

THE
WESTERN INVESTMENT
COMPANY OF CANADA LIMITED



ANNUAL INFORMATION FORM
For the year ended December 31, 2017

Dated: April 23, 2018

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DEFINITIONS

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**AIF**" means this Annual Information Form;

"**ATB**" means ATB Financial;

"**Board**" means the board of directors of Western;

"**Common Shares**" means the common shares in the capital of Western;

"**Corporation**" or "**Western**" means The Western Investment Company of Canada Limited;

"**CPC**" means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the TSXV Policy 2.4 *Capital Pool Companies*; and
- (c) in regard to which the completion of a qualifying transaction has not yet occurred;

"**CPC Escrow Agreement**" means the Form 2F – CPC Escrow Agreement, dated January 29, 2016 among Western, TSX Trust Company and certain security holders of Western;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortization;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.;

"**Final Exchange Bulletin**" means the Exchange bulletin which is issued following completion of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction;

"**Foothills**" means Foothills Creamery Ltd., a company incorporated under the ABCA;

"**Foothills SPA**" means the share purchase agreement dated February 26, 2018 among Donald E. Bayrack, Darren D. Bayrack, Mary Ellen Bayrack-Kutinac, Laurie J. Bayrack, 2099859 Alberta Ltd., Foothills and Western;

"**Foothills USA**" means the unanimous shareholders agreement dated February 28, 2018 entered into by the shareholders of Foothills;

"**GlassMasters**" means GlassMasters ARG Autoglass Two Inc., a corporation amalgamated under the ABCA which owns the GlassMasters Assets;

"**GlassMasters APA**" means the asset purchase agreement dated November 30, 2016, among Western, GlassMasters, Sweet Pea, Miles Palmer and Karyn Palmer;

"**GlassMasters Assets**" means all of the assets used in the GlassMasters Business;

"GlassMasters Business" means the automotive glass service business providing repair and replacement of windshields, side windows, side mirrors, rear windows, and sun roofs, and the importation and wholesale of glass parts and related automotive glass repair and replacement materials;

"GlassMasters USA" means the unanimous shareholders agreement dated December 16, 2016 entered into by the shareholders of GlassMasters;

"Golden Health Care" has the meaning ascribed thereto under the heading *"Corporate Structure - Intercompany Relationships"*;

"Golden Health Care USA" means the unanimous shareholders agreements dated September 1, 2017 entered into by the shareholders of Golden Health Care Management Inc., Hill View Manor Ltd., The Good Shepherd Villas Inc. and William Albert House Ltd.;

"IPO" means the initial public offering of Western, by way of CPC prospectus, completed February 24, 2016;

"IPO Agency Agreement" means the agency agreement entered into in connection with the IPO, between Western and Richardson GMP Limited dated January 29, 2016;

"NI 52-110" means National Instrument 52-110 *Audit Committees*;

"Ocean Sales" means Ocean Sales Group Ltd., a company incorporated under the ABCA;

"Ocean Sales SPA" means the share purchase agreement made effective January 1, 2018 among Ocean Sales, 1000099 Alberta Ltd., George McBride, Chad McBride, Jenna Rilling, Ocean Sales Ltd., Ocean Sales Import/Export Ltd., Ocean Sales Ltd. (USA), Ocean Sales Roadshow Ltd., Next Generation Sales Ltd. and Western;

"Ocean Sales USA" means the unanimous shareholders agreement dated January 1, 2018 entered into by the shareholders of Ocean Sales;

"Options" means options to purchase Common Shares issued pursuant to the Corporation's stock option plan;

"Preferred Shares" means the preferred shares in the capital of Western;

"Qualifying Transaction" means a transaction where a CPC acquires Significant Assets (as such term is defined in the policies of the Exchange) other than cash, by way of purchase, acquisition, merger or arrangement with another company or by other means;

"Sweet Pea" means Sweet Pea Enterprises Inc.;

"Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), including the regulations promulgated thereunder, all as amended from time to time;

"United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"USAs" means, collectively, the GlassMasters USA, the Ocean Sales USA, the Golden Health Care USA and the Foothills USA;

"Value Security Escrow Agreement" means the Form 5D – Value Security Escrow Agreement, dated December 13, 2016 among Western, TSX Trust Company and certain security holders of Western; and

Unless otherwise specified, information in this AIF is as at the end of the Corporation's most recently completed financial year, being December 31, 2017.

CURRENCY

In this AIF, all dollar amounts are expressed in Canadian currency, unless otherwise noted.

FORWARD LOOKING STATEMENTS

This AIF contains forward-looking statements concerning the business, operations and financial performance and condition of Western. All statements other than statements of historical fact contained in this AIF are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving Western. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "forecasts", "budgets", "continuous" or similar words or the negative thereof.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this AIF reflect the current expectations, assumptions or beliefs of Western based on information currently available to it and on management's experience and expertise. Examples of such statements include the intention to grow the business and operations of Western. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in this AIF. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this AIF. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this AIF are based upon what management currently believes to be reasonable assumptions, Western cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. Western assumes no responsibility to update forward looking statements, other than as may be required by applicable securities laws.

Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to:

- (a) the acquisition opportunities available to Western and the competition for those acquisition opportunities;
- (b) the identification of all relevant risks associated with Western's acquisition opportunities;
- (c) Western has no restrictions on funds allocated to any particular investment, which could lead to a concentration of investments;
- (d) Western's limited operating history;
- (e) the availability of capital to Western, and its ability to meet credit facility covenants;
- (f) the issuance of additional Common Shares to finance acquisitions and potential dilution to existing shareholders;
- (g) Western's dependency on the portfolio companies to support its ability to pay Western's operating expenses and make interest payments to its lenders;
- (h) Western is dependent on its directors and officers to generate acquisition opportunities, and the directors and officers may be subject to conflicts of interest;
- (i) Western's Common Shares are relatively illiquid and subject to market fluctuations;

- (j) Western evaluates a wide array of potential acquisitions, and acquiring and integrating a business may create unforeseen difficulties;
- (k) Western's portfolio companies are illiquid and difficult to value;
- (l) Western has entered into unanimous shareholders agreements for all of its portfolio companies, which prevents Western from controlling those companies and contain other restrictions and obligations for Western;
- (m) the financial results of the portfolio companies of Western;
- (n) the tax horizon of Western and the portfolio companies;
- (o) the impact of federal, provincial and other governmental regulation on Western and the portfolio companies, relative to other issuers of similar size participating in similar business environments;
- (p) increased governmental regulation;
- (q) expansion or development plans of the portfolio companies not being completed as expected or at all; and
- (r) product failure and liability.

The forward-looking statements contained in this AIF speak only as of the date of this AIF. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Many of these risk factors and other specific risks and uncertainties are discussed in further detail throughout this AIF. Readers are specifically referred to the risk factors described in this AIF under "*Risk Factors*".

Readers are cautioned that the foregoing lists of factors should not be construed as exhaustive. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Except as required under applicable securities laws, the Corporation undertakes no obligation to publicly update or revise any forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Incorporation

Western was incorporated on October 28, 2015 pursuant to the ABCA. The head office of Western is located at 1010 - 24th Street S.E., High River, Alberta T1V 2A7 and the registered and records office of Western is located at 1600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

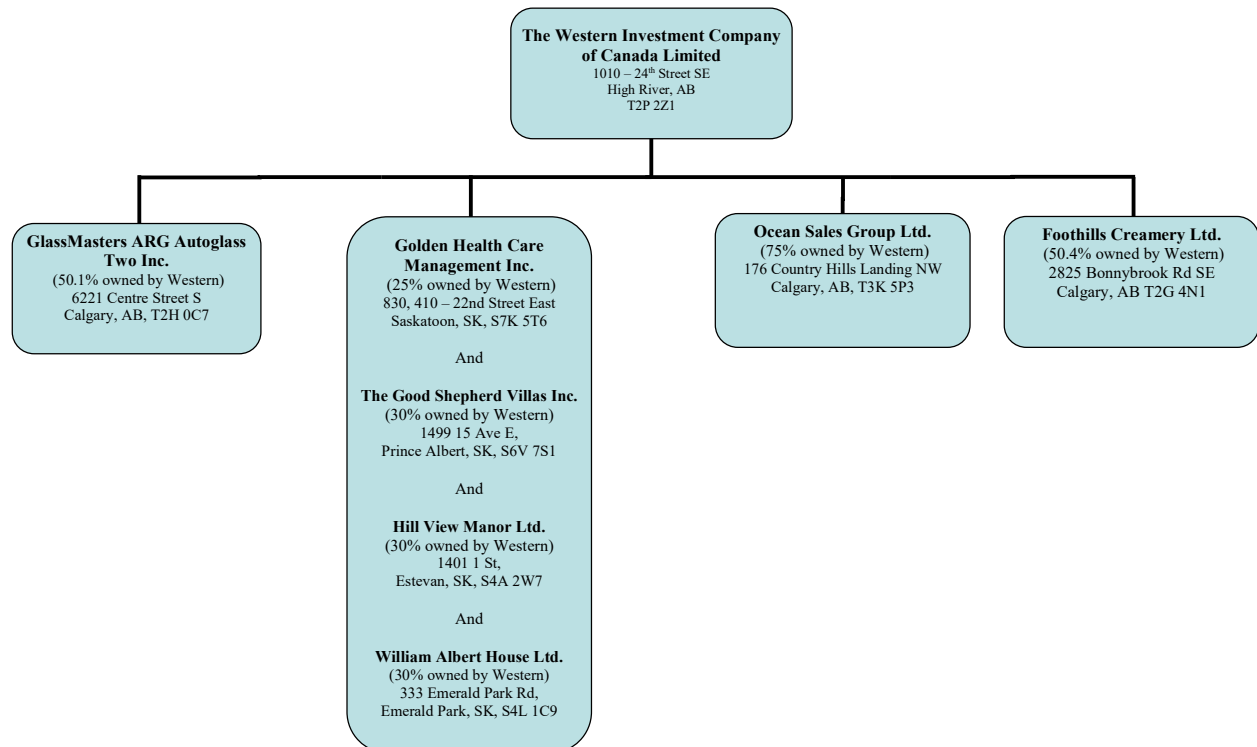
The Common Shares trade on the TSXV under the symbol "WI".

Intercorporate Relationships

As of the date of this AIF, Western has investments in a portfolio of four companies, all accounted using the equity method, which are as follows:

- 1) 50.1% equity interest in GlassMasters.
- 2) 30% equity interest in three senior care homes and a 25% interest in Golden Health Care Management Inc., a company incorporated in Saskatchewan (collectively, "**Golden Health Care**"). The three homes include Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park and are all located in Saskatchewan;
- 3) a 75% interest in Ocean Sales; and
- 4) a 50.4% interest in Foothills.

The Corporation's organizational structure is as follows:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2015

Prior to completing the IPO and listing on the Exchange, Western issued by private placement an aggregate of 2,000,000 Common Shares at a price of \$0.25 per Common Share for gross proceeds of \$500,000.

2016

On February 24, 2016, Western completed its IPO of 9,000,000 Common Shares at a price of \$0.50 per Common Share for gross proceeds of \$4,500,000 by way of a final CPC prospectus dated January 29, 2016 filed in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario. The Common Shares began trading on the Exchange under the symbol "WI.P".

On September 21, 2016, Western entered into a letter of intent with GlassMasters Autoglass Ltd. and ARG Wholesale Ltd. whereby Western agreed to acquire the GlassMasters Assets. Trading in the Common Shares was halted on September 22, 2016. Western, GlassMasters, Sweet Pea, Miles Palmer and Karyn Palmer entered into the GlassMasters APA effective November 30, 2016 whereby GlassMasters acquired the GlassMasters Assets for a total purchase price of \$17,000,000 consisting of: (i) \$425,000 cash paid to Sweet Pea on November 30, 2016, (ii) 15,938,614 GlassMasters Class D Shares issued to Sweet Pea on November 30, 2016 and subsequently redeemed for an aggregate cash amount of \$15,938,614, and (iii) less the value of the capital leases assumed by GlassMasters as at November 30, 2016 of \$636,386, all subject to working capital adjustments and additional payments to Sweet Pea for gross profit generated and new retail locations opened. The total purchase price was funded through \$4,010,000 of equity from Western, \$2,000,000 of equity from ATB, \$1,600,000 of equity from Sweet Pea, \$400,000 of equity from Brad Warren, and debt comprised of \$7,500,000 from Toronto Dominion Bank and \$1,300,000 from FWCU Capital Corp. Sweet Pea also provided a demand working capital loan of \$200,000 on December 1, 2016 to GlassMasters.

Concurrent with the closing of the acquisition of the GlassMasters Assets, the shareholders of GlassMasters entered into the GlassMasters USA. Although Western owns more than 50% of the outstanding voting securities of GlassMasters, pursuant to the USA, Western is only entitled to nominate two out of seven directors. The GlassMasters USA contains provisions which increase the threshold requirements for director and shareholder approvals of significant corporate actions to levels higher than required in the ABCA. The GlassMasters USA also contains share transfer restrictions, rights of first refusal and drag along and tag along rights. The GlassMasters USA limits Western's ability to control GlassMasters and restricts Western's ability to sell its securities in GlassMasters through protections for minority equity shareholders. As a result of the GlassMasters USA, Western does not control GlassMasters. The purchase of the GlassMasters Assets by GlassMasters constituted Western's Qualifying Transaction which was completed on December 16, 2016. Subsequent to the completion of the Qualifying Transaction, the Common Shares resumed trading on the Exchange on December 20, 2016 under the symbol "WI".

2017

Western entered into a letter of intent with GMP Securities L.P. dated January 31, 2017, as amended on February 1, 2017, with respect to a bought deal offering (the "**Offering**") by way of short form prospectus of 16,615,000 Common Shares at a price of \$0.65 per Common Share (the "**Offering Price**") for aggregate gross proceeds to Western of \$10,799,750. Western also granted the underwriters an option (the "**Over-Allotment Option**") to purchase up to an additional 2,492,250 Common Shares at the Offering

Price, for additional gross proceeds of up to \$1,619,963. The Offering closed on February 22, 2017. Pursuant to the Offering and the Over-Allotment Option, the Corporation has issued a total of 19,107,250 Common Shares. The Common Shares comprising the Offering and Over-Allotment Option were issued at the Offering Price, for aggregate gross proceeds of \$12,419,713 (net proceeds of \$11,667,761 after underwriters' commission and expenses).

On May 23, 2017, Western announced that it obtained regulatory approval to proceed with a normal course issuer bid whereby Western may purchase up to a total of 1,500,000 Common Shares representing approximately 4.9% of the then outstanding Common Shares, through the facilities of the Exchange at the market price of the Common Shares at the time of the acquisition. As at December 31, 2017, a total of 240,500 Common Shares were purchased by Western through the normal course issuer bid for an aggregate price of \$140,879, at prices ranging from \$0.46 to \$0.64 per share. An additional 14,000 Common Shares were purchased pursuant to the normal course issuer bid in January 2018.

On June 19, 2017, the Board appointed Mr. Shafeen Mawani as Chief Operating Officer of Western. Mr. Mawani was previously a special advisor to the Board and to the Corporation's Chief Executive Officer from July 2016 until his appointment.

On September 1, 2017, the Corporation acquired a 30% equity interest in three senior care homes located in Saskatchewan and a 25% interest in Golden Health Care Management Inc. for a total purchase price of \$5,037,492, subject to working capital adjustments, all pursuant to the terms of the Golden Health Care SPA. The three senior care homes include: Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park.

Concurrent with the closing of the acquisition of Golden Health Care, the shareholders entered into the Golden Health Care USA. Under the terms of the Golden Health Care USA, Western is only entitled to nominate two out of nine directors for Golden Health Care Management Inc. and one of three directors for each of the three senior care homes. The Golden Health Care USA also contains share transfer restrictions, rights of first refusal, drag along and tag along rights and shot gun provisions. The Golden Health Care USA restricts Western's ability to sell its securities in Golden Health Care.

On November 9, 2017, the Board appointed Stacey Cross as Chief Financial Officer of Western. Mrs. Cross was previously Controller at Western and prior to that Controller at GlassMasters. She assumed the position from Mr. Rick Moore who resigned as Chief Financial Officer on November 9, 2017.

2018

On January 1, 2018, Western completed the acquisition of a 75% interest in Ocean Sales pursuant to the Ocean Sales SPA. The total purchase price of the acquisition was \$9.5 million for 100% of the company subject to adjustments for working capital. Western financed the acquisition with a \$5.1 million committed reducing term facility held by Ocean Sales, and a \$3.45 million cash equity contribution while the vendors contributed \$1.15 million for the remaining 25% equity interest in Ocean Sales.

Concurrent with the closing of the acquisition of Ocean Sales, the shareholders of Ocean Sales entered into the Ocean Sales USA. Although Western owns more than 50% of the outstanding voting securities of Ocean Sales, pursuant to the Ocean Sales USA, Western is only entitled to nominate two out of the five directors. The Ocean Sales USA contains provisions which increase the threshold requirements for director and shareholder approvals of significant corporate actions to levels higher than required in the ABCA. The Ocean Sales USA also contains share transfer restrictions, rights of first refusal and drag along and tag along rights. The Ocean Sales USA limits Western's ability to control Ocean Sales and restricts Western's ability to sell its securities in Ocean Sales. As a result of the Ocean Sales USA, Western does not control Ocean Sales.

On February 20, 2018, the Corporation obtained a demand revolving operating loan facility with ATB (the "**ATB Facility**") to the maximum amount of \$1,500,000, with the potential for an additional \$500,000 available on request, subject to the delivery of certain share pledges not already provided. The facility bears interest at the bank's prime rate plus 2% per annum and carries a standby fee of 0.2% per annum on any unused portion. The ATB Facility was obtained primarily to fund a portion of the purchase price of Foothills, and to fund general working capital for Western. Security for the ATB Facility includes a general security agreement of all of the Corporation's assets and a share pledge agreement in respect to Western's equity interests in Golden Health Care and Foothills.

On February 28, 2018, Western acquired a 50.4% equity interest in Foothills. The total upfront purchase price for 100% of the company was \$24.16 million, pursuant to the Foothills SPA plus a contingent consideration, up to a maximum amount of \$3.5 million, which may be payable by Foothills to the vendor over four years by way of a performance based earn-out. The purchase was funded through a cash equity investment of Western, ATB and the founder of Foothills, the issuance of 400,000 Common Shares with a deemed value of \$0.625 per share, and senior amortizing debt in the amount of \$17.86 million. Western's total equity investment into Foothills was \$3.325 million. Its partner obtained 40% equity interest, while the founder has retained 10% ownership in the business.

Concurrent with the closing of the acquisition of Foothills, the shareholders of Foothills entered into the Foothills USA. Although Western owns more than 50% of the outstanding voting securities of Foothills, pursuant to the Foothills USA, Western is only entitled to nominate two out of five directors. The Foothills USA contains provisions which increase the threshold requirements for director and shareholder approvals of significant corporate actions to levels higher than required in the ABCA. The Foothills USA also contains share transfer restrictions, rights of first refusal and drag along and tag along rights. The Foothills USA limits Western's ability to control Foothills and restricts Western's ability to sell its securities in Foothills through protections for minority equity shareholders. As a result of the Foothills USA, Western does not control Foothills.

BUSINESS OF THE CORPORATION

General

Western is a publicly traded private equity company based in Western Canada. Its Common Shares are listed for trading on the TSXV under the trading symbol "WI". Western's purpose is to create long-term wealth for its shareholders by building and maintaining a portfolio of strong, stable, and profitable Western Canadian-based companies and helping them to grow and prosper. Western's business strategy is to acquire significant ownership positions in successful Western Canadian companies by (i) offering continuity capital, (ii) providing oversight using the "Pattison Principles" and "Rockefeller Habits", and (iii) maximizing return to shareholders through "Western Sensibility".

Tactical and Oversight Plan for Acquisitions – "Pattison Principles" and "Rockefeller Habits"

Western believes that it is important to provide simple planning and oversight procedures for its portfolio companies. Western focuses on one-year plans and targets ten-year goals. This is expected to be reinforced through monthly to quarterly meetings and a rigorous focus on key performance indicators in order to monitor performance at any point in time. Western will provide to its portfolio companies industry analysis to support strategic decisions and continuous mentoring and education for executives.

Western Sensibility Overview

Western has developed a shareholder friendly operating model called "Western Sensibility" that ensures that expenses for the Corporation are in line with revenue generated. This consists of ensuring (i) a sustainable but flexible workforce of part-time employees and contractors that expands and contracts on

the needs of the Corporation, (ii) compensation of directors through a modest option program (iii) collecting management fees from portfolio companies to offset increased general and administration costs over time.

Western's compensation for both directors and management are aligned with shareholder returns. No management fees or performance fees are payable directly to its management team, which management of Western believes is a common compensation structure of the private equity industry which is also known as "2% and 20%". The directors and management at Western are compensated through modest stock option grants made in April every year and also a director's time and expense pool that provides cash compensation to directors who invest time and effort in the identification and performance of due diligence of acquisition targets during Western's initial growth phase. The allocation and payment amounts are determined by the Chairman of the Board and the CEO on a case by case basis subsequent to each acquisition closing. As of April 13, 2018, given that Western has completed four acquisitions and is no longer in its initial growth phase, the Board has discontinued the "time and expense" formula and intends to compensate directors through the stock option grants going forward.

Western aims to collect management fees from all of its portfolio companies to cover Western's operating expenses. Currently, management fees are collected from GlassMasters, Ocean Sales and Foothills quarterly in arrears. Golden Health Care is completing an annual review and is expected to commence paying managements fees in the future. In 2017, Western collected \$100,000 in management fees and in 2018 Western expects to collect \$250,000 in management fees.

Employees

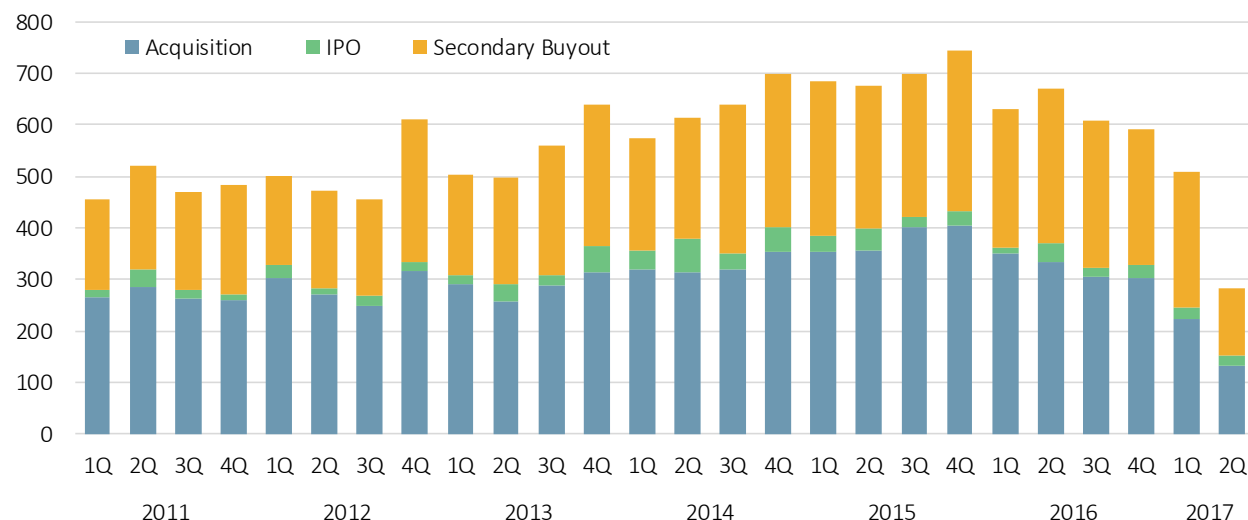
As of the date of this AIF, Western has two employees and one consultant. The operating objective is to have a sustainable but flexible workforce that expands and contracts based on the needs of the Corporation. Western expects to maintain the current workforce for the foreseeable future until the Corporation reaches a sustainable size. Contractors are used as needed to execute acquisitions and manage the day-to-day operations of the Corporation.

Investment Criteria

Western's targeted industry verticals align with the industry expertise of the Board and include: (i) financial services and insurance; (ii) retail and distribution; (iii) human services; (iv) agriculture and related services; and (v) special situations. Western's preferred target company size is between \$10 million to \$100 million and Western will generally consider equity ownership of such target companies between 30% to 100%. Western will prospect acquisitions from: (i) ownership succession; (ii) private equity and corporate divestitures; (iii) network and contact opportunities; and (iv) mid-market sell side.

Western's Competitive Positioning

Global Private Equity Exits (#)

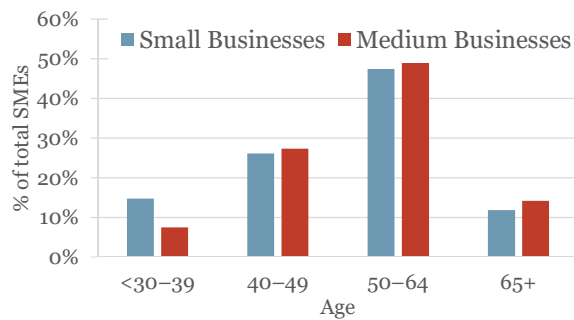


Source: Pitchbook as of June 30, 2017 – Global Private Equity

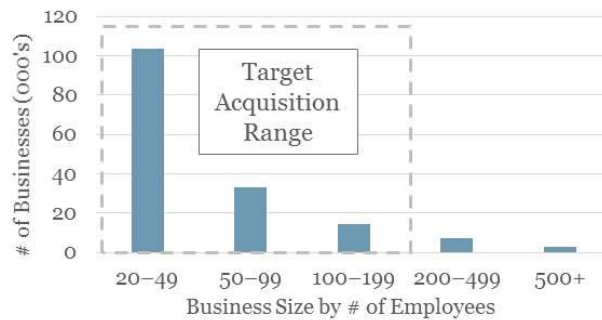
Public Company Private Equity versus Traditional Private Equity

There is increasing demand for long term capital in the market as traditional private equity funds have fixed holding periods between five to seven years and are required to liquidate their ownership via an initial public offering or sale to either a strategic or financial buyer. Due to increased regulation and high cost, the relative number of initial public offerings has been decreasing over time compared to the option of selling to strategic or financial buyers (Pitchbook as of June 30, 2017 – Global Private Equity). Secondary buyouts, private equity funds selling to other private equity funds ("**SBOs**"), are increasingly a predominant exit option. In the first half of 2017, SBOs represented 50% of all private equity fund deals. This trend is expected to end as private equity funds will eventually need to sell to permanent capital holders which do not have a finite investment horizon. Western believes that public private equity provides several differentiating factors that would be appealing to a number of Western Canadian business owners including: (i) long term capital and ownership; (ii) investment decisions that are aligned with the holding period and made on a long term basis rather than based on the investment horizon; (iii) vendors have the option to potentially receive a tax-free roll-over in Common Shares rather than all cash; (iv) Western's ability to capitalize on the differential between private and public equity multiples; and (v) Western does not pay management fees or performance fees known as "2% and 20%" directly to its management team, which management of Western believes is a common compensation structure of the private equity industry.

Aging Business Owners Looking for Liquidity



Large Number of SMEs Available in Canada



Source: *Statistics Canada, Key Small Business Statistics - June 2016 and Survey on Financing and Growth of SMEs, 2014*

In addition, based on the Statistics Canada, Key Small Business Statistics - June 2016 and Survey on Financing and Growth of SMEs, 2014, it is expected that there will be an increasing number of small and medium sized businesses for sale in the next ten years as the baby boomer generation transitions into retirement. Approximately 60% of small and medium sized business owners are aged 50 or older and nearing retirement. The trend is expected to increase as the population continues to age. A large number of small and medium sized businesses have been in operation for greater than 10 years and have a track record of profitability but many owners do not have succession plans in place and are expected to transition ownership in the next 10 years. Western estimates there are approximately 55,000 businesses (approximately 37%) in Western Canada with between 20 and 199 employees that fits Western's target acquisition size of \$10 - \$100 million and geographic area. With a number of entrepreneurs expected to sell in the next 10 years, Western expects to be able to identify attractive investment opportunities with valuations between 3 to 6 times EBITDA given the expected increased supply of businesses as owners reach retirement.

Portfolio Companies

GlassMasters

GlassMasters is an automotive glass service company providing repair and replacement of windshields, side windows, side mirrors, rear windows and sun roofs ("**Service Division**") and an automotive glass warehouse that imports to sell wholesale a full line of quality original equipment manufacturer and aftermarket glass parts and materials at competitive prices ("**Wholesale Division**"). GlassMasters' principal markets are the Calgary, Edmonton, and Red Deer regions, and GlassMasters has recently opened a new retail location in Saskatoon, Saskatchewan.

The Service Division sells to retail and account-based customers. Account based customers are comprised of dealerships, auto-body shops, fleet companies and car rental companies. Services are provided at eight retail locations as well as by over 22 mobile repair and installation units. The Wholesale Division has a distribution agreement with a leading glass manufacturer in China that ensures it can provide factory fitting glass parts for almost every vehicle brand.

Golden Health Care

Golden Health Care is the largest full-service retirement operator in Saskatchewan. Golden Health Care was conceived as an integrated care model based on the concept of small group "households" and a philosophy of "aging in the right place". This philosophy is unique and provides competitive advantage as it counters the need for residents to relocate to an alternative care facility when their personal care needs

change. Golden Health Care homes operate with close to a 100% occupancy rate and have multi-year waiting lists for care places. The homes bring with them an established management team in place, and a reputation of quality service and resident suites.

Ocean Sales

Ocean Sales is a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. Ocean Sales markets high-quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the United States as well as a wholesale operation to select customers in Canada and the United States. Ocean Sales also benefits from a strategic relationship with a major Canadian retail chain, where it demonstrates a specially selected set of products within every location in Canada and is currently developing a relationship with a retail chain in the United States, expanding its demonstrations into a selection of locations in the United States.

Ocean Sales is headquartered in Calgary, Alberta and is supported by additional strategically located warehouses in Washington, Ontario, and Quebec. Ocean Sales has been operating for over 34 years and has a history of solid operating results and revenue growth. The addition of Ocean Sales to Western's portfolio brings a scalable business model without significant capex requirements.

Foothills

Foothills is a producer and distributor of high quality butter and ice cream products with almost 50 years of operations in Western Canada. Headquartered in Calgary, Alberta it serves customers across Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia. Foothills is able to service its customers quickly and efficiently and has a vertically integrated service model from production, cold storage to its own distribution fleet.

Foothills butter products are specially churned using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers, and the food service industry including commercial kitchens and bakeries.

Foothills' ice cream products are differentiated with natural and fresh ingredients, along with a sweet buttermilk base from its butter churns that produce richer and creamier ice cream. Target markets include many of the independent ice cream shops in Western Canada, as well as grocery retailers and large service contracts through Gordon Foods.

Revenue by Reportable Business Segment

In 2017, Western had only two reportable business segments, GlassMasters and Golden Health Care while in 2016 Western only had ownership in GlassMasters. Below is a summary of the revenue by reportable business unit. Revenue is based on the equity income received on Western financial statements and management fees received from the portfolio company.

Revenue Source	2017 Revenue	2016 Revenue
GlassMasters ¹	99%	100%
Golden Health Care ²	1%	Nil

¹ Acquired December 16, 2016

² Acquired September 1, 2017

Reportable Business Segment 1 - GlassMasters

Principal Products or Services

GlassMasters is an automotive glass service company with a **Service Division** and a **Wholesale Division**. See "*Portfolio Companies - GlassMasters*".

The Service Division sells to retail and account based customers. Account based customers are comprised of dealerships, auto-body shops, fleet companies and car rental companies. In the previous two financial years, revenue from the Service Division accounted for approximately 55% to 65% of gross profit.

The Wholesale Division has a distribution agreement with a leading glass manufacturer in China that ensures it can provide factory fitting glass parts for almost every vehicle brand. The Wholesale Division provides 35% to 45% of gross profit from its two locations. For the past two completed financial years approximately 85% to 90% of the Wholesales Division's sales were to the Service Division. The balance was sold to other retailers in Alberta.

Operations

GlassMasters provides its services in eight retail locations and through 22 mobile repair and installation units. GlassMasters' retail locations are leased from third-party companies. The head office is at its Calgary South location. The stores are located as follows:

- Calgary South - 6221 Centre Street SW
- Calgary Northeast - 3401 19 Street NE
- Calgary Northwest - 7819 112th Avenue NW
- Edmonton West - 16028 118 Avenue
- Edmonton South - 9815 63rd Avenue
- Red Deer - 2319 Taylor Drive
- Sherwood Park - 2833 Broadmoor Boulevard
- Saskatoon - 712 Circle Drive East

GlassMasters has two warehouse locations, both are leased from third-party companies. The warehouses are located as follows:

- Calgary - 6225 Centre Street SW
- Edmonton - 9815 63rd Avenue

GlassMasters leases all locations and all leases are with arm's length parties. The terms of the leases are as follows:

The Service Division

Location	Lease Expiry	Area (sq. ft.)
Calgary South - 6221 Centre Street SW	September 2026	9,000
Calgary Northeast - 3401 19 Street NE	May 2020	6,433
Calgary Northwest - 7819 112th Avenue NW	May 2021	5,775
Edmonton West - 17408 111 Ave	June 2027	9,422
Edmonton South - 9815 63 Ave	No expiry	5,600
Red Deer - 2319 Taylor Drive	May 2021	3,762
Sherwood Park - 2833 Broadmoor Boulevard	Apr 2024	5,330
Saskatoon – 712 Circle Drive East	February 2028	8,529

The Wholesale Division

Location	Lease Expiry	Area (sq. ft.)
Calgary - 6225 Centre Street SW	September 2026	13,000
Edmonton - 14345 123 Ave	September 2027	24,257

Training is continual and part of the GlassMasters culture. GlassMasters offers an informal training program to teach its technicians how to properly install glass for all makes and models of vehicles. GlassMasters employs full-time instructors. GlassMasters will occasionally send technicians to third-party body shops that specialize in certain vehicle types to learn any necessary procedural steps to increase the efficiency and safety of the glass replacement process. In addition, The Dow Chemical Company ("**Dow Chemical**") sends a representative twice per year to certify certain individuals. The informal training is accomplished by pairing new hires, which are called swampers (technician assistants), with the full-time trainer that is on staff. GlassMasters is quickly able to determine the skill level and potential of the new hire using this method.

The Wholesale Division sources 90% of its glass from Xinyi Glass, the second largest Chinese glass manufacturer. The Wholesale Division has established a renewable two-year contract that sets a minimum purchase requirement. Any glass purchased above the set minimum triggers a rebate in favor of GlassMasters. The glass is purchased in United States dollars at a price agreed upon by both parties. This strategic relationship helps provide GlassMasters with a pricing edge over its competitors and ensures control over supply. Currently, GlassMasters renews their contract with Xinyi Glass on an annual basis. This ensures that if either party wishes to terminate the relationship, GlassMasters has one year to source a new supplier.

The remaining 10% of the glass is purchased from one of four United States based companies: namely Pilkington (a UK headquartered company owned by Japan-based NSG Group), Auto Temp Inc. (based in Ohio); Pittsburgh Glass Works LLC (based in Pennsylvania); and Saint-Gobain Sekruit (a French company with a wholesale division in the United States), as well as certain smaller local suppliers. GlassMasters has negotiated rebate agreements with all of its glass suppliers. United States based companies typically have a three-week lead time for delivery.

Management estimates that 80% of all glass sold in Alberta is manufactured in China by Xinyi Glass or Fuyao Glass Industry Group Co., Ltd. (FYG).

GlassMasters uses urethane to repair windshields and purchases urethane from Dow Chemical, based in Auburn Hills, Michigan. Dow Chemical's glass bonding system is called BETASEAL™ urethane adhesive. BETASEAL™ provides a wide range of mechanical properties especially suited to automotive and commercial vehicle requirements. It's compatible with all vehicle production processes, including cold and warm-applied systems. A wide variety of BETASEAL™ products are also specially formulated for aftermarket glass replacement. BETASEAL™ glass bonding systems meet original equipment manufacturer durability specifications and Federal Motor Vehicle Safety Standards for barrier, rollover and roof crush regulations. Dow Chemical has a one week lead time for delivery.

As GlassMasters is a sales driven organization it invests considerable effort and resources into marketing. In order to facilitate the recognition of the brand, GlassMasters sets aside approximately 5% of budgeted revenue for marketing and advertising purposes. The marketing segments it targets are:

Website and Online Videos - The website contains information on services and locations and the online videos have information about services and promotions.

Social Media - GlassMasters uses Facebook as well as pay-per-click ads.

Word of Mouth - GlassMasters is committed to workmanship and customer service and that helps underpin its reputation, and drive referrals and repeat business.

Radio Advertising - The Service Division runs retail advertisements on a variety of local radio stations in Calgary and Edmonton.

Campaigns and Events - During the summer months the Service Division rolls out its "Chipette" program. This is staffed by energetic and entrepreneurial individuals who drive sales and manage road side events.

GlassMasters employs in-house rewards systems that reward employees for providing high quality service as measured by customer satisfaction.

GlassMasters' financial performance and operations may be adversely affected by the termination or cancellation of one or more supply or account based customer relationships. Management believes it could minimize the impact by sourcing a new supplier or replacing a lost account based customer with business from its sales prospect pipeline. GlassMasters closely monitors customer satisfaction as a hallmark of the business.

GlassMasters relies on its management team and could be adversely affected should any of them leave. Current management owns 25% of GlassMasters. It is contemplated that other senior management may purchase equity in GlassMasters in the future. In addition, other key managers are well compensated and highly motivated through a customer satisfaction driven bonus structure. The ongoing ownership of Miles Palmer through Sweet Pea and other senior management at GlassMasters should help mitigate any transition issues related to the operations of the Business by GlassMasters.

GlassMasters does not have contracts with its account based clients and operates these long standing relationships on a good faith basis. As such, there are no "change of control" clauses that might otherwise be in a contracted relationship.

GlassMasters currently employs approximately 80 non-unionized employees: 78 full time and two part time. Staffing levels and positions fluctuate seasonally, rising up to 110 employees during the summer months to handle the additional demand.

Market

GlassMasters has a Service Division that operates seven retail stores in Alberta, three in Calgary, two in Edmonton and one in each of Red Deer and Sherwood Park, as well as a new retail location in Saskatoon, Saskatchewan. GlassMasters has a Wholesale Division with two locations, one in Calgary and one in Edmonton. The Wholesale Division supplies glass to the Service Division and also to independent operators in the Central Alberta corridor. GlassMasters may look to open additional locations as market opportunities present themselves.

Glass is becoming smarter and more complex. "Smart glass" includes or will include auto tinting, sensors, built in displays, antennas and other technology. As automobile glass and side mirrors increase in sophistication, so does the skill level required to properly install them. In order to improve mileage and efficiency, manufacturers are making every effort to build lighter vehicles. As a relatively light weight, strong and "smart" material, glass is claiming an increasing share of a vehicles composition. GlassMasters will need to keep training up to the standards required to provide adequate services as the level of complexity increases. GlassMasters is continually training its technicians to keep up with the market trends and thus does not expect to be adversely affected by the increasing level of complexity in the market.

Consumers increasingly want to be able to book all kinds of services themselves. As consumers search for services that allow online booking and "at home" or "at work" repairs, early movers in the market that have an online booking system and a mobile fleet will have an advantage. If a market participant does not keep up with these demands it could impact them negatively. GlassMasters believes so far it has addressed these changing consumer preferences.

Marketing Plans and Strategies

GlassMasters operates in the provinces of Alberta and Saskatchewan and its target customer base resides in the geographic regions in which it operates, namely Calgary, Edmonton, Red Deer, Sherwood Park and Saskatoon. Management classifies GlassMasters customers as either retail or account based and each group represents approximately 50% of sales.

GlassMasters was founded on the principle that providing a top-notch customer experience will drive repeat business and referrals.

Management tracks warranty statistics, costs, and hours to gauge quality. GlassMasters' eight sales managers make frequent sales calls to car dealerships, rental companies and vehicle fleet businesses, to discuss their needs and provide on-the-spot quotes

The Service Division employs two designated outside sales representatives to visit prospects and existing account-based customers. One individual is in Calgary and the other is in Edmonton.

The Service Division provides a lifetime warranty on its glass replacement and installation. Management of GlassMasters' goal is to have fewer than 1% of its customers return for follow up repair work. Historically 0.10% of cost of goods sold has been attributed to warranty repairs. As part of an internal quality control process, the foreman on site is responsible for final sign off of the finished product.

Competitive Conditions

The Service Division is one of the largest windshield repair companies in the province of Alberta. Its primary competition is Crystal Glass and Speedy Glass. The remaining competitors are generally small localized operators. Crystal Glass specializes in repairing and replacing auto glass, windshields, residential and commercial glass, with 50 locations across Alberta, British Columbia and Saskatchewan.

Speedy Glass was founded in 1946 and is based in Mercer Island, Washington. It operates as a subsidiary called TCG International Inc. ("TCG"). Through its subsidiaries, TCG engages in glass replacement, repair, and distribution in the United States, Canada and Europe. It offers automotive, commercial, and residential glass replacement and repair services, operates auto glass repair and flat glass restoration networks, and processes auto glass repair and replacement claims from national and regional insurance accounts.

The Service Division maintains a competitive market share in the Alberta market, it has well located retail stores and a large fleet of mobile units. Management believes the Service Division is a low cost producer and it is concentrated solely on the auto glass market.

Speedy and Crystal have more brick and mortar locations than GlassMasters and deal with residential and commercial glass in addition to auto glass. In the case of Speedy, it is concentrated in other regions on the insurance claims market. However, the insurance claims market in Alberta represents less than 2% of total auto glass sales.

As for the Wholesale Division, the competition in Alberta also consists of Crystal Glass and Speedy Glass.

With glass becoming smarter and more complex, the barriers to entry become more difficult. Alberta has no government driven insurance programs and thus the larger players prefer markets that are regulated for the simple fact they can charge more as there is less competition. In terms of any other competition, management does not see any threat to its current market share.

New Products

GlassMasters does not have any products in development.

Cycles

The life cycle of a particular vehicles stock keeping unit ("SKU") windshield is up to 15 years, peaking in years four to five after a new model is introduced. To handle any obsolescence issues GlassMasters disposes of any glass older than one year that has zero sales and does not purchase any SKU that sells less than five units per year. This has resulted in less than 0.5% loss of inventory for GlassMasters.

GlassMasters sales are seasonal, with the period from April to August being the most active. The sand and gravel used by municipalities during the winter months increases the risk of damage to windshields. Many customers delay windshield replacement until the summer in order to avoid the risk of having to replace it more than once in a season. As a result, GlassMasters has historically experienced lower than average revenue in November, December, January and February.

Changes to Contracts

There has been no change to contracts or sub-contracts for the current fiscal year that would have a material impact on the operations or financials of GlassMasters.

Proprietary Protection

GlassMasters does not have any formal proprietary intellectual property protection.

Lending

GlassMasters is a party to two credit facilities with the Toronto Dominion Bank: (i) an operating line being the lesser of \$2,000,000 and the total of: (a) 75% of accounts receivable; and (b) 50% of inventory less accounts payable, except that the amount calculated under (b) will not exceed \$1,300,000 ("**TD Operating Facility**"), to finance working capital; and (ii) being a \$7,500,000 amortizing term facility ("**TD Term Facility**") that financed the acquisition of the Assets. The TD Operating Facility is payable on demand and bears an interest rate of prime plus 0.75% per annum. The TD Term Facility is amortized monthly over a seven year period, has a five year term and bears an interest rate of prime plus 0.8% per annum. Both facilities have priority to all other credit facilities and are secured against the GlassMasters Assets.

In addition, GlassMasters is a party to a loan provided by FWCU Capital Corp. of \$1,300,000 at a rate of prime plus 8% to 10% per annum ("**FW Loan**"). The interest rate payable varies depending on covenant calculations and amortizes over a four year period. The FW Loan is secured against the GlassMasters Assets and is subordinated to the TD Operating Facility and the TD Term Facility.

Reportable Business Segment 2 - Golden Health Care

Principal Products or Services

Golden Health Care is the largest full-service retirement operator in Saskatchewan. It has a unique model of "aging in place" where Golden Health Care's care homes adapt to the needs of each individual resident from assisted living up to long term care in each facility, maintaining a family environment rather than an institutional one regardless of the level of care required. This is a philosophy that Western believes in and is unique to Golden Health Care. The homes bring with them an established management team in place, and a reputation of quality service and resident suites. The homes are located in three communities, Estevan, Prince Albert and Emerald Park Saskatchewan. Emerald Park is a community located close to Regina, and services many of the residents in the metropolitan area. Below is an overview of each of the facilities:

Retirement Home	Building Address	Licensed # of Rooms	Year Built
Hill View Manor	401 1 st Street, Estevan, SK	40	2003
The Good Shepherd Villas	1499 15 th Ave East, Prince Albert, SK	63	2003
William Albert House	333 Emerald Park Rd, Emerald Park, SK	50	2005

Operations

Golden Health Care's homes are a subset of a larger network of retirement homes in Saskatchewan. In total the current management team at Golden Health Care manages seven retirement homes with 457 rooms. The network of homes is one of the largest retirement home operators in the Province of Saskatchewan. As a result, the management team has a strong understanding of the market in Saskatchewan and is working on building scale in the province.

According to the Saskatchewan Ministry of Health, personal care is assistance or guidance with activities of daily living. This may include: eating, bathing, dressing, grooming, taking oral medications, using the washroom, mobility and participating in social and recreational activities. Personal care homes provide 24-hour staffing.

The following levels of care have been defined by the Government of Saskatchewan which Golden Health Care provides at each of the facilities.

Light Care:

- Resident is independent with personal care; may need reminders and cueing.
- Minimal specialized care (e.g., supervising a resident with their own specialized care).
- Independent with transfers and mobility.

Intermediate Care:

- Supervision of behaviour.
- Supervision and some assistance with personal care.
- Assistance with specialized care.
- Supervision and/or one person assist transfers and/or mobility.

Heavy Care:

- Frequent supervision of resident due to emotional, behavioural or physical needs (e.g., palliative).
- Direct assistance with all personal care.
- Two person assist or mechanical lift with transfers and/or mobility.

Market

The Saskatchewan economy, at one time highly dependent on agriculture, is now undertaking a more balanced approach to economic activity. After a period of stagnation in 2016, Saskatchewan is experiencing an uptick in economic activity in 2018 mainly as a result of continued population growth, lower unemployment, new capital investment and increased exports from the province.

According to the Government of Canada's 2016 Census, 15.5% of Saskatchewan's population was over the age of 65. This number was up from the 2011 age study by Statistics Canada that showed 14.9% of Saskatchewan's population was over 65. Although only a minor increase, the province's population is aging.

CMHC's report on Housing Choices and Changing Housing Needs of Seniors and Pre-Seniors indicates that the population of seniors aged 65 and older is expected to more than double between 2013 and 2063. It is also projected that the population of those over 80 years will increase sharply. These projections suggest there may be an increasing demand for seniors housing for the foreseeable future as "baby boomers" age and require higher levels of care in some form of enriched or assisted living.

Marketing Plans and Strategies

Western's investment in Golden Health Care brings stable revenue to Western's portfolio, with the opportunity for future expansion as Golden Health Care is uniquely positioned to meet the needs of a growing health care segment. Western and Golden Health Care are committed to work together in the coming year to develop and implement a planning and governance framework to support future growth. Western will bring experience and resources to support the vision of Golden Health Care's management team as they explore the potential for expansion of the organization both at current sites and into new communities with a goal of tripling the number of suites under management to 1,500 over the next five years.

There is also a possibility that regulatory changes in the Saskatchewan marketplace could boost the expansion potential.

The primary source of marketing is through word of mouth. All three homes in Western's portfolio are close to or at 100% capacity. In addition, there is a waiting list of individuals for each of the homes. As a result of Golden Health Care's low vacancy rate, very little marketing is required. In addition, Golden Health Care's long-term history in Saskatchewan and penchant for high quality seniors' care has resulted in a well-recognized brand in the region which attracts residents to its facilities.

Competitive Conditions

Golden Health Care's philosophy is an aging in place model that allows each resident to remain in the retirement homes and move within the home depending on the level of care they desire. Golden Health Care's homes are located in smaller markets and have strong market positions within those communities. In the urban markets, Golden Health Care tends to face greater competitive pressures where operators who have higher vacancy rates and consumers have greater options.

Greater investment is being made into retirement homes, and as a result, vacancy rates are likely to increase as consumers have greater choice. Golden Health Care believes in the smaller markets in Saskatchewan, there will be limited competition given the sizeable impact to supply to build facilities in those markets.

New Products

Golden Health Care is focused on maintaining its current offering. Expansion is contemplated from its existing facilities and new markets in the Province of Saskatchewan. Given the opportunities in the Province of Saskatchewan in the near term, it's unlikely that Golden Health Care's management team will expand to adjacent provinces in the near future.

Cycles

Golden Health Care's business is relatively stable particularly given the current occupancy rates and wait lists which are used to ensure that the homes operate at full capacity. Over time, Golden Health Care is expecting increasing demand, and as such Golden Health Care has expansion plans in place on adjacent plots of land for current operations or new sites. Golden Health Care expects over the next five years to increase the numbers of beds under management from 457 to over 1,500.

Changes to Contracts

Each tenant at Golden Health Care has a month to month contract and is able to leave at their option with 30 days' notice. There has been no change to contracts or sub-contracts for the current fiscal year that would have a material impact on the operations or financials of Golden Health Care.

Proprietary Protection

Golden Health Care does not have any formal proprietary intellectual property protection.

Lending

The homes have mortgages with Affinity or Weyburn Credit Union that are repayable in blended monthly payments. The interest rates for the mortgages range in rates from 3.2 to 3.8% and mature between 2018 and 2022. The mortgages are secured by the land and building of each of the respective homes.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in Western's other public filings before making an investment decision. The risks below are not an exhaustive description of all the risks associated with an investment in Western.

In particular, the Corporation is indirectly affected by the risk factors applicable specifically to its portfolio companies GlassMasters, Golden Health Care, Ocean Sales and Foothills.

Risk Factors Related to Western

Acquisition Opportunities and Competition

The Corporation's strategy is to acquire a diversified portfolio of established Western Canadian private businesses. Western faces competition for acquisition candidates which may increase acquisition prices and reduce the number of acquisitions that will be completed by the Corporation. Some of Western's competitors are substantially larger and have access to greater financial resources, have a longer operating history, have more personnel and different return targets. Competitors may also have a lower cost of funds and access to funding sources that are not available to the Corporation. If Western is not able to compete effectively in this regard, its future growth may be negatively impacted.

The Corporation may have limited access to suitable acquisition opportunities and such acquisitions may not be possible within a reasonable time period. There can be no assurance that the Corporation will be able to complete acquisitions at acceptable prices or acceptable terms. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns may be diminished if the Corporation is unable to find and make a sufficient number of acquisitions.

Investment Evaluation

Not all relevant risks or liabilities associated with an acquisition opportunity may be identified in any due diligence investigations carried out by the Corporation and its advisors. When conducting due diligence, the Corporation may be required to evaluate complex business, financial, tax, accounting, environmental and legal issues. Unforeseen risks or liabilities may have a material and adverse impact on the Corporation's liabilities, profitability, results of operations and financial condition.

Outside legal advisors, accountants, experts and investment banks may be involved in the due diligence process in varying degrees depending on the type of acquisition and the Corporation will be required to rely in part on such advisors' assessment of potential liabilities and risks associated with each acquisition.

Concentration of Investments

There are no restrictions or limits on the amount or proportion of the Corporation's funds that may be allocated to any particular investment. The Corporation may participate in a limited number of investments and, as a consequence, its financial results may be substantially affected by the unfavourable performance of a single investment. The Corporation's approach to investment opportunities may result in a highly concentrated investment in a particular company, geographic area or industry resulting in the performance of the Corporation depending significantly on the performance of such company, geographic area or industry. Currently, all of the Corporation's investments are comprised of its investments in GlassMasters, Golden Health Care, Ocean Sales and Foothills.

Limited Operating History

Western was formed in 2015, and the Corporation therefore has a short operating history. As such, the Corporation is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Corporation will not achieve its financial objectives as estimated by management or at all. Furthermore, past successes of management or the Board does not guarantee future success.

Access to Capital

The Corporation will have ongoing requirements to support its growth, to further investment in its portfolio companies and to meet its credit facility covenants with its lenders and may seek to obtain additional funds for these purposes through public or private equity, or through additional debt. There are no assurances that the Corporation will be able to secure additional funding on acceptable terms or at all. The Corporation's liquidity and operating results, and its ability to make additional acquisitions, may be adversely affected if its sources of funding or its access to capital markets are limited, whether as a result of a downturn in market conditions generally or to matters specific to the Corporation.

Additional Issuances and Dilution

Western may issue and sell additional securities of Western, including Common Shares and other securities, to finance its operations or future acquisitions. Western cannot predict the size of future issuances of securities of Western or the effect, if any, that future issuances and sales of such securities will have on the market price of any securities of Western issued and outstanding from time to time. With any additional sale or issuance of securities of Western, holders may suffer dilution with respect to voting power and may experience dilution in Western's earnings per share. Sales or issuances of a substantial number of securities of Western, or the perception that such sales could occur, may adversely affect prevailing market prices for securities of Western issued and outstanding from time to time.

Cash Flow from Portfolio Companies

Western is dependent on the operations of its portfolio companies to support its ability to pay operating expenses and make interest payments to its lenders. Western's ability to generate income is affected by the profitability, fluctuations in working capital, margin sustainability and capital expenditures of its portfolio companies. Although Western's portfolio companies intend to distribute some amount of their cash available for distribution and also pay management fees to Western, there can be no assurance regarding the amounts of income and cash flow to be generated by them and the amounts to be paid to Western. The failure of any portfolio company to make its anticipated distributions could adversely impact Western's financial condition and cash flows and, consequently Western's ability to fund its operating expenses and make payments required by its lenders to service existing or future debt.

Management and Conflicts of Interest

The Corporation will be dependent upon the efforts, skill and business contacts of key members of management and the Board for, among other things, the information and investment opportunities they are able to generate. Accordingly, the Corporation's success may depend upon the continued service of these individuals to the Corporation. The loss of the services of any key individual could have a material adverse effect on the Corporation's revenues, net income and cash flows and could harm its ability to secure investments, maintain or grow its assets and raise funds.

From time to time, the Corporation will also need to identify and retain additional skilled management to efficiently operate its business. There can be no assurance of its ability to attract and retain such personnel. If the Corporation is not successful in attracting and training qualified personnel, the

Corporation's ability to execute its business strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Certain of the current directors, officers and promoters of Western also serve as directors and/or officers of other companies which may compete with Western in its search for acquisitions. Accordingly, situations may arise where the directors, officers and promoters of Western are in a position of conflict with Western.

Common Shares Sensitive to Market Fluctuations

The Common Shares are relatively illiquid due to low trading volumes and, as such, the market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Corporation is successful in maintaining revenues, cash flows or earnings. This illiquidity and fluctuation in market price may adversely affect the Corporation's ability to raise additional funds through the issuance of Common Shares, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Investment Risk

Western routinely evaluates and considers a wide array of potential acquisitions, including joint ventures, business combinations, acquisitions and dispositions of businesses, service or product offerings or acquisitions and other asset transactions. At any given time Western may be engaged in discussions or negotiations with respect to one or more of these types of acquisitions. Any of these acquisitions could be material to Western's financial condition, results of operations or cash flow.

The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. In respect of an acquired business, the areas where Western, from time to time, faces cost, risk and/or difficulty, which may be material in scope and degree, include:

- a) diversion of an excessive amount of Western management time to manage issues in that portfolio company;
- b) a shift of focus of Western management, or that of a portfolio company's management, away from core operating and business strategies and priorities, to the matters of, and issues related to, integration, administration, employment or unforeseen business or operating issues;
- c) having to deal with an acquired entity which often lacks sufficient or effective business and financial controls, procedures, policies and operational oversight thereby increasing the risk of liabilities arising from activities of the acquired business (and its personnel) for matters both before and/or after the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities;
- d) being able to garner the time, effort and commitment from existing personnel of an acquired business which is required in order to effectively implement controls, procedures and policies appropriate for that acquired business which, prior to the acquisition, had lacked such controls, procedures and policies;

- e) developing and implementing management succession planning strategies and plans to effectively provide for proper continuity of capable executive management personnel over time within the acquired entity;
- f) As a result of Western's acquisitions, a portion of the total assets in each portfolio company is comprised of intangible assets and goodwill. Each portfolio company is required to perform impairment tests of its goodwill and other intangible assets annually, or at any time when events occur that could affect the value of its intangible assets and/or goodwill. A determination that impairment has occurred would require the portfolio company to write-off the impaired portion of its goodwill or other intangible assets, resulting in a charge to its earnings. Such a write-off could adversely impact Western's financial condition and results of operations since the Western uses the equity method to realize net income from its portfolio companies on its financial statements; and
- g) the risk of liabilities and contingencies arising which are not discovered prior to consummation of an acquisition, including in respect of those businesses already acquired by Western as of the date of this AIF, and in respect of which Western may not be indemnified for some or all of such liabilities and contingencies.

Put/Call Agreements

Western has partnered with ATB on two out of the four acquisitions to date, being the acquisitions of GlassMasters and Foothills. Western and ATB have entered into separate put/call agreements to purchase ATB's 25% interest in GlassMasters and its 40% interest in Foothills.

For GlassMasters, if a put or call notice is provided on or prior to the fifth-year anniversary of the acquisition date of GlassMasters and Western is not able to finance the acquisition of ATB's 25% interest, Western must sell to ATB for nominal consideration sufficient shares in the capital of GlassMasters to increase ATB's holdings of GlassMasters by 10%. Western will then have the option to sell its holding, along with ATB's holding, to any third party. There can be no assurance on the value that Western will receive for its ownership if Western sells its ownership of GlassMasters together with ATB's interest.

Similarly for Foothills, if a put or call notice is provided on or prior to the seventh-year anniversary of the acquisition date of Foothills and Western is not able to finance the acquisition of ATB's 40% interest, Western must sell to ATB for nominal consideration sufficient shares in the capital of Foothills to increase ATB's holdings of Foothills by 10%. Western will then have the option to sell its holding, along with ATB's holding, to any third party. There can be no assurance on the value that Western will receive for its holding if Western sells its holding of Foothills together with ATB's holding.

If, in either case, Western is unable to finance its acquisition of ATB's holding, Western may suffer a significant loss in relation to the value of the shares of either entity it may be required to sell to ATB.

Illiquidity of Investments

Western's investment in its portfolio companies and the other businesses and assets in which it may invest, are, and likely will be, unlisted and otherwise illiquid and difficult to value. The valuation of these businesses, securities and assets is subject to a significant amount of subjectivity and discretion. There is no guarantee that fair value will be realized by Western on the purchase or sale of these assets. Further, such illiquidity will limit the ability of Western to vary its portfolio promptly in response to changing economic or investment conditions.

Unanimous Shareholders Agreements

The shareholders of GlassMasters, Ocean Sales and Foothills have entered into the USAs. Although Western owns more than 50% of the outstanding voting securities of GlassMasters, Ocean Sales and Foothills pursuant to the applicable USAs, Western is not entitled to nominate a majority of the directors. The USAs contains provisions which increase the threshold requirements for director and shareholder approvals of significant corporate actions to levels higher than required under applicable corporate and securities laws. The USAs also contain share transfer restrictions, rights of first refusal and drag along and tag along rights. As a result, the USAs limit Western's ability to control each portfolio company or their respective businesses, operations and associated financial results.

Inaccurate or Unfavourable Research

The trading market for Western, if any, relies in part on the research and reports that securities analysts and other third parties choose to publish about Western. Western does not control these analysts or other third parties and it is possible that no analysts or third parties will cover Western. The price of Western's Common Shares could decline if one or more securities analysts downgrade Western or if one or more securities analysts or other third parties publish inaccurate or unfavourable research about Western or cease publishing reports about Western.

Risk Factors Generally Related to Western's Portfolio Companies

Economic and Political Conditions

Changes in economic conditions, including, without limitation, recessionary or inflationary trends, commodity prices, equity market levels, consumer credit availability, interest rates, foreign exchange rates, consumers' disposable income and spending levels, and overall consumer confidence could have a material adverse effect on Western and its portfolio companies.

In addition, economic and business conditions may be affected by disruptions in the financial markets caused by political or other events which may adversely impact the financial condition, results of operations or cash flows of Western or its portfolio companies.

Transaction and Legal Risks

Western and its portfolio companies may be exposed to transaction and legal risks, including potential liability under securities laws or other laws and disputes over the terms and conditions of investment arrangements. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. Western and its portfolio companies may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against Western or any one of its portfolio companies could have a material adverse effect on the results of operations and financial condition of Western.

Tax Consequences

There may be an enactment, promulgation or public announcement of a change or proposed change in tax law (including a specific proposal to amend the Tax Act publicly announced by the Department of Finance of Canada or the Minister of Finance of Canada) or applicable case law or written and published interpretative guidance or policy of the Canada Revenue Agency or provincial equivalent that could result in a material impairment of, or materially adversely affect, the operations or financial or tax position of Western and its portfolio companies. Tax filings and filing positions made or taken or to be made or taken by Western and its portfolio companies, including those related to income and expenses as well as those

arising out of acquisition or disposition transactions, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Western and its portfolio companies. Further, the acquisition and disposition of businesses and assets by Western and its portfolio companies often involve various structuring events to complete the transactions in a tax efficient manner and, consequently, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Western and its portfolio companies. Elections have been made under the Tax Act such that certain transactions pursuant to which Western and its portfolio companies or assets may be effected on a tax-deferred basis. The adjusted cost base of any property transferred to a subsidiary pursuant to acquisition agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

Regulation and Change in Law

Western and its portfolio companies are subject to a variety of laws, regulations and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Western's business, financial condition, results of operations and cash flows. It is not possible for Western to predict the cost or impact of such laws, regulations and guidelines on the portfolio companies' respective future operations.

Legal, tax and regulatory changes may occur that can adversely affect Western and its portfolio companies' securityholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects Western and its portfolio companies' securityholders.

Reliance on Technology

Western and its portfolio companies are dependent upon information technology systems in the conduct of their operations. Any significant breakdown, invasion, virus, cyber-attack, security breach, destruction or interruption of these systems by employees, others with access to Western and its portfolio companies systems, or unauthorized persons could negatively impact their operations. To the extent any invasion, cyber-attack or security breach results in disruption to Western and its portfolio companies' operations, loss or disclosure of, or damage to, their data or confidential information, their reputations, businesses, results of operations and financial condition could be materially adversely affected. Western and its portfolio companies' systems and insurance coverage for protecting against cyber security risks may not be sufficient. Although to date Western and its portfolio companies' have not experienced any material losses relating to cyber-attacks, they may suffer such losses in the future. Western and its portfolio companies' may be required to expend significant additional resources to continue to modify or enhance their protective measures or to investigate and remediate any information security vulnerabilities.

Access to Capital

As the portfolio companies grow, there can be no assurance that each portfolio company will have sufficient capital resources available to implement its growth strategy. Inability to raise new capital, in the form of debt or equity, could limit the portfolio company's future growth.

Each portfolio company will endeavor, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. There can be no assurance that any one portfolio company will be successful in accessing these or other sources of capital in the future. Portfolio companies may use financial leverage through the use of debt, which have debt service obligations. Their ability to refinance or to make scheduled payments of interest or principal on their indebtedness will depend on their future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors, many of which are beyond their control.

Excess Portfolio Company Leverage

Each portfolio company's credit facilities contain restrictive covenants that limit the discretion of management and the ability to incur additional indebtedness, to expand their business, to create liens or other encumbrances, to pay dividends and fund distributions, to redeem any equity or debt, to pay Western management fees or to make investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facilities contain a number of financial covenants that require each portfolio company to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness were to be accelerated, there can be no assurance that the assets of the portfolio company would be sufficient to repay the indebtedness in full with the result that Western could lose its entire investment in the portfolio company. There can also be no assurance that the portfolio company will be able to refinance the credit facilities as and when they mature. The credit facilities are secured by the assets of each respective portfolio company. Western has not provided any guarantees or letter of support for any credit facility obtained by the portfolio companies.

Interest Rates

A majority of Western's portfolio companies have obtained credit facilities with variable interest rates. There can be no assurance that interest rates in Canada will not increase in the future, which could result in a material adverse effect on their business.

Execution on New Strategies

New initiatives may be introduced from time to time in order to grow each portfolio company. Initiatives such as entering new markets or introducing and improving related products and services have the potential to be accretive to the portfolio company's business when the opportunity is accurately identified and executed. There can be no assurance that the portfolio company identifies new initiatives that are accretive to the business or that it is successful in implementing such initiatives.

Insurance Risk

Each portfolio company plans to insure its property, plant and equipment, including vehicles through insurance policies with insurance carriers located in Canada. Included within these policies is insurance protection against property loss and general liability. Western plans to guide its portfolio companies to use experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect the portfolio companies from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

Employee Relations and Staffing

The current work force for each portfolio company is not unionized. Although Western believes that each portfolio company is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. A significant work disruption or the inability to maintain, replace or grow staff levels would have a material adverse effect on the portfolio company, and the results of operations and cash flows of Western.

Brand Management and Reputation

A portfolio company's success is impacted by its ability to protect, maintain and enhance the value of its brands and reputation. Brand value and reputation can be damaged by isolated incidents, particularly if the incident receives considerable publicity or if it draws litigation. Incidents may occur from events

beyond managements' control or may be isolated to actions that occur in one particular location. Demand for services could diminish significantly if an incident or other matter damages its brand or erodes the confidence of its customers. With the advent of the Internet and the evolution of social media there is an increased ability for individuals to adversely affect the brand and reputation. There can be no assurance that past or future incidents will not negatively affect each portfolio company's brand or reputation.

Fluctuations in Operating Results and Seasonality

Some of the portfolio companies' operating results are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in customer purchasing patterns, general operating effectiveness general and regional economic downturns, unemployment rates and weather conditions. These factors can affect any portfolio company's ability to fund ongoing operations and finance future activities and have a negative impact on the cash flows and net income earned by the Corporation.

Environmental, Health and Safety Risk

To date, each portfolio company has not encountered any environmental protection requirements or issues which would be expected to have a material financial or operational effect on its current business and they are not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities have not created a material environmental problem or that future uses will not result in the imposition of material environmental, health or safety liability upon a portfolio company.

Technological Advances

The industries of the portfolio companies continuously incorporate technological advances into the development of their respective businesses. These advances may be much more technically demanding and, to compete, it may be necessary for the portfolio companies to invest in equipment, systems and staff training. No assurance can be given that any particular portfolio company will be able to make sufficient investments in technological advances.

Operational Performance

In order to compete in the market place, the portfolio companies must consistently meet the operational performance metrics expected by its customers. Failing to deliver on key operation performance metrics can, over time, result in reductions in sales and pricing, or both. Certain of the portfolio companies have implemented processes as well as measuring and monitoring systems to assist it in delivering on these key metrics. However, there can be no assurance that any particular portfolio company will be able to continue to deliver on these metrics or that the metrics themselves will not change in the future.

Market Environment Change

The industries of the portfolio companies may be subject to continual change in terms of regulations, technology, processes and changes in the strategic direction of clients, suppliers and competitors. While portfolio companies may endeavor to stay abreast of developments in their industries and make strategic decisions to manage through these changes, any one portfolio company may not be able to correctly anticipate the need for change or may not effectively implement changes to maintain or improve its relative position with competitors. There can be no assurance that market environment changes will not occur that could negatively affect the financial performance of the portfolio companies.

Competition

Competition in the industries of the portfolio companies may be impacted by key factors such as price, services, products and quality. Existing or new competitors may become significantly larger and have greater financial and marketing resources than the portfolio companies. There can be no assurance that competitors will not achieve greater market acceptance due to pricing or other factors.

Customer Risk

Some or all of the Corporation's portfolio companies are reliant on a few key customers. The loss of one or more of their key customers or any significant reduction in orders from such customers could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies. Additionally, any disruption in the relationship between any such portfolio company and such customers could adversely affect the business of the portfolio companies. They could experience fluctuations in their respective customer bases or the mix of revenue by customer as markets and strategies evolve. Any consolidation of the portfolio companies' customers could reduce the number of customers to whom their products could be sold. Any inability to meet the customers' requirements could adversely impact the financial performance of the portfolio companies.

Supplier Risk

Some or all of the Corporation's portfolio companies are reliant on a few significant suppliers. The loss of one or more of their suppliers or any significant reduction in availability of raw materials or supplies from such suppliers could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies. Additionally, any disruption in the relationship between any such portfolio company and these suppliers could adversely affect the business of the portfolio companies. Any consolidation or loss of the portfolio companies' suppliers could result in a reduction in the amount of product or services any such portfolio company is able to provide and could adversely impact the financial performance of the portfolio companies.

Global Financial Conditions

Volatility in the worldwide economy has negatively impacted business in the past and future downturns could also adversely affect the business of Western or its portfolio companies. Adverse economic conditions affect demand for the products or services of the portfolio companies. Reduced demand for these products or services could result in significant decreases in their average selling prices and in overall sales. Western and its portfolio companies are also subject to increased counterparty and liquidity risk. A deterioration of current conditions in worldwide credit markets could limit Western's or its portfolio companies' ability to obtain external financing to fund operations and capital expenditures. In addition, they may experience losses on holdings of cash and investments due to failures of financial institutions and other parties, and may become exposed to credit related losses in the event of non-performance by counterparties to their financial instruments. Difficult economic conditions may also result in a higher rate of losses on accounts receivables due to credit defaults. As a result, a downturn in the worldwide economy could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies or of Western.

Governmental Regulation

In addition to environmental regulations, Western and its portfolio companies' operations are subject to a variety of other federal, provincial and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, and the manufacture, management, transportation, storage, and disposal of certain materials used in their operations and facilities. Each of Western and the portfolio companies have invested financial and managerial resources to comply with

applicable laws, regulations and guidelines and will continue to do so in the future. Any of these laws or regulations could cause the portfolio companies to incur additional direct costs, as well as increased indirect costs related to their relationships with their customers and suppliers, and otherwise harm their operations and financial condition. Any failure to comply with these laws or regulations could adversely impact the reputation of any one portfolio company and also its financial results.

In addition, Western's securities are listed on the Exchange, and Western is accordingly subject to regulation by Canadian securities regulators and Canadian federal and provincial laws and regulations.

Changes to Leases

Certain of the portfolio companies' operations require retail locations which are leased from third parties. There can be no assurance that the portfolio companies will be able to obtain all necessary leases that may be required to maintain their operations. If the present leases are terminated or withdrawn, such event could have an adversely negative effect on the portfolio companies' operations.

Risk of Litigation

Either Western or the portfolio companies could become involved in various legal actions in the ordinary course of business. Claims will be reviewed on a case by case basis. The cost of litigation could have a material effect on with Western or the portfolio companies. In certain cases, legal claims may be covered under applicable insurance policies.

Expansion Risk

Certain of the portfolio companies have significant potential for further expansion of their businesses. There can be no assurance that any market for their services and products will develop either at the local, regional or national level. Economic instability, laws and regulations, and the presence of competition in all or certain jurisdictions may limit their ability to successfully expand operations.

Rapid growth can put a strain on managerial, operational, financial, human and other resources. Risks related to rapid growth include administrative and operational challenges such as the management of an expanded number of locations, the assimilation of financial reporting systems, technology and other systems of acquired companies, increased pressure on senior management and increased demand on systems and internal controls. The ability of the portfolio companies to manage their operations and expansion effectively depends on the continued development and implementation of plans, systems and controls that meet their operational, financial and management needs. If the portfolio companies are unable to continue to develop and implement these plans, systems or controls or otherwise manage their operations and growth effectively, they will be unable to maintain or increase margins or achieve sustained profitability.

DIVIDENDS

The Corporation has not paid any dividends on its Common Shares. It is the present intention of the Board to retain any earnings to finance the growth and development of the Corporation's business and therefore the Corporation does not anticipate paying any dividends in the immediate or foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and Preferred Shares.

Common Shares

Western is authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled to receive notice of and one vote per share at all meetings of shareholders of Western. The holders of Common Shares are entitled to dividends in such amounts as the Board may from time to time declare and, in the event of liquidation, dissolution or winding-up of Western, are entitled to share pro rata in the assets of Western. As at April 23, 2018, there were 30,703,756 Common Shares issued and outstanding.

Preferred Shares

Western is also authorized to issue an unlimited number of Preferred Shares, issuable in series. The Preferred Shares rank in priority to the Common Shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of Western. As at April 23, 2018, there are no Preferred Shares issued and outstanding.

Options

As of April 23, 2018, Western has 1,110,000 outstanding Options to directors exercisable into Common Shares at exercise prices ranging from \$0.50 to \$0.65 with expiry dates ranging from February 24, 2026 to June 19, 2027.

MARKET FOR SECURITIES

Trading Price and Volume of Common Shares

The Common Shares are listed and posted for trading on the TSXV under the symbol "WI". The following table sets forth the high and low trading prices and the aggregate volume of trading of the Common Shares on the TSXV for the periods indicated (as quoted by the TSXV):

Period	High (\$)	Low (\$)	Volume
2017			
January	0.85	0.80	119,000
February	0.90	0.65	494,800
March	0.70	0.60	343,100
April	0.66	0.63	135,150
May	0.66	0.60	131,070
June	0.65	0.55	126,076
July	0.63	0.50	230,000
August	0.66	0.50	136,500
September	0.66	0.56	85,520
October	0.64	0.50	121,440
November	0.62	0.50	330,267

Period	High (\$)	Low (\$)	Volume
December 2018	0.60	0.45	642,450
January	0.60	0.45	564,100
February	0.50	0.26	480,270
March	0.63	0.42	228,450
April 1 to 20	0.53	0.41	77,400

ESCROWED SECURITIES

Designation of Class	Number of securities held in escrow	Percentage of class ⁽²⁾
Common Shares	1,604,250 ⁽¹⁾	5.22%

Notes:

- (1) 2,090,000 Common Shares were subject to the CPC Escrow Agreement and an additional 49,000 Common Shares were subject to the Value Security Escrow Agreement. Pursuant to the CPC Escrow Agreement and the Value Security Escrow Agreement, twenty-five percent (25%) of the escrowed Common Shares were released from escrow on the issuance of the Final Exchange Bulletin dated December 16, 2016 and an additional twenty-five percent (25%) were released on each of June 16, 2017 and December 16, 2017. The final twenty-five percent (25%) will be released on June 16, 2018. At the beginning of 2017, an aggregate of 1,604,250 Common Shares were held in escrow.
- (2) Based on 30,703,756 Common Shares outstanding.

DIRECTORS AND EXECUTIVE OFFICERS

The name, municipality of residence, principal occupation for the past five years and number of Common Shares owned, controlled or directed, directly or indirectly, by each of the directors and executive officers of Western are as follows as of April 23, 2018:

Name, Municipality of Residence and Office	Present Occupation and Positions Held During the Last Five Years	Director Since	Number and Percentage of Common Shares owned, controlled or directed, directly or indirectly ⁽¹⁾⁽⁶⁾
Scott Tannas Calgary, Alberta President, CEO, Secretary and Director	- Senator of Canada since 2014 - President and CEO of Western since October 2015 - Founder and Vice Chairman of Western Financial Group since 1996 - Chief Executive Officer of Western Financial Group from 1996 to 2014	October 28, 2015	1,041,000 ⁽⁷⁾ 3.39%
Shafeen Mawani Calgary, Alberta Chief Operating Officer	- Chief Operating Officer of Western since June 2017 - Senior Advisor to the Board from June 2016 to May 2017 - Director Investment Banking at UBS Securities Canada Inc. from January 2014 to April 2016 - Associate CIBC Investment Banking from 2010 to 2013	N/A	662,606 ⁽⁸⁾ 2.16%
Stacey Cross Calgary, Alberta Chief Financial Officer	- Chief Financial Officer of Western since November 2017 - Controller of Western from July 2017 to November 2017 - Controller of GlassMasters from November 2016 to June 2017 - Financial advisor at Stawowski McGill from 2011 to November 2016	N/A	Nil

Name, Municipality of Residence and Office	Present Occupation and Positions Held During the Last Five Years	Director Since	Number and Percentage of Common Shares owned, controlled or directed, directly or indirectly ⁽¹⁾⁽⁶⁾
James F. Dinning Calgary, Alberta Chairman of the Board ⁽²⁾⁽³⁾⁽⁴⁾	- President of Elbow Holdings Inc. since January 2005 - Chairman of Russel Metals since 2003 - Chairman of Zag Bank since 2011 - Chairman of the board of Western Financial Group Inc. from 2002 to 2017	October 28, 2015	531,000 1.73%
Willard Yuill ⁽²⁾⁽⁴⁾ Medicine Hat, Alberta Director	- President and Chief Executive Officer of The Monarch Corporation since 1993	October 28, 2015	608,000 1.98%
Robert Espey ⁽²⁾⁽⁴⁾ Calgary, Alberta Director	- President and Chief Executive Officer of Parkland Fuel Corporation since 2011	October 28, 2015	530,000 1.73%
Dr. Jivraj Kabir ⁽⁴⁾⁽⁵⁾ Calgary, Alberta Director	- Managing Director at AgeCare Ltd. since 2008 - Clinical Professor at the University of Calgary, Faculty of Medicine since 2001	April 6, 2016	565,000 ⁽⁹⁾ 1.84%

Notes:

- (1) The information as to shares owned, controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors and executive officers.
- (2) Member of the audit committee.
- (3) Chair of the audit committee.
- (4) Member of the compensation and corporate governance committee.
- (5) Chair of the compensation and corporate governance committee.
- (6) Based on 30,703,756 Common Shares outstanding.
- (7) 940,500 of these Common Shares are held indirectly by Mr. Tannas.
- (8) 50,000 of these Common Share are owned by Mr. Mawani's spouse, however, Mr. Mawani has control or direction over them.
- (9) 282,500 of these Common Shares are held indirectly by Dr. Kabir. 282,500 of these Common Shares are owned by Dr. Kabir's spouse, however, Dr. Kabir has control or direction over them.

The directors of Western shall hold office until the next annual meeting of the shareholders of Western or until their respective successors have been duly elected or appointed.

The directors and executive officers of Western, as a group, owned, controlled or directed, directly or indirectly, 3,937,606 Common Shares, representing approximately 12.82% of the total number of Common Shares issued and outstanding as of the date hereof. The information not being within the knowledge of Western as to the beneficial ownership of such Common Shares has been furnished by the directors and executive officers of Western individually. In addition, the directors and executive officers held Options entitling them as a group to acquire an additional 1,110,000 Common Shares as of the date hereof.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no director or executive officer: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including Western) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "order"), (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer, chief financial officer and resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) while that person was acting in the capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has, within the last ten (10) years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (iii) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Bankruptcies

Mr. Espey was an officer of FisherCast Global Corporation ("**FisherCast**") when it filed for protection in 2008 under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") and became President and Chief Executive Officer during the period of protection. While under such protection, the assets of FisherCast were sold and the proceeds of such sale were distributed. Mr. Espey resigned as President and Chief Executive Office of FisherCast shortly thereafter. FisherCast Global Corporation became bankrupt in 2010.

Conflicts of Interest

There are potential conflicts of interest to which the directors, proposed directors and officers of Western will be subject with respect to the operations of Western and its portfolio companies. Certain of the directors, proposed directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the ABCA. The ABCA requires that directors and officers of Western, who are also directors or officers of a party which enters into a material contract with Western or otherwise have a material interest in a material contract entered into by Western, must disclose their interest and, in certain instances, refrain from voting on any resolution of Western's directors to approve the contract.

Promoter

Scott Tannas may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. The promoter holds, directly and indirectly, 1,041,000 Common Shares and 300,000 stock options to purchase Common Shares.

AUDIT COMMITTEE DISCLOSURE

The audit committee (the "**Audit Committee**") is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the Corporation and annual external audits of the financial statements. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures, which procedures are set out below in the Corporation's audit committee mandate.

Audit Committee Charter

The Board has developed a written Audit Committee charter (the "**Charter**"). A copy of the Charter is attached hereto as Schedule "A" to this AIF.

Composition of the Audit Committee

The Audit Committee consists of James F. Dinning (Chairman), Willard Yuill and Robert Espey, all of whom are financially literate within the meaning of NI 52-110. Messrs. Dinning, Yuill and Espey are considered to be independent within the meaning of NI 52-110.

Relevant Education and Experience of Audit Committee Members

James F. Dinning - In addition to chairing the board of Western, Mr. Dinning is chair (and member of the audit committees) of Russel Metals Inc. and Zag Bank as well as two other private companies. He was Chair of the board of Western Financial Group Inc., a company engaged in insurance and investment from 2005 to 2017 when the company was sold to Wawanesa. Prior to 1997, Mr. Dinning held several key positions during his 11 years as a member of the Legislative Assembly in Alberta, including Provincial Treasurer from 1992 to 1997. In 2015, Mr. Dinning became a Member of the Order of Canada and was installed as a Fellow of the Institute of Corporate Directors. He is Chancellor Emeritus of the University of Calgary following his four year tenure as Chancellor.

Willard Yuill - Willard Yuill is the Chairman and Chief Executive Officer of The Monarch Corporation. He is a Director of Shaw Communications Inc. and is Chairman of their Human Resources and Compensation Committee. Mr. Yuill is Chair and Chief Executive Officer of Monarch Ventures Inc., a Canadian private equity company and CSH International Inc., a United States private equity company. Mr. Yuill is currently a Trustee of the St. Andrew's College Foundation. He is a former Director of Western Financial Group, the Alberta Economic Development Authority and the Medicine Hat Exhibition and Stampede Ltd. and he is past Chair of the Alberta chapter of the World Presidents Organization. Mr. Yuill received an Honorary Doctor of Laws from the University of Lethbridge.

Robert Espey - Mr. Espey has held a variety of senior management roles across a diverse group of industry sectors including manufacturing, international consulting, and the Canadian military. Mr. Espey holds a Bachelor of Engineering (Mechanical) from Royal Military College and a Masters in Business Administration from the University of Western Ontario.

Audit Committee Oversight

At no time since the commencement of the Corporation's fiscal year ended December 31, 2017 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Charter.

External Auditor Service Fees (By Category)

The following table provides information about the fees billed or quoted to the Corporation for professional services rendered by PricewaterhouseCoopers LLP for the fiscal years ended December 31, 2017 and December 31, 2016:

	2017	2016
	\$	\$
Audit Fees ⁽¹⁾	84,500	26,250
Audit-Related Fees ⁽²⁾	12,500	19,425
Tax Fees ⁽³⁾	--	--
All other Fees ⁽⁴⁾	--	54,600
Total⁽⁵⁾	97,000	100,275

Notes:

- (1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.
- (2) Audit-related fees are for services related to performance of limited procedures performed by the Corporation's auditors related to interim reports.
- (3) Tax fees are for tax compliance, tax advice and tax planning.
- (4) All other fees for services performed by the Corporation's auditors.
- (5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management of Western is not aware of any legal proceedings to which the Corporation is or was a party or of which any of its property is or was the subject of, during the financial year ended December 31, 2017, nor are any such proceedings known to the Corporation to be contemplated.

There were no penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, during the financial year ended December 31, 2017, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation, and the Corporation did not enter into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than Option grants, no director or executive officer of the Corporation or a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of voting securities of the Corporation, or any associate or affiliate of any such person, has had any material interest, direct or indirect, in any transaction within the most recently completed financial year or the current financial year that has materially affected or is reasonable expected to materially affect the Corporation.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Western are PricewaterhouseCoopers LLP, Chartered Professional Accountants, located at 3100, 111 – 5th Avenue S.W., Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Odyssey Trust Company, located at 305, 300 - 5th Avenue S.W., Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, Western has not entered into any material contracts during its most recently completed financial year, or before its most recently completed financial year that are still in effect, other than:

1. the CPC Escrow Agreement;
2. the Value Security Escrow Agreement;
3. the GlassMasters APA;
4. the Golden Health Care SPA;
5. the Ocean Sales SPA;
6. the Foothills SPA;
7. the GlassMasters USA;
8. the Ocean Group USA;
9. the Foothills USA;
10. the underwriting agreement between Western and GMP Securities L.P. dated January 31, 2017 with respect to the Offering; and
11. the ATB Facility.

INTERESTS OF EXPERTS

The Corporation's auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditors' report in respect of the Corporation's financial statements with accompanying notes for the year ended December 31, 2017. PricewaterhouseCoopers LLP, Chartered Professional Accountants has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information regarding the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plan is contained in the Corporation's information circular for the annual and special meeting of shareholders held on June 17, 2017, which is available for viewing on SEDAR at www.sedar.com under the Corporation's profile.

Additional financial information is provided in the Corporation's consolidated financial statements for the year ended December 31, 2017, together with the accompanying report of the auditor and management's discussion & analysis filed on SEDAR and available for viewing at www.sedar.com under the Corporation's profile.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Effective February 22, 2016

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee shall:

- 1.1 Assist the Board of Directors in its oversight role with respect to:
 - (a) the quality and integrity of financial information;
 - (b) the independent auditor's performance, qualifications and independence;
 - (c) the performance of the Corporation's internal audit function, if applicable;
 - (d) the Corporation's compliance with legal and regulatory requirements; and
- 1.2 Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

Otherwise as permitted or required by applicable law, the Audit Committee shall consist of three (3) or more Directors appointed by the Board of Directors, the majority of whom shall not be officers, employees or control persons of the Corporation or any of the Corporation's affiliates or associates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board of Directors shall designate one (1) member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation; and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

Financial Reporting

- Review and discuss with management and the independent auditor:
 - prior to the annual audit the scope, planning and staffing of the annual audit;
 - the annual audited financial statements;
 - the Corporation's annual and quarterly disclosures made in management's discussion and analysis;
 - approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation;
 - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards;
 - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;

- any significant changes in the Corporation's selection or application of accounting principles;
- any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.