

**Maxam Arbitrage Fund
Independent Review Committee
Annual Report to Unitholders
For the Year Ended December 31, 2020**

Introduction

The following report describes the Independent Review Committee (the “IRC”) of Maxam Arbitrage Fund (the “Fund”) managed by Maxam Capital Management Ltd. (“Manager”) and its related activities for the year ended December 31, 2020.

Membership and Composition

The IRC consists of three members as appointed by the Manager. Each member is independent and has no material relationship with the Fund, Manager or any related entities that could be reasonably perceived to interfere with the member’s judgment regarding a conflict of interest matter.

The following individuals are the members of the IRC as at December 31, 2020. There were no changes to the composition or membership of the IRC during the year.

<u>Name</u>	<u>Length of Service</u>	<u>Other IRC Memberships</u>
Chris Wallace (Chair)	Member and Chair Since September 2, 2020	None
Theoni Pilarnos	Member since September 2, 2020	None
Justin Kates	Member since September 2, 2020	None

Share Ownership

The percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the members of the IRC:

- a) in the investment fund if the aggregate level of ownership exceeds 10 percent;
- b) in the Manager; or
- c) in any person or company that provides services to the investment fund or the Manager;

is none in all cases.

Compensation

The level of compensation and expenses for the members of the IRC is determined by the Manager, reviewed and accepted by the IRC.

<u>Committee position</u>	<u>Retainer fee</u>	<u>Meeting fee</u>
Chair	\$ 2,750	\$ nil
Member	\$ 2,500	\$ nil

Each IRC member is also reimbursed for certain out-of-pocket costs associated with the performance of their duties.

In accepting the recommendation of the Manager, the IRC considered the following: the nature and complexity of the Fund's operations, the workload and time commitment required and the level of information provided to the committee.

For the year ended December 31, 2020, a total of 0\$ was paid out by the Fund to the IRC, amounts that were reimbursed by the Manager to the Fund. No amounts were paid to the IRC members by the Fund under indemnities in their favour.

Activities, Reviews and Approvals

During the year ended December 31, 2020, the Manager informed the IRC that it relied on positive recommendations and standing instructions granted by the IRC relating to conflict of interest matters. The standing instructions require the Manager to follow its policies and procedures related to the applicable conflict of interest matters in all material respects and to report to the IRC.

Certificate

For the year ended December 31, 2020:

- a) There were no instances of proposed actions involving a conflict of interest matter or potential conflict of interest matter that were referred to the IRC by the Manager for consideration; and
- b) The IRC is not aware of any instances where the Manager was involved in a conflict of interest matter.

This report is respectfully submitted to you on behalf of the Independent Review Committee of the Fund.

"Chris Wallace"
(signed)

Chris Wallace
Chair of the Independent Review Committee

Vancouver, British Columbia
February 3, 2021