



Founders Advantage Provides Transaction Update

Calgary, Alberta – November 5, 2020 – Founders Advantage Capital Corp. (TSX-V: FCF) (“FAC” or the “Corporation”) is pleased to announce that it has entered into a subscription agreement with Belcorp Industries Inc. (“Belcorp”), whereby Belcorp has agreed to purchase 4,285,714 class A common shares of the Corporation (the “Private Placement”) for aggregate gross proceeds of \$7.5 million (being a price of \$1.75 per share). Further to the proposed acquisition of Dominion Lending Centres (the “Proposed Acquisition”), which transaction was previously announced by the Corporation on October 5, 2020 (the “Initial Reorganization Press Release”), the proceeds from the Private Placement will be used by the Corporation to fund cash portion of the Inversion Right Termination Transaction (as defined in the Initial Reorganization Press Release). Completion of the Proposed Acquisition, the Inversion Right Termination Transaction and the Private Placement are subject to various conditions, including the requirement for shareholder, lender and TSXV approval. In the event that all necessary approvals are received, the Corporation anticipates completing the transactions on or about December 31, 2020. The Private Placement is conditional on completion of the Proposed Acquisition. If the Corporation is unable to obtain the necessary approvals to complete the Proposed Acquisition, the Corporation will not proceed with the Private Placement.

Gary Mauris, Chairman of the Corporation commented: “Receiving Belcorp’s duly completed subscription agreement to complete the Private Placement is a significant positive step toward completion of the proposed reorganization.”

Further, it is anticipated that the Corporation and Sagard Credit Partners, LP (together with its parallel funds, “Sagard”) will enter into an amended and restated credit agreement (the “Amended and Restated Credit Agreement”) concurrently with the completion of the proposed transactions, provided that the Corporation and Sagard agree on terms. The Corporation anticipates that the Amended and Restated Credit Agreement will provide the Corporation with the option to extend the maturity date of the credit facility by one year to June 14, 2023 (the “Extension Option”), provided the Corporation’s total leverage ratio is below a prescribed level. In consideration for the Extension Option, the Corporation will agree to extend the expiry date of the 2,078,568 lender warrants held by Sagard for an additional year (the new lender warrant expiry date will be June 14, 2023). Provided that the Corporation and Sagard agree on terms, the Amended and Restated Credit Agreement (and the extension of the term of the lender warrants) will only be entered into if the proposed transactions set out in the Initial Reorganization Press Release are completed.

The Corporation has received conditional approval from the TSX Venture Exchange for the Proposed Acquisition, Inversion Right Termination Transaction, the Private Placement and the lender warrant extension.

Cautionary Note Regarding Forward-looking Information

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as “anticipate,” “believe,” “estimate,” “will,” “expect,” “plan,” “intend,” or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- the anticipated completion of the Proposed Acquisition, the Private Placement and the Inversion Right Termination Transaction;

- the anticipated entering into of the Amended and Restated Credit Agreement with Sagard; and
- the anticipated simplification of our corporate structure and solidification of our long-term business plan resulting from the Proposed Acquisition.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this news release:

- the conditions to complete the Proposed Acquisition, the Private Placement and the Inversion Right Termination Transaction will be satisfied and the transactions will be completed as anticipated; and
- the Corporation and Sagard will negotiate the Amended and Restated Credit Agreement on mutually acceptable terms.

Such forward-looking information is necessarily based on many estimates and assumptions, including material estimates and assumptions, related to the factors identified below that, while considered reasonable by the Corporation as at the date hereof considering management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, changes in taxes; increased operating, general and administrative, and other costs; changes in interest rates; general business, economic and market conditions; our ability to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities; DLC's ability to maintain its existing number of franchisees and add additional franchisees; changes in Canadian mortgage lending and mortgage brokerage laws; material decreases in the aggregate Canadian mortgage lending business; changes in the fees paid for mortgage brokerage services in Canada; changes in the regulatory framework for the Canadian housing sector; demand for DLC, Club16, and Impact's products remaining consistent with historical demand; our ability to realize the expected benefits of the DLC, Club16, and Impact transactions; our ability to generate sufficient cash flow from investees to meet current and future commitments and obligations; the uncertainty of estimates and projections relating to future revenue, taxes, costs and expenses; changes in, or in the interpretation of, laws, regulations or policies; the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All forward-looking statements made in this press release are qualified by these cautionary statements. The foregoing list of risks is not exhaustive. For more information relating to risks, see the risk factors identified in our 2019 Annual Report. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities laws, we undertake no obligation to update publicly or revise any forward-looking statements or information, whether because of new information, future events or otherwise.

About Dominion Lending Centres Group

The DLC Group of Companies is Canada's leading and largest mortgage brokerage with over \$40 billion in funded mortgages in 2019. The DLC Group operates through three main subsidiaries, Dominion Lending Centres, Mortgage Centre Canada and Mortgage Architects and has operations in all 13 provinces and territories. The DLC Group's extensive network includes ~6,000 agents and over 500 locations. Headquartered in British Columbia, the DLC Group was founded in 2006 by Gary Mauris and Chris Kayat.

About Founders Advantage Capital Corp.

The Corporation is listed on the TSX Venture Exchange as an Investment Issuer (Tier 1) and employs a permanent investment approach.

The Corporation's common shares are listed on the TSX Venture Exchange under the symbol "FCF".

For further information, please refer to the Corporation's website at www.advantagecapital.ca.

Contact information for the Corporation is as follows:

James Bell	Robin Burpee	Amar Leekha
President & Chief Executive Officer	Chief Financial Officer	Sr. Vice-President, Capital Markets
403-455-2218	403-455-9670	403-455-6671
jbell@advantagecapital.ca	rburpee@advantagecapital.ca	aleekha@advantagecapital.ca

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