

MATERIAL CHANGE REPORT
Section 11.2 of National Instrument 81-106

Item 1 **Name and Address of Issuers**

Marret High Yield Strategies Fund (the “**Fund**”)

c/o Marret Asset Management Inc. (the “**Manager**”)

2 Queen Street East, 12th Floor

Toronto, Ontario

M5C 3G7

Item 2 **Date of Material Change**

July 15, 2019

Item 3 **News Release**

On July 15, 2019, the news releases, attached hereto as Schedule “A”, were issued and disseminated through Canada Newswire and filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

Item 4 **Summary of Material Change**

On July 15, 2019, the Manager announced that Cline Mining Inc. (“**Cline**”) had entered into a conditional term sheet for the proposed sale by Cline to Allegiance Coal Limited of all the shares in New Elk Coal Company, LLC (“**NECC**”). The main asset of the Fund is senior secured debt and equity issued by Cline. The purchase price for the shares in NECC will be USD \$1, plus the assumption of certain obligations owed by NECC to Cline, equal to the balance owed on the Cline senior secured indebtedness of CDN \$55 million, which represents a total acquisition cost of CDN \$55,000,001.30.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The material change is fully described in the news releases attached hereto.

5.2 **Disclosure for Restructuring Transactions**

Not applicable.

Item 6 **Reliance on subsection 11.2(2) of National Instrument 81-106**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Officer of the Manager**

For additional information, contact:

Kathleen Cooney
Vice-President, Operations and Chief Compliance Officer
Telephone: (416) 214-5800

Item 9 **Date of Report**

July 18, 2019

Schedule “A”

FOR IMMEDIATE RELEASE

Marret Asset Management announces proposed sale of New Elk Coal Company, LLC by Cline Mining Inc., part of the Private Portfolio of Marret High Yield Strategies Fund and Marret Multi-Strategy Income Fund

TORONTO, July 15, 2019 /CNW/ - Marret Asset Management Inc. (“Marret”) today announced that Cline Mining Inc. (“Cline”) has entered into a conditional term sheet (“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 (“Mine”), located in southeast Colorado. The main asset of Marret High Yield Strategies Fund (“MHY”) (CSE: MHY.UN) and Marret Multi-Strategy Income Fund (“MMF”) (CSE: MMF.UN) is senior secured debt and equity issued by Cline.

The principal terms of the proposed sale are as follows:

- The purchase price for the shares in NECC will be USD \$1, plus the assumption of certain obligations owed by NECC to Cline, equal to the balance owed on the Cline senior secured indebtedness of CDN \$55 million (“Debt”).
- Completion of the purchase must take place before 14 July 2020 (“Completion”). The parties hope to complete significantly earlier.
- The Term Sheet provides that the Debt will be repaid by NECC to Cline as follows:
 - USD \$3M in cash on Completion;
 - USD \$3M in Allegiance shares issued on Completion, subject to a voluntary 12 month hold period;
 - USD \$5M on Completion to replace the Colorado State Mine reclamation bond;
 - The balance to be repaid from an agreed percentage of Mine operating cash flow but in any event within 10 years of Completion.

The Term Sheet also provides that Allegiance will have exclusivity to acquire NECC for 12 months in consideration for Allegiance contributing USD \$150k per month to Mine care and maintenance costs.

Infor Financial Inc. is acting as financial advisor to Cline and NECC in respect of the transaction.

About Allegiance

Allegiance is a publicly listed (ASX:AHQ) Australian company advancing a metallurgical coal mine into production in British Columbia, Canada.

The full text of the Allegiance press release which provides more detail on the transaction can be found at <https://www.allegiancecoal.com.au/irm/content/asx-announcements.aspx?RID=8>.

About Marret Asset Management Inc

Marret specializes in fixed income and particularly in high-yield debt strategies. The experienced team of investment professionals is led by Barry Allan, President and Chief Investment Officer. He founded Marret in 2000, following a career at Altamira, Nesbitt Thomson and a Canadian chartered bank, and has over 30 years of experience in credit and fixed-income markets.

Forward-looking information

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 Marret and the managers of the underlying portfolios 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. All forward-looking statements in this press release are qualified by these cautionary statements. Marret believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Marret can give no assurance that the actual results or developments will be realized. 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 annual information forms of MHY and MMF dated March 28, 2019. 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. Marret 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 forwardlooking statements are made as of the date of this press release

For further information please

contact: Marret Investor Relations

416-214-5800

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FOR IMMEDIATE RELEASE

Marret Asset Management provides additional disclosure relating to the proposed sale of New Elk Coal Company, LLC by Cline Mining Inc., part of the Private Portfolio of Marret High Yield Strategies Fund (CSE:MHY.UN) and Marret Multi-Strategy Income Fund (CSE:MMF.UN)

TORONTO, July 15, 2019 /CNW/ - Marret Asset Management Inc., at the request of IIROC, is providing the following additional disclosure to the press release issued earlier today with respect to the proposed sale of New Elk Coal Company, LLC by Cline Mining Inc. (capitalized terms not otherwise defined herein shall have the same meaning as in the earlier press release):

- The purchase price for the shares in NECC will be USD \$1, plus the assumption of certain obligations owed by NECC to Cline equal to the balance owed on the Cline senior secured indebtedness of CDN \$55 million, which represents a total acquisition cost of CDN \$55,000,001.30.
- The cash required on Completion (equal to USD \$11M) will be financed by NECC issuing preferred debt, with the remainder of the Debt to be repaid from an agreed percentage of Mine operating cash flow but, in any event within 10 years of Completion. The repayment schedule will be agreed with Cline during the Mine feasibility study carried out by Allegiance and incorporated into the Completion documents.

Forward-looking information

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 Marret and the managers of the underlying portfolios 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. All forward-looking statements in this press release are qualified by these cautionary statements. Marret believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Marret can give no assurance that the actual results or developments will be realized. 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 annual information forms of MHY and MMF dated March 28, 2019. 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. Marret 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

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