Founders Advantage Enters into Acquisition Agreement to Acquire 100% of Dominion Lending Centres; Announces Proposed Name Change and Corporate Reorganization

Calgary, Alberta – October 5, 2020 – Founders Advantage Capital Corp. (TSX-V: FCF) ("FAC" or the "Corporation") is pleased to announce that it has entered into an acquisition agreement (the "Acquisition Agreement") with KayMaur Holdings Ltd. ("KayMaur") and certain minority holders to acquire (the "Proposed Acquisition") all of the limited partnership units of Dominion Lending Centres Limited Partnership ("DLC LP") that the Corporation does not otherwise own in exchange for an aggregate of 26,774,054 newly created non-voting series 1 class B preferred shares (the "Preferred Shares"). The Proposed Acquisition, if completed, would be a related-party transaction for the purposes of Multilateral Instrument 61-101 ("MI 61-101") as Gary Mauris and Chris Kayat are the principals of DLC LP (and directors of the Corporation), indirectly own and control KayMaur and also beneficially own, or exercise control or direction over, directly or indirectly, more than 10% of the issued and outstanding common shares of the Corporation. Upon completion of the Proposed Acquisition, the Corporation intends to wind-up DLC LP, amalgamate with Dominion Lending Centres Inc. ("DLC") and change the name of the Corporation to Dominion Lending Centres Inc. (the "Proposed Reorganization"). The Proposed Acquisition and the Proposed Reorganization are subject to a number of conditions, including approval by the TSX Venture Exchange (the "Exchange"). If such conditions are met, the Corporation anticipates closing to occur at or near the end of 2020.

Similar to the DLC LP units being acquired, the Preferred Shares will entitle the holders thereof to a disproportionate share of future cash distributions above the defined threshold amount (referred to as the "Inversion Rights"). In the event the Corporation completes the Private Placement (as defined below), the Acquisition Agreement provides that the Preferred Shares will be amended prior to issuance to remove the Inversion Rights included therein (the "Inversion Termination") and the Corporation will be obligated to pay the vendors the Inversion Termination Consideration (as defined below). The "Inversion Termination Consideration" includes an aggregate cash amount equal to $7.5 million (the "Inversion Termination Cash Payment") and an aggregate of 4,285,714 class A common shares (the "Inversion Termination Shares"). As the Inversion Termination Shares are being issued at a deemed value of $1.75 per share, the Inversion Termination Consideration has a deemed aggregate value of $15.0 million. Completion of the Inversion Termination is subject to the Corporation satisfying the conditions to complete the Proposed Acquisition and subject to the Corporation completing the Private Placement.

James Bell, President and CEO commented: "We are excited to share our plan to acquire the balance of DLC through the issuance of the Preferred Shares and to re-brand the Corporation as Dominion Lending Centres. DLC has been our largest and most successful investment and we believe that transitioning the public company to focus primarily on DLC will simplify our corporate structure and solidify our long-term business plan. The Proposed Acquisition enables us to present a corporate entity that owns 100% of the DLC operations and that has two classes of securities: common shares and preferred shares. Further, the anticipated termination of the Inversion Rights will allow holders of common shares to share more of DLC's future growth. The re-branded entity will continue to hold its interests in Club16 and Impact as 'non-core assets' but the future for the Corporation will focus on DLC."

Gary Mauris, co-founder of DLC and Chairman of the Corporation commented: "Chris and I, along with the entire DLC Group team, are excited to launch DLC as a stand-alone public company. We started DLC in 2006 and have since grown it to become Canada's largest mortgage franchise system originating over $40 billion in mortgages annually. We believe that our growth outlook (including our fintech asset Newton Connectivity Systems), our exceptional leadership team and our network of ~6,000 mortgage professionals across the country make DLC a compelling public company."

The Proposed Acquisition and the Proposed Reorganization

The highlights for the Proposed Acquisition and Proposed Reorganization (upon completion) are summarized as follows:

- FAC will acquire full ownership of DLC LP in exchange for 26,774,054 Preferred Shares. The actual number of Preferred Shares is an arbitrary number for administrative convenience as the Preferred Shares have fixed entitlements and are not convertible into Common Shares.

- The Preferred Shares will be non-voting and non-convertible into common shares, will not be listed on any exchange, and will provide the Preferred Share holders with similar economic and legal entitlements as the acquired units of DLC LP.

- If the Inversion Termination Consideration is paid, the Inversion Rights in the Preferred Shares will be extinguished, to the Corporation's benefit.

- If the Private Placement is completed and the Inversion Consideration is paid, the Corporation will have 46,653,942 class A common shares ("Common Shares") and 26,774,054 Preferred Shares outstanding on completion of the Proposed Acquisition, of which 16,124,760 Common Shares (34.6%) and 25,432,674 Preferred Shares (95%) will be held by KayMaur.

- The Corporation will amalgamate with Dominion Lending Centres Inc. and will change its name to "Dominion Lending Centres Inc.".

- Gary Mauris will become the Chief Executive Officer and Executive Chairman of the Corporation and Chris Kayat will become the Executive Vice-Chairman.

- James Bell (current President of FAC) and Eddy Cocciollo (current President of Dominion Lending Centres Inc.) will each be appointed co-President of the Corporation. Mr. Bell will be responsible for public company operations and management of non-core assets while Mr. Cocciollo will be responsible for DLC mortgage origination operations.

- Robin Burpee (current Chief Financial Officer of FAC) and Geoff Hague (current Chief Financial Officer of Dominion Lending Centres Inc.) will each be appointed co-Chief Financial Officer of the Corporation. Ms. Burpee will be responsible for public company and non-core asset financial management while Mr. Hague will be responsible for financial management of the mortgage origination operations.

- As the operations of Dominion Lending Centres Inc. are currently taxable, merging FAC and DLC should enable the combined entity to reduce overall corporate taxes by utilizing current FAC general and interest expenses and certain non-capital losses.

- If the Inversion Termination Consideration is not paid, the dividend inversion threshold on the Preferred Shares will be $17.5 million (a $2.9 million increase from the $14.6 million threshold in the DLC LP units) provided the Corporation has non-capital losses available to utilize. The $2.9 million increase to the inversion threshold was based on the estimated increase in cash flow from a reduction in future corporate taxes payable.

- It is anticipated that FAC's existing investments in Club16 Limited Partnership and Impact Communications will be retained as non-core assets with a possible liquidation at a future date.

The Preferred Share Terms

The key terms for the Preferred Shares are as follows:

- The Preferred Shares were created to convey similar economic and legal rights as the DLC LP units being acquired.

- The key economic provisions for the Preferred Shares (being the dividend entitlements and liquidation rights) are set out in the Preferred Share Terms and the key governance provisions for the Preferred Shares are set out in the Investor Rights Agreement (both of which are available for review on SEDAR).

- The Preferred Share Terms define the DLC operations as the Corporation's "Core Business" and the public company, Club16 and Impact operations as the Corporation's "Non-Core Business".

- In the event the Inversion Termination Consideration is not paid, the Preferred Share Terms provide that the holders shall be entitled to annual cumulative cash dividends as follows (being the Inversion Rights):

    - in the event the Corporation has non-capital losses available in any Fiscal Year, the sum of 40% of the Cdn.$17,500,000 of Core Business Distributable Cash, if any, in respect of the applicable Fiscal Year; and 70% of any Core Business Distributable Cash, if any, in excess of Cdn.$17,500,000 in respect of the applicable Fiscal Year; or

    - in the event the Corporation does not have non-capital losses available in any Fiscal Year, the sum of 40% of the Cdn.$14,600,000 of Core Business Distributable Cash, if any, in respect of the applicable Fiscal Year; and 70% of any Core Business Distributable Cash, if any, in excess of Cdn.$14,600,000 in respect of the applicable Fiscal Year.

- Core Business Distributable Cash is a defined term in the Preferred Share Terms as a proxy for distributable free cash flow and generally includes cash flows from operating activities (excluding non-cash working capital), cash flows from investing activities and cash flow from financing activities attributable to the Core Business for a given fiscal year.

- The Preferred Shares have no economic entitlement to the balance of the Core Business Distributable Cash (not otherwise paid to the Preferred Share holders) as such amounts are defined to form part of the Non-Core Business held for the benefit of holders of Common Shares.

- On a liquidation of the Corporation or the sale of the Core Business, the Preferred Shares are entitled to a percentage of the net proceeds received for the Core Business based on the ratio of historical cash distribution entitlements. For example, if the Preferred Shares historically received 40% of Core Business Distributable Cash in the form of dividends, the Preferred Shares would be entitled to 40% of the net proceeds on liquidation of the Core Business.

- The Preferred Shares have no economic entitlements to the Non-Core Business.

- The holders of Preferred Shares are entitled to nominate 40% of the Corporation's directors.

- Certain corporate activities (such as incurring more debt related to the Core Business or completing a new Non-Core acquisition) require approval by the Preferred Shareholders.

- The Preferred Shares are non-voting and are not convertible into Common Shares.

Private Placement to fund Inversion Termination Cash Payment

In order to fund the Inversion Termination Cash Payment, the Corporation may issue up to aggregate of 4,285,714 Common Shares, at a price per share of $1.75, for aggregate gross proceeds of $7.5 million (the "Private Placement"). Belkorp Industries Inc. ("Belkorp"), a current insider of the Corporation, has indicated they will subscribe for all of the Common Shares offered under the Private Placement. As Belkorp currently owns 7,568,500 Common Shares (19.9%), Belkorp will own 11,854,214 Common Shares (25.4%) upon completion of the Private Placement. The Private Placement is subject to a number of conditions, including approval by the Exchange. If such conditions are met, the Corporation anticipates closing the Private Placement concurrently with the closing of the Proposed Acquisition.

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.

Special Committee of Independent Directors

The Board of Directors appointed a special committee comprised entirely of independent directors (the "Special Committee") to review the Proposed Acquisition. The Special Committee was comprised of Trevor Bruno (Chairman), Ron Gratton, Dennis Sykora and Kingsley Ward. The Special Committee retained Bennett Jones LLP to act as legal counsel and PricewaterhouseCoopers LLP to act as its financial advisor. The Special Committee unanimously recommended that the Board of Directors approve the Proposed Acquisition.

Mr. Bruno, as an officer of Belkorp, recused himself from the Special Committee for the purposes of the negotiation of the Inversion Termination with KayMaur and deliberations relating to the Private Placement and the proposed funding of the Inversion Termination Cash Amount. The Special Committee (with Mr. Bruno abstaining) unanimously recommended that the Board of Directors proceed with the proposed Private Placement if the Corporation is able to satisfy the conditions to complete the Proposed Acquisition.

Related Party Matters – The Proposed Acquisition

The Proposed Acquisition is subject to certain approvals including the approval of the TSXV. Because the KayMaur principals are related parties (within the meaning of MI 61-101 and pursuant to the policies of the TSXV) and, as such, the Proposed Acquisition is a related party transaction (within the meaning of MI 61-101 and pursuant to the policies of the TSXV), and the Corporation is required to obtain a formal valuation for, and minority approval of, the Proposed Acquisition.

The Special Committee engaged Evans & Evans (the "Valuator") to prepare a formal valuation on DLC and the property being exchanged in the Proposed Acquisition. The Valuator concluded that the fair market value of the DLC group (as a whole) was ~$230 million and the fair market value of the DLC LP units being acquired was ~$128.7 million (including the Inversion Rights). Further, the Valuator concluded that the value of the Preferred Shares (including the Inversion Rights) being issued pursuant to the Proposed Acquisition was ~$132.8 million. The value of the Preferred Shares exceeds the value of the DLC LP units as there are tax efficiencies gained in the new structure. Details of the formal valuation will be included in the management information circular sent to shareholders in advance of the meeting to consider the proposed transactions. The fair market value figures above use the mid-point value for the range of values determined by the Valuator.

Related Party Matters – The Inversion Termination and the Private Placement

The completion of the Inversion Termination and the completion of the Private Placement are subject to certain approvals including the approval of the TSXV. Because the KayMaur principals are related parties (within the meaning of MI 61-101 and pursuant to the policies of the TSXV) and, as such, the completion of the Inversion Termination is a related party transaction (within the meaning of MI 61-101 and pursuant to the policies of the TSXV), and the Corporation is required to obtain a formal valuation for, and minority approval of, the completion of the Inversion Termination transaction. Further, because Belkorp is a related party (within the meaning of MI 61-101 and pursuant to the policies of the TSXV) and, as such, the Private Placement is a related party transaction (within the meaning of MI 61-101 and pursuant to the policies of the TSXV), and the Corporation is required to obtain minority approval of the Private Placement. Neither KayMaur nor Belkorp will be entitled to vote on the approval of the Inversion Termination transaction or the approval of the Private Placement.

The Special Committee also engaged the Valuator to prepare a formal valuation on the Preferred Share Inversion Rights. The Valuator concluded that the fair market value of the Inversion Rights was ~$37.7 million. As such, the fair market value of the Inversion Rights significantly exceeds the fair market value of the Inversion Termination Consideration. Details of the formal valuation will be included in the management information circular sent to shareholders in advance of the meeting to consider the proposed transactions. The fair market value figure above uses the mid-point value for the range of values determined by the Valuator.

In respect of the Private Placement, the Corporation intends to rely on the exemption contained in section 5.5(b) of MI 61-101 (Issuer not listed on specified markets) from the requirement to provide a valuation of the Common Shares.

The Non-Core Assets and Further Investments

Following completion of the Proposed Acquisition and Proposed Reorganization, the Corporation will continue to hold its ownership interests in Club16 and Impact (the "Non-Core Assets") and continue to have an investment policy in place. The Corporation paid an aggregate of $34.5 million for the Non-Core Assets. Further, we note that the aggregate amount outstanding on the Corporation's credit facility with Sagard Credit Partners ("Sagard") as at June 30, 2020 was approximately $43.6 million. In the event the Non-Core Assets were sold, it is anticipated that the net proceeds would be used to pay down the Sagard credit facility. The Corporation also anticipates using its excess cash amounts (generated from its 60% of Core Business Distributable Cash and distributions received from the Non-Core Assets) to continue to pay down the Sagard credit facility.

Credit Facility Amendments

Completion of the Proposed Acquisition and Proposed Reorganization are subject to both FAC and DLC obtaining satisfactory approval from their respective lenders.

About Dominion Lending Centres Inc.

DLC group of companies is Canada's leading and largest mortgage brokerage with over $40 billion in funded mortgages in 2019. DLC group of companies operates through three main subsidiaries, Dominion

Lending Centres, Mortgage Centre Canada and Mortgage Architects and has operations in all 13 provinces and territories. DLC group of companies' extensive network includes ~6,000 agents and 515 locations. Headquartered in British Columbia, DLC group of companies 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.

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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 terms and conditions of the Proposed Acquisition and the Proposed Reorganization, and the anticipated closing thereof;
- the anticipated completion of the Private Placement and the completion of the Inversion Termination transaction;
- the anticipated simplification of our corporate structure and solidification of our long-term business plan resulting from the Proposed Acquisition, the Proposed Reorganization and the Inversion Termination;
- the possible liquidation of non-core assets in the future and the potential repayment of the Sagard credit facility;
- the anticipated use of excess cash amounts to pay down the Sagard credit facility; and
- the anticipated approval of the Corporation's lenders.

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 Proposed Reorganization and the Private Placement will be satisfied and the transactions will be completed as anticipated;
- the impacts of COVID-19 on the Corporation and its subsidiaries will be consistent with the Corporations expectations and the expectations of management of each of its subsidiaries both in extent and duration;
- the Canadian and U.S. economies will begin to recover from the ongoing economic downturn created by COVID-19 within the next twelve months;
- the Corporation and its subsidiaries affected by COVID-19 will recover from the pandemic's impacts and return to historical (pre-COVID-19) operating environments;
- management's ability to adjust cost structures at the Corporation and its subsidiaries to improve liquidity and cash flow;
- the Corporation's three subsidiaries will continue to perform as expected; and
- any potential liquidation of non-core assets will be on terms and conditions acceptable to the Corporation.

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.