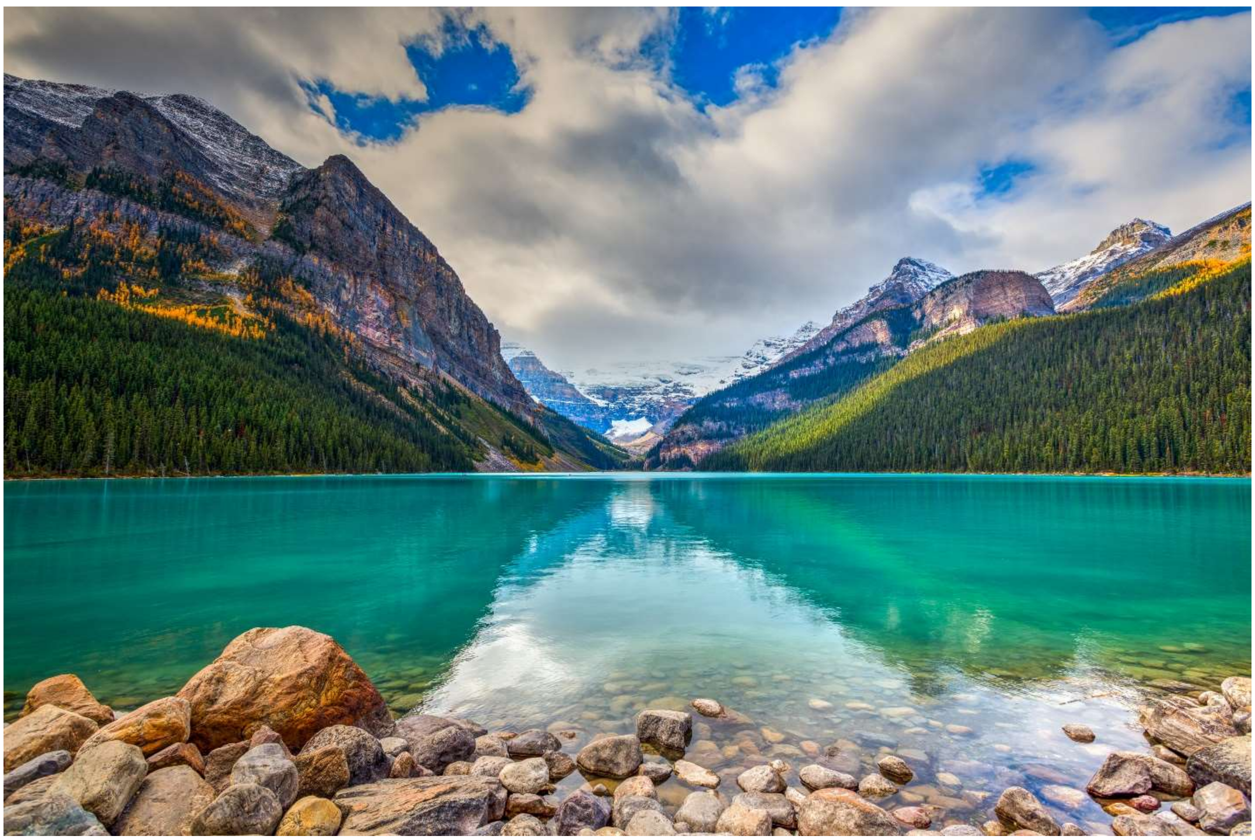
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Management's Discussion and Analysis

For the year ended December 31, 2018

Dated: April 26, 2019

Introduction

The Western Investment Company of Canada Limited ("we", "**Western**" or the "**Corporation**") is a publicly traded private equity company based in Western Canada. Our common shares trade on the TSX-V under the trading symbol WI. **Our purpose is to create long-term wealth for shareholders by building and maintaining a diversified portfolio of strong, stable, and profitable Western-based companies while helping them to grow and prosper.** Our strategy is to use our expertise and capital to cultivate already great Western Canadian businesses, ultimately contributing to their success and legacy over the long run.

Western's targeted industry verticals align with the industry expertise of the Board of Directors 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 ideal acquisition enterprise value is between $10 million and $100 million and ownership interest between 30% to 100%. Western will prospect acquisitions from: (i) director and executive networks; (ii) mid-market accounting and merger and acquisition advisors and (iii) private equity and corporate divestitures.

This Management Discussion and Analysis ("MD&A") provides an update on the Corporation's business activities, financial condition, financial performance and cash flows since December 31, 2017. The Corporation reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The MD&A should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2018. The MD&A was prepared by management of Western and was approved by the Board of Directors on April 26, 2019. Additional information relating to the Corporation, including its Annual Information Form, is available on SEDAR at www.sedar.com.

The following table outlines the acquisitions we have completed as of April 26, 2019;

Investments	Acquisition Date	Ownership (%)
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	50.1%
Golden Health Care	September 1, 2017	25.0 - 30.0%
Ocean Sales Group Ltd.	January 1, 2018	75.0%
Foothills Creamery Ltd.	February 28, 2018	50.4%

2018 Key Highlights

In 2018, Western added two equity investments, Ocean Sales Group Ltd. and Foothills Creamery Ltd. As at the date of this MD&A, Western's investment capital has been fully committed and/or deployed. Our portfolio currently consists of four profitable companies in three of the four target industry sectors. Western partners with each of the management teams and provides market research, governance and continuity capital to grow each of the portfolio companies. Each of the portfolio companies is aggressively paying down term loan debt and investing additional free cash flow for growth opportunities. Management at Western has also been focused on the due diligence and execution of our fifth equity investment, Fortress Insurance, which is expected to close in second quarter 2019.

Associates and Acquisitions

- On February 28, 2018 Western closed the acquisition of a 50.4% interest in Foothills Creamery Ltd. ("**Foothills**"), one of Western Canada's premier producers of dairy products including butter and premium ice cream. Western's total equity investment in Foothills was $3.251 million. In the period from acquisition, February 28, 2018 to December 31, 2018 Foothills earned total revenue of $34.30 million and had net income of $1.42 million. Performance for the ten months includes approximately $785,000 in one-time, non-recurring closing costs incurred directly by Foothills.
- On January 1, 2018, through its subsidiary Ocean Sales Group Ltd. ("**Ocean Sales**"), Western closed the acquisition of a 75% interest in the Ocean Sales group of companies, an Alberta based speciality retailer with operations across North America. Western's total equity investment in Ocean Sales was $3.45 million. Since the acquisition Ocean Sales has earned $21.20 million in revenue in the year ended December 31, 2018 that resulted in $537,441 of net income.
- 2018 begins Western's first full year with our 30% equity investment in three Saskatchewan senior care homes operating under Golden Health Care Inc., and a 25% interest in Golden Health Care Management Inc. (together known as "**Golden Health Care**" or "**Golden**"). Total revenue earned by our Golden Health Care investments in the year ended December 31, 2018 was $8.50 million and net income for this period was $559,731.
- GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**"), an automotive glass service company, had a strong year. Total revenue earned in the year ended December 31, 2018 was $20.71 million, a 9% increase from 2017. Total net income earned in 2018 was $1.20 million versus $1.02 million for 2017 an 18% increase. In 2018 GlassMasters made investments in two new stores and they now have a total of 9 retail locations with plans to open another new store plus a new warehouse in Lethbridge in the second quarter of 2019. Comparable year-over-year results are available for GlassMasters given our ownership commenced in December 2016.

Westerns Financial Results:

- Total income earned for the year ended December 31, 2018 was $2,174,476, a 215% increase from $689,445 earned in 2017. Management fees of $237,500 were earned compared to $100,000 in 2017 and equity income was $1,888,816 up 248% from $542,513 in 2017. Net income for the year ended December 31, 2018 was $1,131,531 ($0.037 EPS), compared to a loss of $434,397 in 2017 (($0.016) EPS). Net Income Normalized for Portfolio Investment Operations ("**NPIO**") for this year was $1,702,682 ($0.056 EPS) up from $68,735 ($0.002 EPS) in 2017. Western's acquisition costs incurred in this year ended 2018 were $571,151, primarily related to the two latest acquisitions, Ocean Sales and Foothills, and includes the Corporations after-tax share of those expenses incurred directly by our associates. Management believes NPIO provides investors with important information on the Corporation's ongoing operations excluding one-time acquisition expenses. This metric provides a picture of profitability from normalized operating activities. For more information on NPIO see 'Description of Non-IFRS Measures' section of this MD&A.

- In its fourth quarter of 2018 Western earned total income of $311,658, compared to a loss of $5,405 in the same period in 2017. Management fees of $62,500 were earned compared to $25,000 in 2017, with the addition of fees earned from two new associates. Equity income of $249,137 compared to a loss of $40,692 in 2017 shows the significant growth of Western's portfolio of investments from the prior year. With the seasonal nature of many of our associates, the fourth quarter is currently Western's weakest. Net income for the three months ended December 31, 2018 was $95,023 ($0.003 EPS) compared to a loss of $401,075 for the same quarter in 2017 (($0.013) EPS). NPIO for this fourth quarter was $263,238 ($0.009 EPS) compared to a loss of $178,671 in 2017 (($0.006) EPS). The NPIO metric removes $168,215 in after-tax expenditures in Q4 related to acquisition activity (2017 - $222,404).

Management and Oversight Principles

Western provides entrepreneur friendly governance and oversight to our portfolio companies using "the Pattison Principles and Rockefeller Habits". This approach features:

- In depth quarterly meetings with each company's management team.
- Daily and weekly key performance indicators that allow us to accurately predict forward financial performance and health of the business in between financial reporting periods.
- Macro research and industry trend analysis to aid our understanding and help management with future planning.
- A program of continuing education and learning for executives at both Western and the portfolio companies.
- A simple but powerful strategic planning template that was specially designed for entrepreneurial growth companies. The plan focuses on a long term (5-10 year) measurable strategic aspiration, and one-year goals and tactics that align with progress toward long term success.

We believe this is a proven framework that will assist our associates to scale-up their businesses and grow to their full potential.

Summary of Equity Investments

Below is a summary of Western's investments in associates at December 31, 2018.

Foothills Creamery Ltd.

On February 28, 2018, Western, acquired a 50.4% interest in Foothills Creamery Ltd. for $3.25 million. The total purchase price for 100% of the Company was approximately $22.74 million plus contingent consideration and including the working capital adjustment. The purchase was funded through a cash equity investment by Western and its partners; 400,000 common shares of Western with a market value at acquisition date of $0.44 per share; and, senior amortizing debt comprised of a term loan and real estate loan in the amount of $17.86 million. The additional contingent consideration, up to a maximum of $3.5 million, may be payable by Foothills to the vendor over four years by way of a performance based earn-out. Our partner obtained 39.4% equity interest, while the founder acquired a 10.2% ownership in the business.

Western has majority ownership of Foothills however appoints only two of seven directors to the board and does not have the voting authority to pass decisions without majority board approval. This gives Western significant influence over Foothills but not control. As such, the Corporation is accounting for our investment in Foothills under the equity method.

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 through a large grocery retail and food service network spanning across Western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, BC. 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. Ice cream sales are seasonal and as such, its busiest quarters occur in the spring and summer months. Based on this seasonality readers are cautioned not to weigh quarterly financial data equally for all quarters.

Western believes Foothills has a solid and stable business model with a well recognized brand, loyal customers and a history of strong growth. Foothills is expected to benefit from current trends including "Buy Local" initiatives along with an increase in the consumption of butter. Foothills has recently moved into a new modern production facility with surplus processing capacity.

In the ten months ended December 31, 2018 (from the date of acquisition), Foothills has exceeded budgeted expectations contributing equity income of $715,547 and management fee revenue of $62,500 to Western's portfolio. For the fourth quarter ended December 31, 2018 Western earned $281,985 in equity income and $18,750 in management fees from Foothills. Dividends of $151,136 were paid to Western in the fourth quarter of 2018.

Foothills total sales for the three and ten months ended December 31, 2018 were $9.07 and $34.30 million respectively and net income was $559,495 and $1,419,735 for these same periods. Approximately $785,000 in one-time costs related directly to the acquisition are included in this period. Normalized net income before these one-time expenses was approximately $2.20 million, after tax, for the ten months ended December 31, 2018.

Since acquisition, Foothills settled a working capital adjustment from the acquisition of $1.34 million which was paid in cash by the previous ownership. Proceeds from the working capital adjustment will be used to pay down Foothills acquisition debt and for general working capital purposes.

Although comparative numbers are not readily available, management at Foothills noted a decline in butter sales in 2018 due to excess of butter stocks coming into the market, and a slight decline in ice cream sales as a result of the high number of forest fires burning in B.C. which cut short the summer vacation season. Ice cream mix sales showed an increase with the addition of new customers and in response to changes in the market place. Foothills is benefiting from the increase in niche ice cream shops that are looking for mix suppliers so they can make their own ice cream. In 2018 the company took steps to strengthen the sales team adding 3 new full time sales people.

Foothills is optimistic for growth in 2019 with the purchase of the Screamin' Brothers Company and as a result they are now able to offer a non-dairy, major allergen free, coconut cream based product line. A major Canadian retail chain is interested in selling this new product nationally, and they have received interest from the United States ("US") as well. This product is not restricted by the Dairy Supply Management System and can cross boarders without tariffs.

Going forward Foothills plans to solidify their direction and grow regions where they had weak presence like Vancouver and Interior B.C. The team will focus on high margin items rather then volume which may lead to a decrease in total revenue but is expected to have a positive effect on the bottom line. Management has plans to boost the volume of soft serve mixes into restaurant chains, and move products into ethnic markets like whipped butter, and new flavours such as ube and black sesame for their ice cream.

Ocean Sales Group Ltd.

On January 1, 2018, Western's wholly owned subsidiary, Ocean Sales Group Ltd, completed the acquisition of the Ocean Sales group of companies for a total purchase price of $9.50 million. The acquisition was funded through equity contributions from Western and the vendors, and a $5.10 million reducing term facility. Western's total investment was $3.45 million. On the acquisition date, the vendors of the acquired companies purchased a 25% interest in Ocean Sales for $1.15 million bringing Western's total interest to 75%.

Ocean Sales is a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. The Company markets high-quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the US. The Company also has a strategic relationship with a major North American retail chain, where it demonstrates a specially selected set of products in every location in Canada and is expanding its demonstrations to locations in the US. The Company is headquartered in Calgary, Alberta and is supported by 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 substantial capital requirements. This, along with expansion plans in the US brings potential for growth.

At December 31, 2017 Ocean Sales Group Ltd. was a wholly owned subsidiary of Western. As such its statement of financial position and results of operations for the year ended 2017 were included in Western's consolidated financials statements. As part of the acquisition on January 1, 2018 Western's interest in Ocean Sales was reduced to 75%. Although the majority shareholder, the terms of the shareholders agreement allow Western to appoint two of five directors giving Western significant influence over Ocean but not control. As of January 1, 2018, the Corporation is accounting for our investment in Ocean Sales under the equity method.

The business of Ocean Sales has a seasonal component to it with the fourth quarter historically being one of the weakest. In line with these expectations, Western has recognized equity loss of $151,557 for the fourth quarter 2018, bringing total equity income to $403,081 for the year ended December 31, 2018. To date Ocean Sales has also contributed $100,000 in management fee revenue.

In 2018, Ocean Sales has earned $21.20 million in revenue for the year ending December 31, 2018 and $2.54 million in the fourth quarter 2018. Sales at shows and exhibitions have been consistent with that of the prior year despite the effect of adverse weather and economic conditions has had on show attendance in Canada. A new product introduced in 2018 has shown great success and the Company is working on additional distribution channels and expansion into the US market with this product. Ocean has encountered various challenges with its wholesale division and with its sales at the major North American retailer but management is working hard on overcoming these set backs including plans for the introduction of some new products in 2019.

In 2018, Ocean Sales expanded their relationship with the major North American retailer to include the US market. Select product is being sold in a number of locations in the US and results have exceeded expectations. Management is confident that this is setting the stage for future growth of US operations in 2018 and beyond.

Results for the same period in 2017 require substantial normalizations and as a result are not suitable for comparison. Based on the seasonality of Ocean Sales operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

Golden Health Care

On September 1, 2017 the Corporation acquired a 30% equity interest in three Saskatchewan senior care homes and a 25% interest in Golden Health Care Management Inc. for a total consideration of $4.94 million. 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. These homes generally operate at or near 100% occupancy with waiting lists. Western is pleased to be part of the skilled and experienced management team at Golden Health Care Management Inc. which provides management services to a portfolio of seven retirement communities and approximately 457 retirement suites.

This acquisition brings a stable revenue producing investment to Western's portfolio, with the opportunity for future expansion as Golden is uniquely positioned to meet the needs of a growing health care segment. Golden Health Care is the largest full-service retirement operator in Saskatchewan. They have a unique model of "aging in place" where Golden's care homes adapt to the needs of individual residents 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.

Western appoints two of five members of the board of directors of Golden Healthcare Management Inc., the company that overseas the operating companies. Through our share ownership and appointments to the board of directors, the Corporation can exercise significant influence over the investment in Golden and accordingly, the Corporation is using the equity method to account for its investment in Golden.

In the year ended December 31, 2018 Western has recognized equity income from Golden of $168,870. Equity income for the fourth quarter 2018 was $39,954, compared to $15,107 for the fourth quarter 2017 (Western's first comparable quarters). Dividends were received on preferred shares of $45,705 for the year ended December 31, 2018 (2017 – $nil). On September 30, 2018 all preferred shares were exchanged on a tax deferred basis for Common shares. This has had no effect on Western's ownership percentage or carrying value of the investment.

Total revenue earned by our portfolio of four Golden Companies for the year ended December 31, 2018 was $8.50 million and net income was $559,731. For the period from acquisition, September 1, 2017 to December 31, 2017 the portfolio earned $2.72 million in revenue and $115,723 in net income. This is after Western's adjustment for the depreciation on the fair value adjustment on the land and buildings on acquisition which reduces the actual net income reported by Golden by $175,112 for the year ending December 31, 2018 ($43,778 per quarter).

December 31, 2018 brings Western's first comparable quarter having owned the associate now for more then a year. Sales for the fourth quarter 2018 were up 2% and net income increased to $132,403 from $49,931 in 2017. The modest increase is primarily related to a slight increase in room rates.

Regulatory changes expected in the Saskatchewan marketplace could boost the expansion potential for Golden. Management is currently evaluating expansion proposals with a goal of doubling the number of suites over the next five years. The Board of Directors has recently approved a $2.5 million expansion of the William Albert House which will add an additional 10-15 room to that home. Funding for the expansion will come from current cash on hand, the refinancing of current long-term debt.

GlassMasters

The Corporation has a 50.1% equity investment in GlassMasters which is an automotive glass service company with nine retail locations providing repair and replacement of autoglass ("Service Division") and two automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices ("Wholesale Division"). GlassMasters' principal markets are the Calgary, Edmonton, Red Deer and Saskatoon regions.

Western has significant influence over GlassMasters given Western appoints two of six directors, however this does not give Western control of GlassMasters. As such, the Corporation has accounted for our investment in GlassMasters under the equity method.

Two new stores were opened in 2018, including Saskatoon, Saskatchewan in March and Airdrie, Alberta, in July. Business at these new stores has been gaining traction in the marketplace and management is focused on building their account and retail customer base. The opening of new stores does have some negative impact on EBITDA and it is expected to take about 18 months for a new store to break even and begin to positively contribute to the Company's bottom line. During the second quarter of 2019 GlassMasters will be opening both a retail and a wholesale location in Lethbridge, Alberta.

GlassMasters contributed $601,318 in equity income to Western's results in the year ended December 31, 2018 (2017 - $507,726) and management fee revenue of $75,000 (2017 - $100,000).

Financial highlights for GlassMasters is presented below:

	Three months ended December 31,		Year ended December 31,	
Financial results ($)	2018	2017	2018	2017
Revenue	4,421,250	3,708,174	20,709,267	19,052,752
Gross profit	1,150,121	1,316,244	7,018,140	6,681,306
EBITDA[1]	(11,921)	126,975	2,246,229	2,485,266
Net income	157,321	(111,461)	1,201,194	1,020,592

1 Defined as earnings before interest, tax, depreciation, and amortization. For more information see 'description of non-IFRS measures' section of this MD&A

Revenue for 2018 was up approximately 8.7% from the prior year and relates to both retail and wholesale business. This carries through to similar results in gross profit with an increase from 2017 of 5.0% for the year ended December 31, 2018. After a slightly slower then expected first quarter due to an unusually cold and long winter in Western Canada, the Company was busy addressing the pent-up demand through the spring and summer season. The wholesale increase is the result the opening of a new larger warehouse location in Edmonton in the fall of 2017. EBITDA has declined from the previous period as the result of additional expenses relating to the opening of the new stores and their associated extra carrying costs incurred prior to opening and in the initial months of operation. The new stores and other investments made in 2018 in infrastructure improvements and management training is leading the way for continued future growth.

In 2018 GlassMasters paid down $1.6 million in long-term with over $2.7 million in debt repaid since the acquisition. Looking forward, they plan to continue to aggressively pay down debt and to look for opportunities for expansion while making investments to support this expansion. Based on the seasonality of GlassMasters' operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

Summarized financial information about Western's associates and investments in these associates is disclosed in the notes to the financial statements.

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended December 31,		Year ended December 31,	
Financial results ($)	2018	2017	2018	2017
Revenue	311,657	(5,405)	2,174,476	689,445
Acquisition related expenses	76,471	222,404	282,171	503,132
Professional fees	33,699	116,255	199,194	326,088
Regulatory fees	1,824	11,346	44,932	61,041
Management salaries	51,297	24,298	290,649	72,036
Share based compensation	-	-	74,112	70,764
Interest on operating line	23,018	-	66,591	-
Other expenses	30,325	21,367	85,296	90,781
Total expenses	216,634	395,670	1,042,945	1,123,842
Net income (loss) and comprehensive income (loss)	95,023	(401,075)	1,131,531	(434,397)
Net income (loss) per share	0.003	(0.013)	0.037	(0.016)
NPIO	263,238	(178,671)	1,702,682	68,735
NPIO per share	0.009	(0.006)	0.056	0.002

	December 31, 2018	December 31, 2017
Financial position ($)		
Cash	8,183	2,130,300
Bank indebtedness	(1,519,896)	-
Working capital	(1,516,438)	9,989,612
Total assets	17,840,759	20,048,024
Long term debt	-	4,540,000
Shareholders equity	16,165,193	14,720,756

	December 31, 2018	December 31, 2017
Western Share Count Information		
Common shares outstanding	30,703,756	30,317,756

Our revenues have increased $1.49 million which is reflective of the acquisition's that have occurred over the past year. Both Ocean and Foothills have made significant contributions to our equity revenue in 2018. In the fourth quarter some of our associates regularly incur a loss based on the cyclical nature of their business, however the strength of our portfolio is now able to counter this and the fourth quarter is now a profitable quarter. In addition to equity income, Western is now earning annual management fee revenue from associates totalling $250,000 annually.

Acquisition expenses are down slightly from 2017 in which had a large amount of the due diligence work for Ocean Sales and Foothills was incurred. Transaction costs incurred on the acquisition of Ocean Sales and Foothills are also included in their net income which carries down into Western's equity income. The Corporation will incur these expenses as it acquires other businesses in the future and will be significant in any period surrounding an acquisition. Due diligence work on Fortress started in 2018 and costs related to this next acquisition will continue into 2019.

Other significant costs incurred in 2018 include additional legal expenses associated with obtaining the operating loan facility arranged during the period. With the draw on this operating loan we are also now incurring interest costs for the first time. Management salaries have increased as a result of the appointment of our COO in mid 2017, now including a full year of salary in 2018, as well as salary being paid to our CEO starting in 2018. Overall Western experienced a similar level of activity in 2018 and operating costs have remained relatively stable in line with that.

The increase in net income is largely the result of our growing portfolio of associates and their equity contributions. We are pleased to report earnings of $0.04 per share for the year. Net Income Normalized for Portfolio Investment Operations ("**NPIO**") for 2018 was $1,702,682 ($0.06 per share) up from $68,735 ($0.00 per share) in 2017. This measure removes acquisition costs incurred in this year of $571,151 to provide a picture of where our Company would be without acquisition activity.

With its capital fully deployed, the Corporation obtained an operating loan to facilitate the acquisition of Foothills, and to finance its ongoing operating expenses. As the facility is due on demand it puts the Corporation into a negative working capital position until it raises additional capital.

Western continues to maintain low overhead and internal operation costs in line with its Western Sensibility Principles of ensuring 1) a sustainable but flexible workforce of part-time employees and contractors that expands and contracts to the needs of the Corporation 2) compensation of directors through a modest option program and 3) collecting management fees from portfolio companies to offset increased general and administration costs.

Throughout 2018, Western was working with the management of each of our portfolio companies to implement the Pattison Principles and Rockefeller Habits. We are working closely with our partners to ensure the long-term success and sustainability of each company. Going into 2019 we are excited to see where these companies are going to go as they work to implement these strategies.

Summary of Western's Quarterly Financial Information

Selected unaudited financial data for our operations during the last eight quarters are as follows:

in C$000s except for per share amounts	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	Jun 30, 2017	Mar 31, 2017
Total income/(loss)	311.6	1,193.9	373.7	295.2	(5.4)	287.3	371.3	36.3
Operating expenses	216.6	250.7	252.2	323.4	395.7	368.8	235.1	124.4
Net income (loss) NPIO[1]	263.2	958.8	168.9	307.2	(178.7)	151.0	184.5	(88.1)
Net income (loss)	95.0	943.2	121.5	(28.2)	(401.1)	(81.5)	136.3	(88.1)
Earnings (loss) per share NPIO[2]								
- Basic	0.009	0.031	0.004	0.010	(0.006)	0.005	0.006	(0.005)
- Diluted	0.009	0.031	0.004	0.010	(0.006)	0.005	0.006	(0.005)
Earnings (loss) per share								
- Basic	0.003	0.031	0.006	(0.001)	(0.013)	(0.003)	0.004	(0.005)
- Diluted	0.003	0.031	0.006	(0.001)	(0.013)	(0.003)	0.004	(0.005)
Total assets	17,840.8	17,692.0	16,546.2	16,258.0	20,048.0	15,411.6	15,339.5	15,340.3
Total long-term liabilities	-	-	-	-	4,540	-	-	-

Notes:
1 Defined as Net Income Normalized for Portfolio Investment Operations, and excludes expenses associated with finding or executing new acquisitions such as due diligence, legal and advisory expenses. For more information see 'description of non-IFRS measures' section of this MD&A.
2 Defined as Net Income (Loss) NPIO divided by the basic or diluted number of shares outstanding

Certain of the Corporation's associates experience seasonal fluctuations in activity and financial performance. For the majority of our associates the second and third quarter are when they earn the majority of their income. Furthermore, the timing of the acquisitions of Golden (September 2017), Ocean (January 2018), and Foothills (February 2018), have impacted the quarterly results following their acquisition date. As such, the prior periods shown in the above table are not necessarily comparable and should not be relied upon as an indication of future performance.

We are please to report our first profitable fourth quarter which is the result of now have a strong somewhat diversified portfolio. For a detailed discussion on the results of each associate see the "Summary of Equity Investments" section above.

Liquidity and Capital Resources

The following table is a summary of our consolidated statement of cash flow:

$	Year ended December 31, 2018	Year ended December 31, 2017
Cash used in operating activities	(709,135)	(711,845)
Cash used in investing activities	(2,923,864)	(13,540,762)
Cash provided by financing activities	1,510,882	16,337,840
Increase (decrease) in cash	(2,122,117)	2,085,233
Cash, beginning of year	2,130,300	45,067
Cash, end of year	8,183	2,130,300

The net cash used by operating activities for the year ended December 31, 2018, was primarily related to cash flow required to fund operations including general and administrative costs, professional fees, salaries, as well as acquisition and due diligence related activity. Operating cash used in 2018 was comparable to 2017 as there was a similar level of activity during the year. Some of the due diligence related to the 2018 acquisitions was incurred in 2017, and activity continued throughout 2018 as Western has been busy finding and completing due diligence on its next acquisition to be completed in 2019. Operating expenditures are partially offset by cash received for management fees from associates.

The cash used in investing activities for the year ended December 31, 2018, related to the acquisition of Foothills. Comparably the cash used for investing in 2017 related to the acquisitions of Golden and Ocean Sales.

For the current year ended December 31, 2018 cash provided from financing activities is primarily related to the operating line of credit obtained starting in February. Cash provided by financing activities for the year ended December 31, 2017, was the result of the net proceeds received from equity financing on February 22, 2017.

Our capital structure is composed of shareholders equity, and borrowings, less cash. The following table summarizes our capital structure:

$	Year ended December 31, 2018	Year ended December 31, 2017
Demand revolving operating loan facility	1,519,896	-
Bank loan	-	5,050,000
Less: cash and cash held in trust	(8,183)	(10,680,300)
Net loans (cash)	1,511,713	(5,630,300)
Shareholders' equity	16,165,193	14,720,756

The corporation is currently relying on its operating loan facility to fund daily operations as described below. In the prior year, the bank loan and $8,550,000 of cash was held in Western's wholly owned subsidiary, Ocean Sales Group Ltd., in preparation for the acquisition on January 1, 2018. Working capital is now in a negative position of ($1,516,438) (December 31, 2017 - $9,989,612 positive).

On February 20, 2018 the Corporation obtained the demand revolving operating loan facility to the maximum amount of $1,500,000, with an additional $500,000 available as at June 12, 2018.

This brings the total facility available as at December 31, 2018 to a maximum of $2,000,000. 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 the unused portion. The line was obtained firstly to fund the purchase of Foothills and secondly to fund general corporate operating needs. Security includes a share pledge agreement in respect to the Corporation's interest in its subsidiaries. At December 31, 2018 $1,519,896 was drawn on the facility (December 31, 2017 - $nil).

The Corporation generates operating cash from management fees and dividends from its portfolio investments. Western intends to raise equity capital when necessary to fund its expansion. The Corporation believes it can raise capital to fund this growth. Subsequent to year-end the company raised additional capital through the issuance of convertible unsecured debentures as described below in subsequent events.

Outstanding Share Data

On February 28, 2018, in line with its acquisition of Foothills, the Corporation issued a total of 400,000 common shares to the vendor of Foothills. The market value of the shares at the time of acquisition was $0.44 per share bringing the total fair value of the shares issued to $176,000 before issuance costs. During the year ended December 31, 2018, 14,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid. These events bring the total common shares outstanding at December 31, 2018, to 30,703,756 (December 31, 2017 – 30,317,756). As of the date of this MD&A the total common shares outstanding was 30,580,756.

In fiscal 2018, 320,000 stock options were issued at a value of $74,112 (2017 – 210,000 at a value of $70,764). In the year ended December 31, 2018, 900,000 agent options expired and 200,000 options were forfeited (2017 - nil and nil, respectively) leaving the total amount of stock options outstanding as at December 31, 2018 at 1,430,000 (December 31, 2017 – 2,210,000) with exercise prices ranging from $0.50 to $0.65.

The Corporation has regulatory approval to proceed with a normal course issuer bid whereby Western may purchase up to 1,500,000 common shares in the capital of the Corporation representing approximately 4.9% of the total issued shares. The bid originally commenced May 23, 2017, for a one-year term and was renewed for another year on June 5, 2018. As at December 31, 2018, a total of 254,500 shares have been repurchased to date for a total cost of $147,644. Of these, 14,000 shares at a cost of $6,764 were repurchased in the year ending December 31, 2018 (2017 – 68,500 shares). Subsequent to year-end an additional 123,000 shares were repurchased for $45,908.

Off-Balance Sheet Arrangements

As at December 31, 2018, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

In the year ended December 31, 2018 the Corporation earned $237,500 in management fees from its associates (2017 - $100,000) and $45,705 in dividends on preferred shares (2017 - $nil). As at December 31, 2018, $124,793 was receivable in respect to management fees (December 31, 2017 - $26,250). Distributions in the form of dividends on common shares in the amount of $151,136 were received from associates, and recorded as a reduction in the investment in associates balance. On September 30, 2018 all preferred shares held in one of the Golden companies, were exchanged on a tax deferred basis, for Class A Common Shares.

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. $407,899 for year ended December 31, 2018, (2017 - $204,773) was paid or payable to members of management. $69,000 for the was paid to directors as part of the Corporation's time and expense policy (2017 - $78,604). In fiscal 2018, 320,000 stock options were issued to management and directors, at a fair value of $74,112 (2017 –210,000 at a fair value of $70,764).

Related party transactions are in the normal course of operations and are recorded at fair value.

Risks and Uncertainties

The Corporation and its associates are subject to a number of risks as they relate to the organizational structure and the operations of each company. When reviewing forward-looking statements and information contained within this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect future results of each company. The environment the Corporation and its associates operate in is highly comparative and it is not possible for management to predict all risk factors or their impact these risks may have on the businesses. The following is a brief discussion of the factors which may have a material impact on our future business or financial performance.

Investment in associates

The Corporation's investments in associates are operated by an independent management team. The business success of these investments is to some extent dependent on the expertise and ability of the investment's management team to successfully operate the underlying businesses. While we rely on the judgment and operating expertise of the management of the investments, we mitigate this risk by exercising prudent management oversight through our Board representation and relying on an operator that has a proven track record of operating the business.

Short operating history

We have only a short record of operating as an investment issuer and as such, we are subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our financial objectives as estimated by management. Furthermore, past successes of management or the Board does not guarantee future success.

Available opportunities and competition for investments

Our business plan depends upon, among other things: (i) the availability of appropriate investment opportunities: (ii) our ability to identify, select and acquire successful investments; and (iii) our ability to generate or obtain funds for future investments. We expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as us, will likely have a longer operating history, may be better capitalized, have more personnel and have different return objectives. As a result, we may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit our ability to secure investments on acceptable terms or to generate desired returns.

There can be no assurance that we will have access to a sufficient number of suitable investment opportunities or that such investments can be made within a reasonable period of time. There can also be no assurance that we will be able to complete investments at acceptable prices or terms. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns will be diminished to the extent that we are unable to find and make a sufficient number of investments.

Concentration of investments

Other than as described herein, there are no restrictions or limits on the amount or proportion of our funds that may be allocated to any particular investment. We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of one or more investments may result in a highly-concentrated investment in a particular company, geographic area or industry resulting in the performance of Western depending significantly on the performance of such company, geographic area or industry. Currently, Western has four equity investments across three industry verticals and is are working to further diversify as we grow to reduce this risk.

Ability to secure adequate financing

We will have ongoing requirements for capital to support our growth and operations and may seek to obtain additional funds for these purposes through public and private equity or through the incurrence of indebtedness. There are no assurances that we will be able to secure additional funding at all, on acceptable terms or at an acceptable level. Western is exposed to the risk that it may not be able to meet its financial obligations when they come due. Our liquidity and operating results, and our ability to make additional investments, may be adversely affected if our access to capital markets or other sources of financing is hindered, whether as a result of a downturn in market conditions generally or to matters specific to us.

Dependence on management and directors

We 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, our success may depend upon the continued service of these individuals to our business. The loss of the services of any of these individuals could have a material adverse effect on our revenues, net income and cash flows and could harm our ability to secure investments, maintain or grow our assets and raise funds.

Investment evaluation

The due diligence process undertaken by Western in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, we will conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment and will be required to rely upon the accuracy and completeness of information supplied by potential investees. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment and we will be required to rely in part on such advisors' assessment of potential liabilities and risks associated with each investment. The due diligence investigation that is carried out by Western and our advisors with respect to any investment opportunity may not reveal or highlight all relevant risks or liabilities associated with the investment. Unforeseen risks or liabilities may have a material and adverse impact on our liabilities, profitability, results of operations and financial condition.

Trading volatility of common shares

Management of the Corporation cannot predict at what price its common shares will trade and there can be no assurance that an active trading market for the common shares will be sustained. The market price of the common shares could be subject to significant fluctuations in response to variations in financial results, general trends in the industry and other factors, including extreme price and volume fluctuations which have been experienced by the securities markets from time to time. The illiquidity and fluctuation in market price may adversely affect our ability to raise additional funds through the issuance of common shares, which could have a material and adverse impact on our profitability, results of operations and financial condition.

Risks relating to our investments

Given the nature of our investment activities, the results of operations and our financial condition are dependent upon the financial condition and performance of the businesses comprising our investments. The performance of our associates can be affected by a variety of general economic conditions or by specific factors, such as weather, that may individually impact each business. Western's ability to generate income is affected by the profitability, fluctuations in working capital, and cash flow of its associates. 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.

Subsequent Events

Acquisition of Fortress

On March 11, 2019, Western announced it had received board approval for its plan to acquire a fifty percent interest in Fortress Insurance Company ("Fortress"). Fortress is an Alberta registered and regulated insurance company, which Western intends to transform from its current narrow scope into specialty and surplus lines of business within the western Canadian insurance market place. The proposed transaction remains subject to final approvals by the TSX Venture Exchange and the Alberta Superintendent of Insurance. It is expected the transaction will close in our second quarter of 2019.

Convertible Unsecured Debentures

On April 9, 2019 the Corporation closed its offering of subscription receipts for an aggregate gross principal amount of $4 million (the "Financing"). The proceeds of the Financing are expected to be used to finance Western's acquisition of Fortress Insurance Company and for general working capital purposes. Each subscription receipt is priced at $1,000 and will entitle the holder to receive one unsecured convertible debenture ("Debenture") with a principal value of $1,000 if all escrow conditions are met which includes the completion of the acquisition of Fortress on or before 5:00pm MTN on July 3, 2019. Should the escrow conditions not be satisfied, the subscription receipts will be cancelled and all proceeds from the Financing will be returned to the subscribers, together with Interest.

Each Debenture will be convertible into common shares of Western ("Common Shares") at a conversion price of $0.55 per share. The Debentures will mature on March 31, 2024 and bear interest at the rate of 7.5% per annum, payable semi-annually at the end of March and September. If after March 31, 2021, the closing price of the Common Shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, WICC may, at its option, force the conversion of the Debentures into Common Shares.

Western may elect, at its option, to redeem all or part of the Debentures at any time after March 31, 2021 at the redemption price set fourth below plus accrued and unpaid interest, if redeemed during the calendar year upon 45 days written notice by Western:

2021 – 107.5%
2022 – 105.0%
2023 – 102.5%
2024 – 100%

Completion of the Financing is subject to final approval of the TSX Venture Exchange.

In connection with the Financing, the lead agent is entitled to receive (i) a cash commission equal to 6% of the aggregate proceeds of the portion of the Financing sold to subscribers sourced by the lead agent, and (ii) broker warrants equal to 6% of the Financing, with each broker warrant exercisable into one Common Share at an exercise price of $0.55 that expire 24 months from the Closing date.

Proposed transactions

As at December 31, 2018 and up to the date of this MD&A, there were no proposed transactions of the Corporation, other than as disclosed herein.

Critical Accounting Estimates and Accounting Policies

Effective January 1, 2018 the Corporation adopted IFRS 9 "Financial Instruments", and IFRS 15 "Revenue from Contracts with Customers". The adoption of these new standards did not materially impact the carrying amounts of the financial instruments, or the timing and measurement of revenue. For a detailed summary of these changes, along with a description of the Corporation's accounting policies, the reader is directed to the notes to the financial statements of the Corporation for the year ended December 31, 2018 available on SEDAR at www.sedar.com

Financial Instruments and Risk Management

The Corporation, as part of its operations, is exposed in varying degrees to a variety of risks from the use of financial instruments, which mainly include cash and cash equivalents, amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings. Risk management strategies are established to identify and analyze risks faced, and to ensure our risks and related exposures are consistent with our business objectives and risk tolerance levels. As a result of the use of the above mentioned financial instruments, we are exposed to risks that arise from their use, including market risk, credit risk and liquidity risk. A detailed assessment of each of these risks is presented in the notes to the financial statements for the year-ended December 31, 2018 to be read in conjunction with this MD&A.

Cautionary Note Regarding Forward Looking Information

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking information. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's 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.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

Description of Non-IFRS Measures

The Corporation uses accounting principles that are accepted in Canada under the International Financial Reporting Standards ("IFRS"). Certain supplementary measures in this document do not have any standardized meaning as prescribed by IFRS, including the non-IFRS measures "Net Income (Loss) Normalized for Portfolio Investment Operations" ("NPIO") and "earnings before interest, taxes, and depreciation and amortization" ("EBITDA").

NPIO removes from net income certain after-tax expenses incurred by the Corporation and its associates that relate directly to the finding and executing of new acquisitions. Western is currently not taxable and as such no adjustment in tax is recorded to NPIO on expenditures directly incurred by the Corporation until Western becomes profitable. Where one-time acquisition related expenses are incurred by the Corporation's associates, those costs are adjusted for tax and Western's equity share of these expenses is added back to Net Income in determining NPIO. EBITDA is used primarily in relation to our analysis of results of the Corporation's associates.

A reconciliation of the Corporation's Net Income to NPIO is as follows:

	Three Months ended December 31,		Year ended December 31,	
$	2018	2017	2018	2017
Net income - per IFRS	95,023	(401,075)	1,131,531	(434,397)
Acquisition related expenses (after tax)	168,215	222,404	571,151	503,132
NPIO	263,238	(178,671)	1,702,682	68,735

The Corporation's method of calculating these non-IFRS measures may differ from other issuers, and therefore may not be comparable to similar measures presented by other reporting issuers. These non-IFRS financial measures are included because management uses this information to analyze operating performance. Readers are cautioned that these non-IFRS financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.