, and Ability cannot provide any assurances that more stringent restrictions will not be adopted from time to time in jurisdictions in which Ability conducts business.

The cost of compliance with existing laws and regulations is high and the cost of compliance with any new regulatory requirements could have a significant and negative effect on Ability's business. Ability may not be able to comply fully with, or obtain desired exemptions from, any such new laws and regulations that govern the conduct of Ability's business. Failure to comply with, or to obtain desired authorizations and/or exemptions under, any applicable laws could result in restrictions on Ability's ability to do business or undertake activities that are regulated in one or more of the jurisdictions in which Ability operates, could impact Ability's potential growth and could subject Ability to fines and other sanctions. In addition, changes in the laws or regulations to which Ability is subject, or in the interpretations thereof by enforcement or regulatory agencies, could have a material adverse effect on Ability's business, results of operations and financial condition.

The acquisition of Ability may not achieve its intended benefits, and certain difficulties, costs or expenses may outweigh such intended benefits

The Corporation may be unable to realize the anticipated benefits of the Ability acquisition in the timeframe that it expects or at all. Achieving the anticipated benefits, including the acquisition's impact on the Corporation's assets under management, fee paying assets under management, book value, fee related earnings and after-tax distributable earnings, is subject to a number of uncertainties, including whether the Ability business will continue to operate and grow in the manner the Corporation anticipates. While Ability is expected to continue to operate as a separate business, the acquisition may result in material difficulties, costs, and expenses, including:

- incremental operating costs arising from the integration of certain standards, controls, procedures and policies, including Ability's obligations to provide financial reporting as a subsidiary of a public company;
- unknown potential liabilities of Ability, including those for which the Corporation may become responsible or take responsibility;
- the potential loss of key employees at Ability and the costs associated with our efforts to retain or replace them;
- disruptions or perceived disruptions resulting from the acquisition that may affect Ability's relationships with its policyholders and counterparties; and
- the significant attention required from the Corporation's senior management.

A significant portion of the benefit of the Ability acquisition is anticipated to come from ML Management's role as investment manager for Ability. ML Management has not previously managed the entirety of the investment assets of an insurance company or assets of insurance companies at this scale, and the Corporation may not achieve its objectives. In addition, ML Management's investment management activities will require the assistance of Ability employees, with whom the Corporation has not historically worked.

A number of the foregoing factors will be outside of the Corporation's control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely affect the Corporation's and Ability's business, financial condition and results of operations. In addition, other events outside of the Corporation's control, including, but not limited to, political climate, the severity and duration of the COVID-19 pandemic, and regulatory or legislative changes, could also adversely affect the Corporation's ability to realize the anticipated benefits from the Ability acquisition.

As a result of these risks, the Corporation may fail to realize some or all of the anticipated benefits of the Ability acquisition or in an amount sufficient to offset the potential difficulties, costs and expenses arising from the acquisition. Accordingly, shareholders of the Corporation and potential investors should not place undue reliance on the Corporation's expectation of the anticipated benefits from the acquisition.

In addition, while the Corporation expects Ability to continue to operate as a separate business with its existing brands and management team following the acquisition, acquiring Ability adds significantly to the scale and scope of the Corporation's overall business and operations. The Corporation has never owned an insurance company. Acquiring Ability changes the risks to which the Corporation is subject and may give rise to new and unexpected operational risks that could offset some of the benefits the Corporation expects from the acquisition.

Inclusion of Ability's business as a consolidated subsidiary of the Corporation will result in certain additional risks to the Corporation, which risks are expected to be material and could have a material adverse effect on the Corporation's future results of operations and financial condition

Ability operates its business as a consolidated subsidiary of the Corporation. The Corporation has not historically engaged in a business similar to Ability and Ability's business and structure pose additional risks to the Corporation, many of which may be material. These risks include, but are not limited to:

- business operational risks, including, interest rate and credit spread fluctuations and the impact of such changes on interest-sensitive products, the competitive nature of the insurance and reinsurance industry, the illiquidity of certain investment assets and the potential difficulty of selling and/or realizing full value on such assets if necessary and the performance of third-party service providers;
- risks related to Ability's growth strategy, which includes reinsurance of insurance obligations written by unaffiliated insurance companies, the ability to identify attractive insurance markets, reinsurance opportunities, or investments with returns as favourable as those obtained historically, and ability to effectively manage its growth;
- regulatory risks relating to the insurance and reinsurance industries, including capital regulations, laws or regulations which impose meaningful limitations on its business, fiduciary or best interest standards in connection with the sale of Ability's products, regulations relating to reserves and obligations to pay assessments through guaranty associations, changes in statutory accounting principles, heightened privacy regulations, and uncertainty regarding future changes in regulations;
- risks related to guarantees within certain of Ability's insurance products;
- any gaps in Ability's risk management policies and procedures, which may leave it exposed to unidentified or unanticipated risk; and
- risks associated with the business Ability reinsures and business it cedes to reinsurers.

Each of these risks could have material adverse effect on the Corporation's results of operations and financial condition.

Ability operates in a highly competitive industry that includes a number of companies, many of which are larger and more well-known, which could limit Ability's ability to increase or maintain market share and/or margins

Ability operates in highly competitive markets and competes with large and small industry participants. Ability faces intense competition, based upon price, terms and conditions, relationships with distribution partners and other clients, quality of service, capital and perceived financial strength (including independent rating agencies' ratings), technology, innovation, ease of use, capacity, product breadth, reputation and experience, brand recognition and claims processing.

Ability's competitors include other insurers, reinsurers and other financial institutions that offer investment products. Many of Ability's competitors are large and well-established, and some have greater market share or breadth of distribution, assume a greater level of risk while maintaining financial strength ratings, or have higher financial strength, claims-paying or credit ratings than Ability does or benefit, by offering various lines of insurance, from diversification of risks and possible positive impacts on capital requirements.

Ability's competitors may also have lower operating costs than Ability, which may allow them to price insurance products, reinsurance solutions or acquisitions more competitively. Furthermore, Ability may face greater operational complexity when compared to competitors who offer a more limited range of products due to the breadth of Ability's product offering.

Competition in the industry could result in increased pressure on the pricing of certain of Ability's products and services, and could harm Ability's ability to maintain or increase profitable growth. For example, fixed annuity sales are materially impacted by the crediting rate offered on Ability's fixed annuities compared to that offered by its competitors. There can be no guarantee that Ability will be able or choose to set crediting rates at competitive levels, which may impact sales. Moreover, sales to fiduciaries may be materially impacted by Ability's ability and willingness to offer one of the most competitive crediting rates.

Because of the highly competitive nature of the insurance industry, there can be no assurance that Ability will maintain or grow its market share, continue to identify attractive opportunities in either the individual or institutional markets, or that competitive pressure will not have a material adverse effect on Ability's business, results of operations and financial condition.

Differences between Ability's policyholder behavior estimates, reserve assumptions and actual claims experience, in particular with respect to the timing and magnitude of claims and surrenders, may adversely affect Ability's results of operations or financial condition

Ability holds reserves to pay future policy benefits and claims. Ability's reserves are estimated based on data and models that include many assumptions and projections, which are inherently uncertain and involve significant judgment, including assumptions as to the levels and/or timing of receipt or payment of premiums, benefits, claims, expenses, interest credits, investment results (including equity and other market returns), mortality, morbidity, longevity and persistency.

While Ability periodically reviews the adequacy of its reserves and the assumptions underlying those reserves, Ability cannot determine with precision the amounts that Ability will pay for, or the timing of payment of, actual benefits, claims and expenses or whether the assets supporting policy liabilities, together with future premiums, will grow to the level assumed prior to the payment of benefits or claims. For Ability's reinsurance of fixed-rate annuities, reserves are equal to policyholder account balances before applicable surrender charges, and lapse, surrender rates and persistency assumptions are important assumptions used in calculating these reserves and drivers of profitability with respect to these products. Advances in technology, including predictive medical technology that enables consumers to select products better matched to their individual longevity or mortality risk profile and other medical breakthroughs that extend lives, could cause Ability's future experience to deviate significantly from actuarial assumptions, which could significantly impact the level of reserves and profitability. The resulting acceleration of expense amortization, reduced spread or increased payments could have a material adverse effect on Ability's business, financial condition and results of operations.

If actual experience differs significantly from assumptions or estimates, certain balances included in Ability's balance sheet may not be adequate, particularly deferred acquisition costs, value of business acquired, negative value or business acquired, policy reserves and other actuarial balances. If Ability concludes that its reserves, together with future premiums, are insufficient to cover future policy benefits and claims, Ability would be required to increase its reserves and incur income statement charges for the period in which it makes the determination, which could have a material adverse effect on Ability's business, financial condition and results of operations. An increase in the statutory reserves of Ability may negatively affect liquidity and capitalization.

Estimates used in the preparation of financial statements and models for insurance products may differ materially from actual experience

IFRS requires the application of accounting guidance and policies that often involve a significant degree of judgment when accounting for insurance products. These estimates include, but are not limited to, premium persistency, future policy benefits and related expenses, valuation of embedded derivatives, valuation and impairment of investments and amortization of deferred revenues and expenses, and the valuation and impairment of goodwill recognized in accordance with the Ability transaction. These accounting estimates require the use of assumptions, some of which are highly uncertain at the time of estimation. These estimates are based on judgment, current facts and circumstances and, when applicable, internally developed models. Therefore, actual results could differ from these estimates, possibly in the near term. Inaccuracies could result in, among other things, an increase in policyholder benefit reserves or acceleration of the amortization of deferred revenues and expenses, which would result in a charge to earnings, a restatement of Ability's historical financial statements or other material adjustments. Additionally, the potential for unforeseen developments, including changes in laws, regulations or accounting standards, may result in losses and loss expenses materially different from the reserves initially established.

In addition, Ability employs models to price products, calculate reserves and value assets, as well as evaluate risk and determine capital requirements, among other uses. These models rely on estimates and projections that are inherently uncertain, may use incomplete, outdated or incorrect data or assumptions and may not operate properly. As Ability's business continues to expand and evolve, the number and complexity of models it employs has grown, increasing exposure to error in the design, implementation or use of models, including the associated data input, controls and assumptions, and the controls in place to mitigate their risk may not be effective in all cases.

Ability's historical growth rates may not be indicative of its future growth, and Ability may not be able to identify attractive insurance markets, reinsurance opportunities or investments with returns that are as favourable as Ability's historical returns and grow new business volumes at historical levels

Ability's historical growth rates may not reflect its future growth rates. While Ability anticipates that it will continue to grow by deepening existing and adding new distribution relationships in Ability's individual market, pursuing attractive reinsurance opportunities and expanding its funding agreement business in the institutional market, taking advantage of investment opportunities to support Ability's growth, developing new products and entering new markets, Ability may not be able to identify opportunities to do so. With future growth, there can be no guarantee that Ability's net underwriting return will be as favourable as its historic returns. Weaker margins may challenge Ability's ability to grow profitably or at the returns targeted. Further, in order to maintain or increase investment returns, it may be necessary to expand the scope of Ability's investing activities to asset classes in which Ability historically has not invested, which may increase the risk of Ability's investment portfolio. If Ability is unable to find profitable growth opportunities, it will be more difficult for Ability to continue to grow, and could negatively affect its results of operations and financial condition.

Ability's future growth depends on its ability to continue to offer and sell products that Ability's customers find attractive. Consumer preferences regarding annuities and life insurance are subject to change. In particular, due to market risks, consumers may not continue to view annuities as an attractive retirement savings product, which would impact Ability's ability to sell such products to its target consumers. In addition, there is no guarantee that younger generations will use life insurance products at the same rate as previous generations as a result of changes in savings habits and demographic shifts. Ability's expected growth is largely concentrated in fixed-rate annuities. However, this product may not continue to grow at historical market levels, and there can be no assurance that consumers will continue to prefer these products. Moreover, sales of Ability's products and continued future growth depend on its ability to offer competitive pricing and attractive policyholder benefits. For example, one factor impacting sales of fixed-rate annuities is the crediting rate Ability offers compared to that offered by its competitors. Ability sets its crediting rates based on expected investment returns, policyholder behavior assumptions and other factors that may be beyond Ability's control. Ability expects that overall sales of fixed-rate annuities will continue to be sensitive to changes in pricing, in particular when compared to pricing on comparable products such as bank certificates of deposit. If consumer preferences for Ability's products change, Ability's revenues and results of operations may be materially adversely impacted.

Ability faces risks associated with business it reinsures and business it cedes to reinsurers and which could cause a material adverse effect on Ability's business, results of operations and financial condition

As part of Ability's overall risk management strategy, it cedes business to other insurance companies through reinsurance. Ability's inability to collect from its reinsurers (including reinsurance clients in transactions where Ability reinsures business net of ceded reinsurance) on its reinsurance claims could have a material adverse effect on Ability's business, results of operations and financial condition. Although reinsurers are liable to Ability to the extent of the reinsurance coverage it acquires, Ability remains primarily liable as the direct insurer on all risks that it writes; therefore, Ability's reinsurance agreements do not eliminate its obligation to pay claims. As a result, Ability is subject to the risk that it may not recover amounts due from reinsurers. The risk could arise primarily in two situations: (i) Ability's reinsurers may dispute some of its reinsurance claims based on contract terms, and, as a result, Ability may receive partial or no payment; or (ii) Ability's reinsurers may default on their obligations. While Ability may manage these risks through transaction-related diligence, contract terms, collateral requirements, hedging, and other oversight mechanisms, Ability's efforts may not be successful. A reinsurer's insolvency, or its inability or unwillingness to make payments due to Ability under the terms of the relevant reinsurance agreements, could have a material adverse effect on Ability's business, results of operations and financial condition.

Ability also bears the risk that the companies that reinsure its mortality risk on a yearly renewable term, where the reinsurer may reset the premium and other terms each year, increase the premiums they charge to levels Ability deems unacceptable. If that occurs, Ability will either need to pay such increased premiums, which will affect margins and financial results, or alternatively, Ability will need to limit or potentially terminate reinsurance, which will increase the risks that Ability retains.

Conversely, Ability assumes liabilities from other insurance companies. Changes in the ratings, creditworthiness or market perception of such ceding companies or in the administration of policies reinsured to Ability could cause policyholders of contracts reinsured to Ability to surrender or lapse their policies in unexpected amounts. In addition, to the extent such ceding companies do not perform their obligations under the relevant reinsurance agreements, Ability may not achieve the results intended and could suffer unexpected losses. In either case, Ability has exposure to reinsurance clients, which could materially and adversely affect Ability's business, financial condition, results of operations and cash flows.

The determination of the amount of impairments and allowances for credit losses recognized on Ability's investments is highly subjective and could materially affect its results of operations or financial condition

The determination of the amount of impairments and allowances for credit losses is based upon Ability's periodic evaluation and assessment of known and inherent risks associated with the respective asset class and the specific investment being reviewed. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in its financial results as such evaluations are revised. Impairments result in a non-cash charge to earnings during the period in which the impairment charge is taken. Changes in allowances for credit losses can result in either a charge or credit to earnings.

For example, an allowance is recognized on Ability's fixed maturity securities when the fair value of the security is less than its amortized cost basis and credit related losses are deemed to have occurred. The determination of the allowance requires assessment of the security's expected future cash flows, which depend on a variety of macroeconomic factors and security-specific considerations. Similarly, the determination of the allowance on Ability's mortgage and other loan receivables requires an assessment of expected credit losses that considers current, historical and forecasted macroeconomic data and loan-specific factors. As expectations change based on macroeconomic data and individual investment considerations, the associated allowance for credit losses can be adjusted, up or down.

There can be no assurance that management has accurately determined the amount of impairments and allowances for credit losses recognized in Ability's financial statements and their potential impact on regulatory capital. Furthermore, additional impairments and allowance provisions may be taken in the future.

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, 2021, or that were entered into before the financial year ended December 31, 2021 that are still in effect, other than:

(i) 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 Arrangement Warrants;

(ii) 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;

(iii) the amended and restated servicing agreement between the Corporation and BC Partners dated November 9, 2021 pursuant to which BC Partners provides certain administrative services to the Corporation;

(iv) the stock purchase agreement dated November 5, 2020, among the Corporation, Ability and Advantage Capital Holdings LLC ("**Advantage**") whereby Advantage agreed to sell to the Corporation all of the issued and outstanding stock of Ability;

(v) the amended and restated promissory note dated December 17, 2020 issued by SCIM in favour of US Holdings in respect of the SCIM Facility, which amends and restates the promissory note dated October 30, 2020 issued by SCIM in favour of the Corporation in respect of the SCIM Facility;

(vi) the amended and restated master services agreement dated December 17, 2020 between SCIM and US Holdings providing SCIM with certain services related to SCIM's investment advisory business, which amends and restates the master services agreement between SCIM and the Corporation dated October 30, 2020 entered into for the same purpose;

(vii) the asset purchase agreement dated April 20, 2021, among the Corporation, ML Management and CIA in connection with the acquisition of assets under the Capitala Acquisition, as amended;

(viii) the credit agreement dated August 20, 2021 among US Holdings, as borrower, the lenders from time to time, and the agent, as the administrative agent and collateral agent for the lenders (the "**MLC US Holdings Credit Agreement**") in respect of the MLC US Holdings Credit Facility; and

(ix) the guaranty dated August 20, 2021 executed and delivered by the Corporation, as guarantor, in favour of the agent and the lenders in respect of the MLC US Holdings Credit Facility, whereby, in connection with the MLC US Holdings Credit Agreement, the Corporation agreed to guaranty certain obligations as set out therein.

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 Odyssey Trust Company at its office in Toronto, Ontario.

INTEREST OF EXPERTS

Deloitte & Touche LLP, the external auditor of the Corporation, reported on the fiscal 2021 audited consolidated financial statements. Deloitte & Touche 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 May 19, 2021 prepared and filed in connection with the Corporation's annual and special meeting of shareholders held on June 17, 2021.

Additional financial information is provided in the Corporation's financial statements and Management's Discussion and Analysis for the year ended December 31, 2021.

APPENDIX A
AUDIT COMMITTEE CHARTER

MOUNT LOGAN CAPITAL INC.
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