



NEWS RELEASE

Mount Logan Capital Inc. Announces Third Quarter 2019 Financial Results

All amounts are stated in United States dollars

TORONTO, November 7, 2019 – Mount Logan Capital Inc. (NEO: MLC) (“Mount Logan,” “our,” “we,” or the “Company”) announces its financial results for the three- and nine-month periods ended September 30, 2019.

Financial Highlights

- Total investment income was \$990 thousand for the three months ended September 30, 2019
- As of September 30, 2019, the fair value of the Company’s portfolio was \$60.5 million¹, consisting of 79.0% in first lien senior secured loans, 5.0% in promissory notes and 16.0% in the Great Lakes Unitranche Joint Venture
- Net income and comprehensive income for the third quarter was \$0.7 million, or \$0.01 per basic and diluted share
- Net assets was \$34.1 million, an increase of \$1.6 million over last quarter; net asset value per share as of September 30, 2019 was \$0.40

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, “I am very pleased with the continued growth in book value and achieving a record amount of quarterly investment income. We remain fully invested with a diversified portfolio of fifteen loans and investments, which we continue to opportunistically rebalance based on market conditions and as new investment opportunities arise. During the quarter, we initiated the asset management vertical of our business in the United States and started generating recurring management fee income. We raised new equity capital this quarter, recently enhanced our management team with the addition of Ted Gilpin as our Chief Financial Officer, and are beginning to see strong realizations in our portfolio.”

Operating Results

Total investment income for the three months ended September 30, 2019 was \$1.0 million as compared to \$21 thousand in the same period last year. The increase in income is attributable to the growth in the Company’s investment portfolio related to the broadening of the Company’s investment strategy following its plan of arrangement completed in October 2018, the greater capital resources of the Company from the equity financings last year and this past quarter, and from the Company’s senior revolving credit facility which closed in February 2019.

Total expenses for the three months ended September 30, 2019 were \$0.8 million, including interest and financing expense under the revolving senior loan facility of \$484 thousand, as compared to total expenses of \$0.3 million in the same period last year where there was no interest expense.

Portfolio and Investment Activity

The fair value of our portfolio was \$60.5 million as of September 30, 2019 (excluding Cline). The composition of our investment portfolio at September 30, 2019 and December 31, 2018 at fair value (excluding Cline) was as follows:

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



	September 30, 2019		December 31, 2018	
	Fair value	% of total	Fair value	% of total
First Lien Loan	\$ 47,797	79.0%	\$ 14,683	62.6%
Promissory Notes and Unsecured Debt	3,007	5.0%	3,789	16.1%
Great Lakes Unitranche Joint Venture	9,676	16.0%	4,987	21.3%
	\$ 60,480	100.0%	\$ 23,459	100.0%

Liquidity and Capital Resources

At September 30, 2019, we had cash and cash equivalents (including restricted cash) of \$5.2 million, total assets of \$72.7 million and shareholders' equity of \$34.1 million. Our net asset value per common share was \$0.40. As of September 30, 2019, we had \$34.4 million of borrowings outstanding on our revolving senior loan facility, which is contracted to increase in availability up to a maximum of \$50.0 million in November 2019.

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

Our quarterly report and management's discussion and analysis are available on the Company's website www.mountlogancapital.ca and SEDAR (www.sedar.com). The quarterly report and management's discussion and analysis should be read in conjunction with our audited annual consolidated financial statements for the year ended December 31, 2018 and the accompanying notes thereto, as well as our annual management's discussion and analysis for the year ended December 31, 2018.

Conference Call

We will hold a conference call on Tuesday, November 12, 2019 at 9:00 a.m. Eastern Time to discuss our third quarter 2019 financial results. Shareholders, prospective shareholders, and analysts are welcome to listen to the call. To register for the call and access dial-in information please visit <https://bit.ly/2Cb81eX>. The recording of the conference call will be available on our Company's website www.mountlogancapital.ca in the Investor Relations section under Events.

About Mount Logan Capital Inc.

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

Non-IFRS Financial Measures

This news release makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS financial measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this news release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company has included herein certain Non-IFRS supplemental measures of key performance, including, but not limited to, net asset value ("NAV") per share and comprehensive income. We utilize NAV per share in managing our business, including performance measurement. We believe that providing these performance measures on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. However, these measures are not recognized under IFRS. The definitions and calculations of the non-IFRS measures used in this news release are described in greater detail in the Company's management discussion



and analysis for the period ended September 30, 2019. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions "seeks", "expects", "believes", "estimates", "will", "target" and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the Company's business strategy, model, approach and future activities, portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, and the expansion of the Company's loan portfolio. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks Factors" in the most recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

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

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MOUNT LOGAN CAPITAL INC.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	September 30, 2019 (unaudited)	December 31, 2018 (as restated - note 2(a))
Assets			
Investments, at fair value	3	\$ 64,282	\$ 29,282
Cash		1,789	5,882
Restricted cash		3,437	—
Accrued interest and dividend receivable		410	328
Deferred tax asset	9	2,808	2,044
Prepaid expenses		2	27
Total assets		\$ 72,728	\$ 37,563
Liabilities			
Credit facility (net of deferred financing costs of \$213 and \$0, respectively)	8	\$ 34,187	\$ —
Interest payable		350	—
Contingent value rights	7	3,801	5,823
Accounts payable and accrued liabilities		288	458
Total liabilities		38,626	6,281
Shareholders' equity			
Share capital	6	80,988	79,744
Warrants	6	1,086	1,086
Contributed surplus		7,240	7,240
Deficit		(32,694)	(33,312)
Cumulative translation adjustment	2	(22,518)	(23,476)
Total shareholders' equity		34,102	31,282
Total liabilities and shareholders' equity		\$ 72,728	\$ 37,563
Common shares issued and outstanding		84,841,880	81,873,130
Net asset value per share		\$ 0.40	\$ 0.38

MOUNT LOGAN CAPITAL INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

(unaudited)

	Notes	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2019	2018 (as restated - note 2(a))	2019	2018 (as restated - note 2(a))
Investment income					
Interest income		\$ 839	\$ 21	\$ 2,166	\$ 94
Dividend income		140	—	258	—
Fee income		11	—	11	—
Total investment income		990	21	2,435	94
Operating expenses					
Management and servicing fees		—	17	—	51
Arrangement costs		—	—	166	—
Interest and other credit facility expenses		484	—	1,052	—
Professional fees		93	188	360	529
Directors' fees		24	19	72	64
Regulatory and shareholder relations		88	33	146	74
Other general and administrative		129	22	331	81
Total operating expenses		818	279	2,127	799
Net investment income (loss)		172	(258)	308	(705)
Realized and unrealized gain (loss)					
Net realized gain (loss) on investments		193	(135)	252	(323)
Net realized gain (loss) on foreign currency		(20)	1	(20)	17
Net change in unrealized appreciation (depreciation) on investments		(4)	128	137	319
Net change in unrealized gain (loss) on foreign currency		339	1	(756)	(49)
Total net realized and unrealized gain (loss)		508	(5)	(387)	(36)
Income (loss) and comprehensive income (loss) before income tax		680	(263)	(79)	(741)
Income tax / recovery deferred	9	2	—	697	—
Income (loss) and comprehensive income (loss)		\$ 682	\$ (263)	\$ 618	\$ (741)
Weighted average shares outstanding – basic and diluted		82,100,662	17,702,767	82,543,493	17,702,767
Income (loss) per share – basic and diluted		\$ 0.01	\$ (0.01)	\$ 0.01	\$ (0.04)