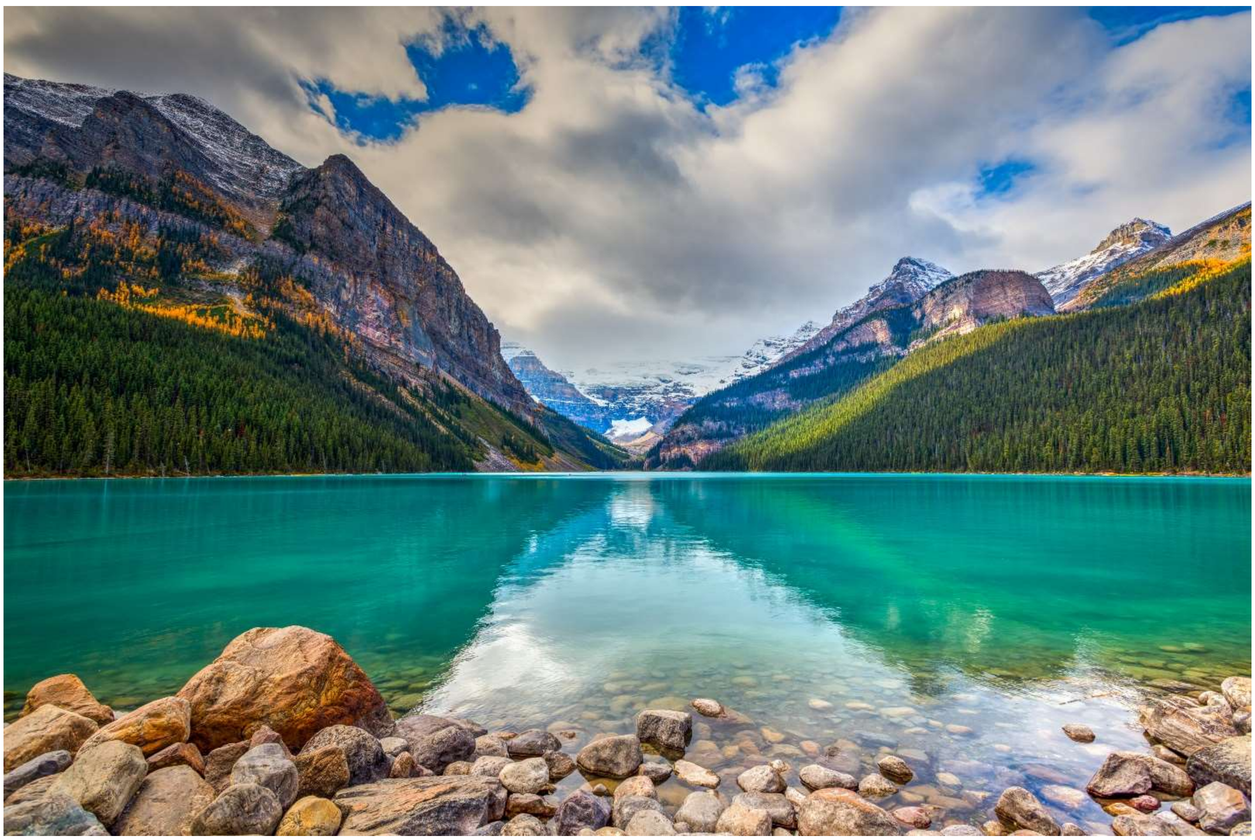
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



ANNUAL INFORMATION FORM

For the year ended December 31, 2021

Dated: April 22, 2022

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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;

"**ATB Private Equity**" means ATB Private Equity, LP;

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

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

"**Convertible Debenture Indenture**" means the indenture dated May 9, 2019 entered into between Western and Odyssey Trust Company;

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

"**COVID-19**" means coronavirus disease (COVID-19), also known as the 2019 novel coronavirus, and severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);

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

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

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

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

"**Fortress**" means Fortress Insurance Company, an insurer incorporated under the *Insurance Act* (Alberta);

"**Fortress SPA**" means the share purchase agreement May 6, 2019 among Prairie View Holdings and Western;

"**Fortress USA**" means the unanimous shareholders agreement dated January 1, 2019 entered into by the shareholders of Fortress;

"**Fort McKay**" means Fort McKay Landing Limited Partnership;

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

"**GlassMasters SPA**" means the share purchase agreement dated February 1, 2022 between Fort McKay and Western;

"**GlassMasters Transaction**" has the meaning ascribed thereto under the heading *"General Development of the Business – Three Year History - 2022"*;

"**GlassMasters USA**" means the unanimous shareholders agreement dated February 1, 2022 entered into by the shareholders of GlassMasters;

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

"**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 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;

"**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; and

"**USAs**" means, collectively, the GlassMasters USA, the Ocean Sales USA, the Golden Health Care USA, the Fortress USA, and the Foothills USA.

Unless otherwise specified, information in this AIF is as at the end of the Corporation's most recently completed financial year, being December 31, 2021.

CURRENCY

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

FORWARD-LOOKING INFORMATION

Certain information and statements contained in this AIF concerning the business, operations and financial performance and condition of Western constitute "**forward-looking information**" within the meaning of applicable Canadian securities laws. All statements and information, other than historical information or statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future is forward-looking information, including, but not limited to information and statements preceded by, followed by or that include words such as "expect", "likely", "may", "will", "aims", "intend", or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking information includes estimates, budgets, plans, expectations, opinions, forecasts, financial and other projections, targets, guidance, or other information or statements that are not statements of fact. Such forward-looking information is made as of the date of this AIF. Forward-looking information in this AIF includes, but is not limited to, information and statements with respect to:

(a) the Corporation’s, and the Corporation's portfolio companies', business objectives and the anticipated timing of execution;

(b) the performance of the Corporation's business and operations, including the performance of the Corporation's portfolio companies;

(c) the intention to grow the business, operations and potential activities of the Corporation and its portfolio companies;

(d) the competitive and business strategies of the Corporation and its portfolio companies;

(e) the competitive conditions of the industries in which the Corporation and its portfolio companies operate;

(f) future business strategy, competitive strengths, goals, employment levels, expansion (including opportunities for expansion) and growth of the Corporation's and its portfolio companies' business;

(g) Western's expectation that there will be an increasing number of small and medium sized businesses for sale in the upcoming years and that it will be able to identify attractive investment opportunities;

(h) Western aiming to collect management fees from its portfolio companies to cover Western's operating expenses; and

(i) the impact of the COVID-19 pandemic on the Corporation and its portfolio companies.

Western believes the expectations reflected in such forward-looking information are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Forward-looking information is based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the Corporation as of the date of such information, are, in many cases, outside of the Corporation's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies (including the anticipated effects of the COVID-19 pandemic on the Corporation and its operations) which could result in the forward- looking information ultimately being entirely or partially incorrect or untrue. Such factors and assumptions include, but are not limited to:

(a) applicable laws, regulations and any amendments thereof;

(b) the Corporation's ability to comply with applicable governmental regulations and standards;

(c) reliance on suppliers and other third parties;

(d) general business and economic conditions, including negative impacts from the COVID-19 pandemic on the global economy or on the Corporation's business, financial position or results of operations;

(e) being a public company;

(f) dependence on key management personnel;

(g) general economic trends and conditions;

(h) equity and debt markets continuing to provide the Corporation with access to capital on terms acceptable to the Corporation;

(i) litigation;

(j) the demand for the Corporation's products and services and fluctuations in future revenues;

(k) sufficiency of current working capital to support future operating and working capital requirements;

(l) the Corporation's future growth prospects and business opportunities; and

(m) the Corporation's success in implementing its strategies and achieving its business objectives.

You are cautioned that the foregoing list of material factors and assumptions is not exhaustive.

Many factors and risks 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 information, 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 information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this AIF. These factors and risks should be considered carefully, and readers should not place undue reliance on the forward-looking information. Although the forward-looking information 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 such forward-looking information.

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

(a) the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including, most recently, the COVID-19 pandemic and ensuing events;

(b) the acquisition opportunities available to Western and the competition for those acquisition opportunities;

(c) the identification of all relevant risks associated with Western's acquisition opportunities;

(d) Western has no restrictions on funds allocated to any particular investment, which could lead to a concentration of investments;

(e) Western's limited operating history;

(f) the availability of capital to Western, and its ability to meet credit facility covenants;

(g) the issuance of additional Common Shares to finance acquisitions and potential dilution to existing shareholders;

(h) Western's dependency on the portfolio companies to support its ability to pay Western's operating expenses and make interest payments to its lenders;

(i) Western is dependent on its directors and officers to generate acquisition opportunities, and the directors and officers may be subject to conflicts of interest;

(j) the Common Shares are relatively illiquid and subject to market fluctuations;

(k) Western evaluates a wide array of potential acquisitions, and acquiring and integrating a business may create unforeseen difficulties;

(l) Western's portfolio companies are illiquid and difficult to value;

(m) 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;

(n) the financial results of the portfolio companies of Western;

(o) the tax horizon of Western and the portfolio companies;

(p) 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;

(q) increased governmental regulation;

(r) expansion or development plans of the portfolio companies not being completed as expected or at all;

(s) product failure and liability;

(t) supply chain disruptions; and

(u) the occurrence of natural disasters and other events outside of a company's control that may affect the ability of a business to operate.

The forward-looking information contained in this AIF speak only as of the date of this AIF. The forward-looking information contained herein is 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"*, and in particular "*Risk Fact*ors - *Risk Factors Related to Western - COVID-19 Pandemic*" and "*Risk Factors - Risk Factors Generally Related to Western's Portfolio Companies - COVID-19 Pandemic*".

Readers are cautioned that the foregoing lists of factors should not be construed as exhaustive. The forward-looking information 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 information.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Western Investment Company of Canada Limited 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, Canada and the registered and records office of Western is located at 1600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Canada.

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 five companies, all accounted using the equity method, which are as follows:

1) 58.2% equity interest in GlassMasters.

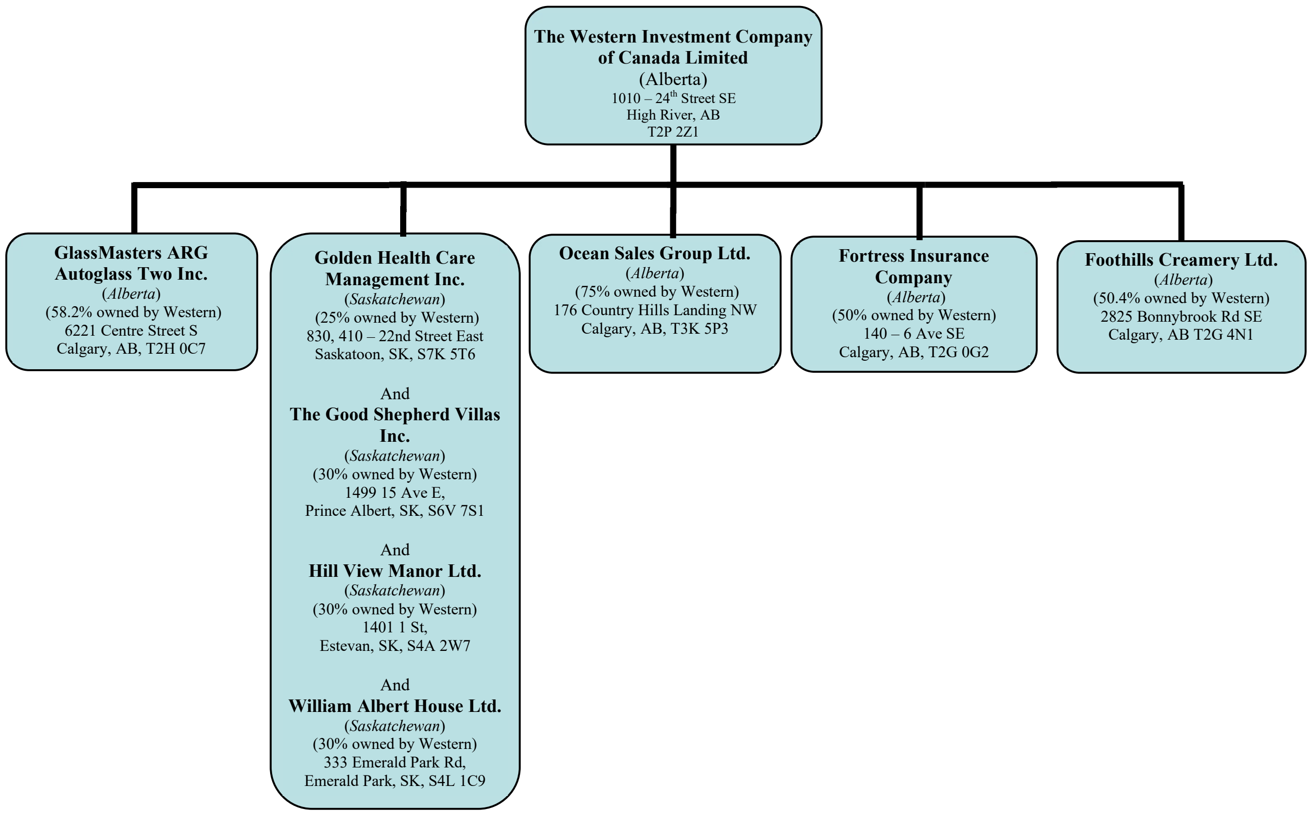
2) 30.0% equity interest in three entities, each of which owns a senior care home, and a 25% equity interest in Golden Health Care Management Inc., a company incorporated under the laws of the Province of Saskatchewan (collectively, "**Golden Health Care**"). The three homes include (a) Hill View Manor in Estevan, Saskatchewan, which is owned by Hill View Manor Ltd., (b) Good Shepherd Villas in Prince Albert, Saskatchewan, which is owned by The Good Shepherd Villas Inc., and (c) William Albert House in the Regina suburb of Emerald Park, Saskatchewan, which is owned by William Albert House Ltd.;

3) a 75.0% interest in Ocean Sales;

4) a 50.4% interest in Foothills; and

5) a 50.0% interest in Fortress.

The Corporation's organizational structure is as follows:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2019

On May 6, 2019, Western completed the acquisition of a 50% interest in Fortress pursuant to the Fortress SPA. The total purchase price of the acquisition was $1.69 million for 50% of Fortress. Western financed the acquisition with the proceeds from the 2019 Offering (as defined below). Since its acquisition, Western has worked to transform Fortress from its previous narrow scope into specialty and surplus lines of business within the western Canadian insurance marketplace.

On January 1, 2019, in expectation of the closing of the acquisition of Fortress, the shareholders of Fortress entered into the Fortress USA. Although Western owns 50% of the outstanding voting securities of Fortress, pursuant to the Fortress USA, Western is only entitled to nominate two out of the six directors. The Fortress 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 Fortress USA also contains share transfer restrictions, rights of first refusal and drag along and tag along rights. The Fortress USA limits Western's ability to control Fortress and restricts Western's ability to sell its securities in Fortress. As a result of the Fortress USA, Western does not control Fortress.

On April 9, 2019, the Corporation completed a private placement of subscription receipts ("**Subscription Receipts**"), at a price of $1,000 per Subscription Receipt, for aggregate gross proceeds of $4 million (the "**2019 Offering**"). The 2019 Offering consisted of a brokered portion and a non-brokered portion. AltaCorp Capital Inc. ("**AltaCorp**") acted as lead agent and sole bookrunner for the brokered portion of the 2019

Offering in accordance with the agency agreement dated April 9, 2019 between the Corporation and AltaCorp.

Each Subscription Receipt was automatically convertible, upon the satisfaction of certain escrow conditions (the "**Escrow Conditions**"), into one unsecured convertible debenture with a principal value of $1,000 (a "**Convertible Debenture**"). The Escrow Conditions were met in May 2019 and, on May 9, 2019, the Subscription Receipts automatically converted into Convertible Debentures with an aggregate principal amount of $4 million.

Each Convertible Debenture is convertible into Common Shares at a conversion price of $0.55 per Common Share. The Convertible 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 in each year. If after March 31, 2021, the closing price of the Common Shares on the TSXV is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the Convertible Debentures into Common Shares.

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

Calendar Year	**Redemption Price**
2021	107.5%
2022	105.0%
2023	102.5%
2024	100.0%

The proceeds from the 2019 Offering were used to finance Western's acquisition of Fortress and for general corporate and working capital purposes.

In connection with the Fortress acquisition and the 2019 Offering, on April 4, 2019 Western entered into an amending agreement with ATB (the "**First Amending Agreement**") to amend the ATB Facility to, among other things, increase the revolving operating loan maximum to $2,000,000 and permit the issuance of the Convertible Debentures.

On December 31, 2019 Western acquired an additional 11.2% of GlassMasters. In a concurrent transaction, GlassMasters co-investor ATB also purchased an equivalent number of shares of GlassMasters, thereby facilitating the exit of Miles Palmer, the found of GlassMasters, from the business. The purchase price of the shares acquired by Western was $600,000 and the acquisition of such shares brought Western's total equity ownership of GlassMasters as at December 31, 2019 to 61.3%.

2020

On January 13, 2020, Western announced that it obtained regulatory approval to proceed with a normal course issuer bid allowing it to 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. 129,000 Common Shares were purchased pursuant to the normal course issuer bid in 2020 for an aggregate price of $31,047, at prices ranging from $0.20 to $0.29 per share.

On January 31, 2020 Western entered into two loan agreements with William Albert House Ltd. and Hill View Manor Ltd. to borrow a total of $1.2 million in the form of shareholder loans. The loans bear interest at an annual rate of 4.09%, payable monthly, and mature on January 31, 2021 with an automatic annual renewal if not in default. In connection with such loans, on February 18, 2020 Western entered into an amending agreement with ATB (the "**Second Amending Agreement**") to amend the ATB Facility to, among other things, permit such indebtedness and the granting of security in connection therewith.

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. See "*COVID-19 Pandemic*" below.

On August 25, 2020, Western announced that it has engaged the services of Renmark Financial Communications Inc. ("**Renmark**") to handle Western's investor relations activities, and Independent Trading Group Inc to act as market maker for its shares on the TSX Venture Exchange and other trading platforms. The engagement with Renmark subsequently ended in September 2021**.**

On September 17, 2020, Western entered into an amending agreement with ATB (the "**Third Amending Agreement**") to amend the ATB Facility to, among other things, add a demand non-revolving reducing facility up to a maximum of $400,000, which was available for Western to draw on by December 31, 2021. The facility was obtained to provide additional funding for operational expenses given uncertainties faced during the COVID-19 pandemic. Western did not draw on the facility and it is no longer available to it.

2021

On January 19, 2021, Western announced that it obtained regulatory approval to proceed with a normal course issuer bid allowing it to 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. In 2021, a total of 113,000 Common Shares were purchased by Western through the normal course issuer bid for an aggregate price of $36,200, at prices ranging from $0.22 to $0.43 per share.

On February 6, 2021, Shafeen Mawani, the Chief Operating Officer of Western, was promoted to President and Chief Executive Officer of Fortress. Former Chief Executive Officer of Fortress, Scott Tannas, will continue to serve the company as the non-executive Chairman of its board of directors.

2022

On Feb 1, 2022, Western sold approximately 5% of its investment in GlassMasters to Fort McKay, amounting to 245,493 shares (the "**Sold Shares**"), for $535,174 pursuant to the GlassMasters SPA. This reduced Western's investment in GlassMasters from 61.3% to 58.2% of the issued and outstanding shares. Concurrently with the acquisition of GlassMasters shares from Western, Fort McKay also bought out Western's previous partner, ATB Private Equity, which brought its stake in GlassMasters to 39.3%. Collectively, such transactions are referred to as the "**GlassMasters Transaction**".

Prior to the completion of the aforementioned transactions, the shareholders of GlassMasters terminated the amended and restated unanimous shareholders agreement of GlassMasters dated January 1, 2020. Immediately following the completion of the aforementioned transactions, the shareholders of GlassMasters (including Fort McKay) entered into the GlassMasters USA. Although Western owns more than 50% of the outstanding voting securities of GlassMasters, pursuant to the GlassMasters USA, Western is only entitled to nominate two out of six 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.

On February 1, 2022, Western entered into a consent and amending agreement with ATB (the "**Fourth Amending Agreement**") pursuant to which ATB consented to, and the ATB Facility was amended to permit, among other things, the sale of the Sold Shares by Western.

On February 4, 2022, 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. From Jan 1, 2022 to the date hereof, a total of 36,000 Common Shares were purchased by Western through the normal course issuer bid for an aggregate price of $13,658, at prices ranging from $0.32 to $0.41 per share.

COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. In response to the COVID-19 outbreak, governments around the world, including in Canada, implemented measures to control the spread of the virus, including closing non-essential businesses and implementing travel bans and stay-at-home restrictions. These measures resulted in volatility and disruptions in regular business operations, supply chains and financial markets, as well as declining trade and market sentiment, and contributed to a material deterioration in the global economy. Many of restrictions imposed by governmental bodies to limit the spread of COVID-19 have since been relaxed as of the date hereof amid optimism that the COVID-19 pandemic is receding following the Omicron variant-driven wave in late 2021 and early 2022. However, the COVID-19 pandemic or a similar public health epidemic continues to pose a material risk to Western's and its portfolio companies' businesses, operations and financial conditions should governments be forced to reintroduce the restrictions of 2020 and 2021.

Western's portfolio companies have been impacted by the COVID-19 pandemic to various degrees. One of the portfolio companies, Ocean Sales, has seen its operations severely impacted, and has had to undertake various cost-cutting measures such as scaling back operations and laying off staff. Moreover, Ocean Sales has had to shift its business away from in-person consumer shows towards on-line sales and marketing. Foothills has experienced a shift in sales to lower margin butter products, which affected its overall margins. At the beginning of the COVID-19 pandemic, Western advanced $300,000 in cash to GlassMasters to assist it with its cash flow management. GlassMasters operations have now returned to pre-COVID levels. In response to the COVID-19 pandemic, Golden Health Care enacted and put in place strict health and safety protocols which successfully minimized the impact of COVID-19 in their care homes. Fortress was relatively unaffected and has seen significant growth in gross premiums written during 2020 and 2021.

See "*Risk Fact*ors - *Risk Factors Related to Western - COVID-19 Pandemic*" and "*Risk Factors - Risk Factors Generally Related to Western's Portfolio Companies - COVID-19 Pandemic*".

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 based on the needs of the Corporation; (ii) compensation of directors through a modest option program; and (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 June every year. The allocation and payment amounts are determined by the Chairman of the Board and the Chief Executive Officer of Western on a case-by-case basis subsequent to each acquisition closing.

Western aims to collect management fees from its portfolio companies to cover Western's operating expenses. Currently, management fees are collected from GlassMasters, Ocean Sales, Foothills, and Fortress quarterly in arrears. Western earned $360,020 in management fees in 2020 and $270,000 in 2021 from its portfolio companies.

Employees

Western had two employees as at December 31, 2021 and has the same number of employees as at the date hereof. The Chief Operating Officer of Western, who is also the Chief Executive Officer of Fortress, is performing his role at Western on a contract basis. 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

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. Secondary buyouts, private equity funds selling to other private equity funds ("**SBOs**"), are increasingly a predominant exit option. 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.

Western expects that there will be an increasing number of small and medium sized businesses for sale in the upcoming years as the baby boomer generation transitions into retirement. A large number of small and medium sized businesses have been in operation for more 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. With a number of entrepreneurs expected to sell in the upcoming 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, Red Deer and Lethbridge regions in Alberta and the Saskatoon and Regina region in 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 ten retail locations as well as by 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 home 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 waiting lists for care places. The homes bring with them an established management team in place, 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. Since the onset of the COVID-19 pandemic, Ocean Sales has developed an on-line marketing division.

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 35 years and has a history of solid operating results and revenue growth.

Foothills

Foothills is a producer and distributor of high-quality butter and ice cream products with over 52 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 in connection with its production, cold storage, and 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.

Fortress

Fortress is a property and casualty insurance company operating in British Columbia, Alberta, Saskatchewan and Manitoba. It writes insurance policies predominantly in property and also accident & sickness, boiler & machinery, and marine. Fortress also offers third-party automobile liability insurance in Alberta only and to a limited customer base.

Western is leading the development and execution of a plan to expand Fortress's operations which have grown significantly since 2019. Fortress is partnering with a number of large insurance brokers in Western Canada to support their current insurance programs and also working to identify new insurance products niches. Fortress believes there is an opportunity to develop specialty insurance products that would be attractive to smaller sized insurance companies that are not large enough to attract significant competition from the traditional domestic and foreign insurance companies in Canada.

Revenue by Reportable Business Segment

Below is a summary of Western's revenue from each reportable business unit. Revenue is based on the equity income received on Western financial statements and management fees received from the portfolio company.

	Percentage of Total Revenue	
Reportable Business Segment	**2021**	**2020**
GlassMasters	53%	24%
Golden Health Care	11%	5%
Ocean Sales	55%	(139%)
Foothills	(18%)	11%
Fortress	(1%)	(1%)

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. 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 majority of the Wholesale Division’s sales are to the Service Division, with the balance being sold to other retailers in Alberta.

Operations

GlassMasters provides its services in ten retail locations and through 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:

- Airdrie – 1005, 2880 Main Street SE
- Calgary South - 6221 Centre Street SW
- 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

- Lethbridge – 420 34th Street S
- Regina – 135 Albert St. N

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
- Saskatoon - 712 Circle Drive East
- Regina – 135 Albert St. N

GlassMasters leases all locations and all leases are with arm's length parties. 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.

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 roadside events.

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 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. It is contemplated that 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.

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.

Market

GlassMasters has a Service Division that operates ten retail stores, two in each of Calgary and Edmonton and one in each of Red Deer, Sherwood Park, Airdrie, Saskatoon, Regina, and Lethbridge. GlassMasters has a Wholesale Division with four locations, one in each of Calgary, Edmonton, Saskatoon, and Regina. 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 vehicle's 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. It has also expanded its on-line book capabilities, and mobile repair options.

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.

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' 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 outside sales representatives to visit prospects and existing account-based customers. 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 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.

Components

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. The lead time for inventory ordered from China has increased substantially over the last two years and is currently estimated to be 26 weeks.

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 has a one-week lead time for delivery.

Proprietary Protection

GlassMasters does not have any formal proprietary intellectual property protection.

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 revenue in November, December, January and February.

Employees

GlassMasters employs on average approximately 128 non-unionized employees: 121 full time and 7 part time. Staffing levels and positions fluctuate seasonally, rising up to 140 employees during the summer months to handle the additional demand.

Lending

GlassMasters does not undertake any lending operations.

Note Regarding COVID-19

The COVID-19 pandemic had some effect on GlassMaster's sales in the first few months of the pandemic and operations have now returned to pre-COVID levels.

Reportable Business Segment 2 - Golden Health Care

Principal Products or Services

Golden Health Care is the largest full-service retirement home 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 1st Street, Estevan, SK	40	2003
The Good Shepherd Villas	1499 15th 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

According to the Government of Canada's 2021 Census, 16.7% of Saskatchewan's population was over the age of 65. This number was up from the 2016 age study by Statistics Canada that showed 15.5% 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 have worked 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. There is also a possibility that regulatory changes in the Saskatchewan marketplace could boost the expansion potential. At the current time, the COVID-19 pandemic has put planned expansion on hold.

The primary source of marketing is through word of mouth. All three homes in Western's portfolio are close to or at capacity. In addition, there is a waiting list of individuals for some 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 is 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. It is uncertain what effect the COVID-19 pandemic will have on demand for senior care over the long term.

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. Golden Health Care does not expect that any aspect of its business will be affected in the current financial year by renegotiation or termination of contracts or sub-contracts. As well, 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.

Employees

Golden Care Homes employ on average approximately 133 non-unionized employees.

Lending

Golden Health Care does not undertake any lending operations.

Note Regarding COVID-19

In response to the COVID-19 pandemic, and to protect residents and staff from potential infections, all Golden Health Care senior care homes enacted and put in place strict health and safety protocols. While such protocols have resulted in slightly higher operating expenses, Western and Golden Health Care believe that safeguarding the health and safety of Golden Health Care employees and residents is of the utmost importance and that such protocols are necessary and justified in the circumstances. Golden Health Care received government assistance in connection with the COVID-19 pandemic, in the form of the Canada Emergency Business Account loan which includes a forgivable portion of $10,000 per home. A 12-bed expansion planned for summer 2020 was postponed in response to the COVID-19 pandemic.

Reportable Business Segment 3 – Ocean Sales

Principal Products or Services

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 US. Ocean Sales also has a strategic relationship with Costco, where it demonstrates a specially selected set of products in every location in Canada. In addition, Ocean Sales has a wholesale division and, with the onset of the COVID-19 pandemic, a growing on-line, social media division.

Ocean Sales is headquartered in Calgary, Alberta and is supported by strategically located warehouses in Tumwater, Washington, Pickering, Ontario, and Montreal, Quebec. Ocean Sales has been operating for over 40 years and has a history of solid operating results.

Ocean sells more than 40 products across three categories: household, wellness & leisure, and kitchen. Their sales mix is approximately 51% household products, 32% kitchen, and 17% wellness & leisure products. Product life cycle is variable, ranging from two years to well over 10 depending upon factors such as demand and market saturation.

Products are sourced globally by management through the attendance of the world's premier consumer product shows including the: Canton Fair in China, Chicago Housewares Show, London Grande Design Show, Sydney Royal Easter Show, and the Munich Home Show. Ocean Sales has exclusive rights to represent most of its products throughout North America. The primary product selection criteria centers around products that do not sell themselves off the shelves; rather require a demonstration to show potential customers what differentiates the product and how that product can make their lives easier.

Many products are manufactured in China and are typically shipped via ocean liner to one of two North American ports; Tacoma, Washington, or Vancouver, B.C. These ports are linked to train and truck distribution routes which move the product from the ocean port to warehouse/distribution facilities where they are inventoried prior to distribution. All aspects of shipping and distribution are managed by Ocean Sales. Typical product lead time from order to delivery is three to six months, however with the current crisis in the global supply chain product delivery lead times are increasing and uncertain. Purchases are made on average six months in advance and require a 30% down payment. All product purchases are in $USD or $EUR. Ocean Sales contracts with a quality assurance professional on location in China who ensures that the standards set forth by Ocean Sales are being met by each of the third-party vendors.

Operations

Ocean Sales' head office is located in Calgary, at 176 Country Hills Landing NW where it has an 18,000 square foot warehouse. This plus its three additional distribution warehouse locations, and two storage facilities, all are leased from third-party companies.

Ocean Sales has four distinct distribution channels:

- Direct to the general public, through home and garden style consumer shows, exhibitions, and fairs across North America;
- In-store Costco demonstrations across Canada;
- Wholesale – primarily to smaller distributors located in Canada and the U.S; and
- On-line sales direct through their website www.oceansales.ca, and through other on-line and social media marketing channels.

Ocean Sales has 40 years of experience scheduling, managing and selling at consumer shows across Canada and the US. Subject to changing restrictions as a result of the COVID-19 pandemic, Ocean Sales sells directly to customers at shows and live events in every province in Canada, and seven states in the U.S. Ocean Sales is highly skilled at sourcing innovative products that match a well-understood target audience. Ocean Sales has had great success in identifying high-margin items that resonate with consumers and sell in significant volumes.

In Canada, wholesale distribution is focused on serving smaller markets in Quebec and Ontario, while in the U.S. Ocean Sales boasts customers in all 50 states.

Products are also available for sales online (www.oceansales.ca); however, they are priced lower at shows to incentivize consumers to purchase products on the spot and to reward the commissioned sales professionals. The consumer is required to make an impulse purchase, and the sales professionals remain motivated.

Market

Utilizing four distinct sales channels, Ocean Sales' products can be found in every province in Canada as well as in each of the 50 states within the US. Ocean Sales has formed a key partnership with Costco, a global, members-only warehouse retailer of consumer goods. The partnership allows Ocean Sales to demonstrate select products in all 94 locations across Canada.

Ocean Sales financial performance and operations may be adversely affected by the termination or cancellation of its contract with Costco. Ocean Sales closely monitors this relationship as a hallmark of the business.

Marketing Plans and Strategies

Ocean Sales relies on their expert sales force to create the energy and demand resulting in impulse purchases. Ocean Sales target market is comprised of female consumers who come from households with above average home ownership and income statistics. Discretionary income is key, as most products have higher price points.

Management maximizes individual show profitability through its use of sales professionals on a contractor basis by only bringing in the amount of staff necessary to ensure smooth operations. Sales staff are scaled up or down depending on show size and the number of booths displaying product.

Planning for and scheduling shows is completed one year in advance with Ocean Sales Management reviewing variables such as: historical sales, ongoing product demand, show attendee demographics, and availability of sales staff before committing to a future show.

Specialized Skills and Knowledge

Ocean Sales is experienced at scheduling, managing and selling at consumer shows across Canada and the US. Significant expertise has been developed in:

- Understanding consumer buying behavior;
- Siting show booths for maximum revenue return;
- Understanding and optimizing customer traffic flows;
- Selecting, marketing and selling consumer products; and
- Effective use of contracted sales professionals.

As part of their success Ocean Sales has been able to successfully find exceptional professionals in the industry to effectively market their products. Ocean Sales' management has developed an expertise in location selection to maximize exposure and profitability based on predictable attendee traffic and spending patterns.

Competitive Conditions

There is no market share data available, however RedFern Enterprises is the only sizeable competitor to Ocean Sales. The rest of the market is fragmented with many small players. Within the industry some of the key competitive variables and indicators of show success include sourcing talented sales professionals, product offerings and sales booth placement within a show. Having developed a reputation for being an exhibitor of choice, Ocean Sales often has the ability to negotiate for the most desirable locations within a show, and maintain a consistent network of sales professionals.

Employees

Ocean Sales employs on average approximately 19 salaried employees and 11 hourly employees. Operating overhead is lowered by contracting with approximately 92 independent sales professionals who are expert in demonstrating products and closing sales. The number of contract sales staff varies based on activity. The contractor terms are commission-only, and contractors absorb all travel and business costs associated with consumer shows. The number of employees and contractors has fluctuated over the past two years due to the pandemic.

Ocean Sales relies on its management team and could be adversely affected should any of them leave. Current management owns 25% of Ocean Sales. It is contemplated that other senior management may purchase equity in Ocean Sales in the future. The ongoing ownership of the founders should help mitigate any transition issues related to the operations of the business.

New Products

Ocean Sales is always on the lookout for new and exciting products to bring to market. With the onset of the COVID-19 pandemic in 2020 no new products have been released, and management is currently actively looking for new products to refresh their product line-up.

Cycles

Ocean Sales operations are seasonal, with the two periods from January to March, and July and August being the most active.

Changes to Contracts

Ocean Sales does not expect that any aspect of its business will be affected in the current financial year by renegotiation or termination of contracts or sub-contracts. As well, 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 Ocean Sales.

Proprietary Protection

Ocean Sales does not have any formal proprietary intellectual property protection.

Foreign Operations

Ocean Sales operates in the United States through its wholly owned U.S. based subsidiary Ocean Sales Ltd. (USA). Ocean Sales' reporting currency is the $US. Results of the subsidiary are translated and consolidated into Ocean Sales Group Ltd. In 2021, sales made by Ocean Sales Ltd. (USA) represented 36% of Ocean Sales' total consolidated sales.

Lending

Ocean Sales does not undertake any lending operations.

Note Regarding COVID-19

The COVID-19 pandemic has had a significant effect on Ocean Sales' sales, which declined dramatically in the middle of March 2019. As a result of the physical isolation requirements and the shutdown of certain businesses that are deemed to be non-essential, the trade shows that make up a significant component of Ocean Sales' revenue have been cancelled for the most part over the last two years. Revenues from both the Costco and wholesale side of the business have also greatly decreased.

To mitigate the effects of the decline in sales, the company scaled back operations significantly and is focusing on conserving cash. Measures undertaken to ensure the continuation of the Ocean Sales business included scaling back its workforce, reducing expenses, deferring payments wherever possible, and participating in government assistance programs. To counter the reduction in revenue from its regular streams, Ocean Sales is putting the majority of its efforts into the development of its on-line sales channel. Western anticipates Ocean Sales' operations to continue to be negatively impacted by the COVID-19 pandemic until large in person events are no longer subject to restrictions.

Reportable Business Segment 4 – Foothills

Principal Products or Services

Foothills is a producer and distributor of high-quality butter and ice cream products with over 52 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.

Foothills provides over 5 butter varieties, 20 different soft serve products and over 80 flavors of hard packed ice cream, sherbet, sorbetto and frozen yogurt products for customers to choose from. It offers 3 different types of products:

- Butter – churned butters, convenient butter-margarine blends, and bulk food service/ commercial kitchen product lines;
- Ice cream – offered in a variety of hard and soft flavors, sherbet, sorbetto, frozen yogurt and frozen mixes; and
- Ice cream cones – distributes premium ice cream cones including pointed and flat bottom cones, and a wide selection of waffle, sugar and other cake cones (sourced from other manufacturers).

Foothills derives around 80% of its revenue from butter and 15% from ice cream. Ice cream margins are 40-50% while butter margins are significantly lower at 2% for generic butter and up to 30% for flavored butter. Most of the butter produced is private label for supermarkets, with the remainder being specialized, flavored product. Butter is considered a commodity product with very low margins, a factor compounded by the strength of supermarkets in private label negotiations. Butter can last up to 5 years and ice cream up to 18 months with proper storage.

Operations

Foothills serves customers through a large grocery retail and food service network spanning across Western Canada, with a new modern production facility located in Calgary, Alberta, supported by two storage and distribution facilities in Edmonton, Alberta, and Kelowna, BC. Foothills' Calgary headquarters, located at 2825 Bonnybrook Road SE, include the manufacturing plant, warehouse and distribution facility, and office space for administrative and management personnel. The Edmonton and Kelowna facilities are ideally located to streamline Foothills' distribution capabilities in Northern Alberta and central B.C., so that customers receive their products in top quality and with minimum risk of spoilage. All real estate is owned directly by Foothills itself.

Foothills is both a manufacturer and distributor of butter and ice cream products. In 2016, Foothills spent over $8 million on acquiring a new building for its Calgary operations, along with additional production, storage and transportation equipment. The investment in modern equipment has allowed for greater cost efficiencies due to improved productivity on the production line. Although the profile of the ice cream business is heavily seasonal, the production plant runs throughout the year with product being stored for anticipated future sales. The new production facility provides Foothills with excess capacity that can easily meet the needs of anticipated future growth.

From a supply perspective, the Canadian market has quotas set on the supply of milk inputs, and as a result, the total amount of butter that can be produced on an annual basis can be limited. Canadian regulators have created programs that allow for the storage of butter on a seasonal basis, under a two plan arrangement. Foothills is a manufacturer approved by Canadian regulators to store butter seasonally, which provides it with a competitive advantage in controlling the sourcing and sales of butter products.

The main suppliers of inputs for Foothills are Agropur and the Canadian Dairy Commission ("**CDC**"). While Agropur is also considered a competitor to Foothills, it maintains a good relationship with them and considers supply risk to be low. The raw butter used to supplement in-house butter manufacturing and ice cream is sourced from the CDC, which utilizes existing butter inventories, and imports and redistributes tariff rate quota butter to manufacturers.

Market

Coordinated by the CDC, Canada's dairy sector operates under a managed supply structure whereby dairy production is controlled by defined quotas, pricing mechanisms, and dairy import limits. With a market size of approximately $16 billion, the dairy industry makes up the 2nd largest segment of Canada's agriculture sector. The industry produces approximately 118.2 thousand tonnes of butter annually, and 160.4 thousand litres of hard ice cream. The vast majority of dairy products produced in Canada are for domestic consumption.

Target markets for its products include grocery retailers and the food service industry including commercial kitchens and bakeries. Foothills has a network of over 400 grocery retailers, food distributors, and commercial service/food establishments from B.C. through to Manitoba, making them one of the market's leading providers of butter and ice cream products. Select retail and distribution partners include; Loblaws, Sobeys, Safeway, Ikea, Gordon Food Service, and Sysco. Foothill's top 10 customers are made up of a blend of grocery retailers and distribution companies and make up 64% of total revenue.

Foothills has established its brand and market relationships over a 52-year period, creating significant barriers to entry for new market entrants wanting to establish new brands and products. Additionally, given that ice cream needs to be stored and transported in a frozen state, significant investment is required to create the infrastructure needed to handle products and deliver them to customers in short time frames.

The Canadian butter market is seeing a resurgence in consumers' preference for butter products, rather than oil-based, trans-fat heavy margarine substitutes, give a highly positive outlook for butter demand. Ice cream has an outlook for stable demand as consumers continue to demand higher quality and premium ice cream products. The size of the Canadian ice cream market is approximately $0.8 Billion.

Marketing Plans and Strategies

Foothills differentiates its ice cream products by using natural and fresh ingredients, along with a sweet buttermilk base from butter churns that produce richer and creamier ice cream. Unlike its competitors, Foothills is both a manufacturer and distributor of branded and private-label butter and ice cream products. The majority of market players either manufacture or distribute their products. Specializing in both allows Foothills to offer a full value-add service for customers looking for consistent product quality combined with timely delivery standards and responsiveness. Due to rising transportation costs, ice cream producers such as Foothills, who are strategically located near key customers, dairy producers and suppliers of key inputs have a competitive advantage.

Strong performance is driven by Foothills' buying power, key customer relationships, improved pricing trends for butter, and lower operating costs, such as fuel. Managements' focus is to continuously improve Foothill's product offering, as well as to find new markets that capitalize on Foothills' strengths in order to grow the business. Areas Foothills intends to achieve growth in include:

- creating new and innovative soft serve lines;
- design new butter product packaging to attract customers;
- offering new flavored butter and butter blends to differentiate within the market place; and
- leverage their brand and reputation to expand into eastern Canada, the largest market in Canada.

Management views Foothills' soft serve lines as key to future growth and is constantly experimenting with new ingredients and ice cream flavors to differentiate itself in the market place. As butter is a commodity, branding and product differentiation are key. Foothills' major competitive advantage is its known quality and metallic blue packaging that stands out against competitors on the store shelves. Foothills is updating its product packaging to further appeal to end customers and is constantly working to develop new ice cream and butter flavor offerings.

Competitive Conditions

The largest players in the Canadian butter production market include Parmalat Canada, Saputo, Agropur Cooperative, Gay Lea foods and Foothills. The largest players in the Canadian ice cream production market include Chapman's, Nestle Canada Inc., Unilever and Foothills. Of the top companies in the market segment, Foothills is the only company that both manufactures and distributes its products, and it is also the only company that provides both butter and ice cream products under one brand name.

Foothills is expected to benefit from current trends including "Buy Local" initiatives along with an increase in the consumption of butter.

New Products

Foothills constantly experiments with new ingredients and ice cream flavors to differentiate itself in the market place. Management views Foothills' soft serve lines as key to future growth and on average develops 6 new favors per year.

Proprietary Protection

Foothills does not have any formal proprietary intellectual property protection.

Cycles

Foothills operations are seasonal, with the ice cream demand peaking in the summer months, and the demand for butter peaking in December for the holiday season.

Changes to Contracts

Foothills does not expect that any aspect of its business will be affected in the current financial year by renegotiation or termination of contracts or sub-contracts. As well, 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 Foothills.

Employees

Foothills employs on average approximately 75-80 non-unionized employees, with about a third working in butter and ice cream production.

Foothills employs a small, but growing, sales department, an office and administration department, plant manager department, Edmonton and Kelowna facilities management departments, quality control department, and an equipment maintenance department. The rest of Foothills' employees cover distribution, trucking and warehousing functions. Given that the ice cream business is seasonal, with sales higher in the summer and lower in the winter, Foothills' employee count increases by 6-8 people during the summer months.

Lending

Foothills does not undertake any lending operations.

Note Regarding COVID-19

Foothills has continued to operate during the COVID-19 pandemic, with extra production runs required to meet a spike in the demand for its butter. Retail sales of Foothill's products have increased as a result of the COVID-19 pandemic, while its wholesale and food service sales have decreased. Additional safety protocols have been put in place by Foothills to protect its staff, including having office staff work remotely from home to the extent possible.

Reportable Business Segment 5 – Fortress

Principal Products or Services

Fortress is a western Canadian licensed insurance company focusing on specialty and surplus lines of business within the Canadian insurance marketplace. Fortress is licensed in B.C., Alberta, Saskatchewan, Manitoba, and the Territories for property, boiler and machinery, marine, and accident and sickness insurance. A license in Ontario is pending. In Alberta, Fortress also maintains a license in third-party auto liability, but only to its pre-existing customer.

In the first years from the acquisition by Western, Fortress will participate only in established, quality, commercial insurance programs and accounts administered by known and trusted SBPs (as defined below). There will be no auto insurance exposure and/or any direct to customer offerings. Participating only in select opportunities, Fortress will assume a subordinate exposure position (maximum limit $1,500,000 on any one loss, and net risk retention of $450,000 after reinsurance consideration of $850,000) as a subscriber following the lead insurer. In accordance with its licenses, Fortress can not be the lead on any policy, subscribe for more than the lead insurer or set rates, or issue any policy documents.

Fortress has an auto liability insurance coverage division, known as the Budget auto division, that was operating prior to the acquisition by Western. This division will continue; however, through various financial structures and credit risk security instruments between the shareholders of Fortress (referred to as a "Cost Neutral Mechanism"), the capital of Fortress will not be exposed to the Budget auto division insurance risk.

Operations

Fortress participates only as a subscriber to commercial insurance policies. Business is being developed through relationships with select independent insurance brokers and managing general agents, referred to as supporting broker partners ("**SBPs**"). Under the management of the SBP, the lead insurer is responsible for pricing, underwriting, loss-control and claims management. In conjunction with the lead insurer, the SBP is responsible for all policy and client administration and service functions. Fortress will receive risk, premium and claims data via secure data bordereaux as established with the SBP. Specifics of insurance coverage, limits provided by Fortress, risk appetite participation and related details vary by program as uniquely negotiated for the risk assumed.

Reinsurance will be a long-term requirement for Fortress's general insurance non-auto business. Fortress has multiple providers for quota share and catastrophe reinsurance protection. Fortress has negotiated typical terms with its reinsurance partners, including exposure limits, premium payment, ceding commission structure, risk and claims administration. Fortress will participate in policies to a maximum limit of $1,500,000 with reinsurance cover at 70%, capping the single-loss exposure of Fortress to $450,000. Fortress's risk exposure is further covered by catastrophe reinsurance for severe natural disaster occurrences over a certain threshold of losses which is reviewed multiple times per year to ensure adequate coverage. A retention amount is negotiated and all losses above this threshold are covered by the reinsurer up to a certain limit. These benchmarks are adjusted regularly as the portfolio grows and exposure changes.

Market

Fortress is governed by the Alberta *Insurance Act* and supervised by the Alberta Superintendent of Insurance. It operates in all four western Canadian Provinces, the Territories and expects to expand into Ontario in 2022.

Marketing Plans and Strategies

The most critical operation function for the launch of the general insurance division is the sales and marketing functions. This will be provided for through the well-established industry relationships of Western and its advisors. In addition, SBP oversight and program supervision is provided for through this operations function.

Competitive Conditions

The commercial insurance market is dominated by a few very large national insurers. As these insurers grow, a market emerges for niche-centric products and programs that lack sufficient scale to attract the large insurance entity. These programs, opportunistically developed and managed by key industry brokers, offer attractive terms and profit to niche oriented insurers. This market reality offers ample opportunity for a small, niche-focused, creative and nimble insurer to achieve immediate share. In addition, the commercial insurance cycle is currently experiencing a "hardening" of market conditions, where reinsurer and insurer appetite is reduced and costlier. This secondarily provides profitable entry points for a start-up player.

Employees

To account for the bordereaux data exchange with SBP and reinsurers, compile financial results and fulfill governance, compliance and reporting obligations of Fortress, a small but capable back-office with some new elements of operations infrastructure is required. These tasks are provided for in cooperation among the shareholders and through strategic use of outsourced advisors. General and administrative expenses are defined within shareholder operating agreements.

Fortress employed on average 4-6 employees during 2021. The number is expected to expand as the company grows.

New Products

Fortress is continually launching new programs with major SBP's where Fortress participates in a minority position along with major insurers in Canada. New licenses were added this year covering insurance for liability, fidelity, legal expenses and surety giving the company more niche product offerings. In 2021 Fortress also signed on to a number of fronting contracts, which is a process where a registered insurer issues a policy and transfers the risk to an unlicensed third party. Fortress will continue to participate in programs where there is a history of profitability and support from reputable insurance companies in Canada.

Cycles

Fortress is not subject to any cycles.

Changes to Contracts

Fortress finalizes contractual relationships with the SBP channel prior to writing any business. These contracts include provisions for critical risk-management and operational controls and guidance. Fortress does not expect that any aspect of its business will be affected in the current financial year by renegotiation or termination of contracts or sub-contracts.

Proprietary Protection

Fortress does not have any formal proprietary intellectual property protection.

Lending

Fortress does not undertake any lending operations.

Note Regarding COVID-19

The COVID-19 pandemic has had minimal effect on Fortress. Progress continues to be made in the development of its business. There have been some general fluctuations in equity markets, leading to fluctuations in Fortress's investment portfolio.

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, Foothills, and Fortress.

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.

COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency, and on March 11, 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. COVID-19 has created significant societal and economic disruptions, including global stock market and financial market volatility, a general reduction in consumer activity, operating, supply chain and project development delays and disruptions and declining trade and market sentiment, all of which have and could further affect, among other things, the markets and/or industries in which Western's portfolio companies participate. Furthermore, governments worldwide have enacted emergency measures in response to the COVID-19 pandemic. These measures, which over the past two years have included the implementation of regional and/or international travel bans, border closings, mandated closure of non-essential services, social and physical distancing, self-imposed quarantine periods, "shelter-in place" policies and/or similar restrictions on individuals and businesses, have caused material disruption to the economy, businesses and industries globally, resulting in an economic slowdown and affecting the financial results of Western's portfolio companies. Governments and central banks have also reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The ever-changing and rapidly-evolving effects of the COVID-19 pandemic, including the accompanying response measures, on investors, businesses, the economy, society and the financial markets has to date, and may in the future continue to, negatively impact Western and its portfolio companies, as well as their partners, customers, counterparties, employees, third-party service providers and other stakeholders. At this point, the long-term effects of the COVID-19 pandemic and its impact on Western and its portfolio companies is uncertain. While the operations of Western’s portfolio companies have stabilized, it is possible that the COVID-19 pandemic and any resurgence thereof may have a material adverse effect on these companies, which in turn may have a material adverse effect on Western's business, results of operations and financial condition.

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, Foothills and Fortress.

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, especially while the COIVD-19 pandemic is ongoing. 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, and the ongoing COVID-19 pandemic, 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.

Repayment of Convertible Debentures

The Convertible Debentures will mature on March 31, 2024. Western may not be able to refinance the principal amount of the Convertible Debentures or may not have generated enough cash from operations to meet these obligations. There is no guarantee that Western will be able to repay the outstanding principal amount upon maturity of the Convertible Debentures.

Redemption and conversion of Convertible Debentures Prior to Maturity

All or part of the Convertible Debentures may be redeemed, at the option of Western, upon payment of the applicable redemption price together with any accrued and unpaid interest. Western may exercise this option if it is able to refinance at a lower interest rate or it is otherwise in the interest of Western to redeem the Convertible Debentures.

Western may force the conversion the Convertible Debentures into Common Shares if the closing price of the Common Shares on the Exchange is $0.65 or greater for 20 consecutive trading days.

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 five acquisitions to date, being the acquisitions of GlassMasters and Foothills. In connection with such transactions, Western and ATB entered into separate put/call agreements to purchase ATB's 36.2% interest in GlassMasters and its 40% interest in Foothills.

Pursuant to the GlassMasters Transaction, the put/call agreement with ATB was terminated and Western entered into a new put/call agreement with Fort McKay in relation to its 39.3% interest in GlassMasters, that may be exercised on February 1 on each of 2024, 2028, 2032, or 2036. If a put or call notice is provided and Western is not able to finance the acquisition of Fort McKay's 39.3% interest, Western must sell to Fort McKay for nominal consideration sufficient shares in the capital of GlassMasters to increase its holdings of GlassMasters by 10%. Western will then have the option to sell its holding, along with Fort McKay'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 Fort McKay'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 its partner'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.

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, Foothills, and Fortress have entered into the USAs. Although Western owns equal or greater than 50% of the outstanding voting securities of GlassMasters, Ocean Sales, Foothills and Fortress 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

COVID-19 Pandemic

GlassMasters

The COVID-19 pandemic significantly disrupted GlassMasters' operations in the spring of 2020. Although operations have now returned to pre-pandemic levels, any resurgence in the COVID-19 pandemic may materially and adversely affect GlassMasters' business and financial condition in the future. The most notable affect the pandemic has had on GlassMasters in 2021 was in regards to its supply chain and on the procurement of adequate quantities of glass. Supply chain issues are expected to continue into the near future.

The extent to which COVID-19 will impact GlassMasters’ business in the long-term, including its supply chain and operations, will depend on future developments, which are highly uncertain and cannot be predicted at this time. These future developments include the duration, severity and scope of the COVID-19 pandemic or any resurgence thereof, and the economic decline caused by it, the measures taken by various government authorities to contain it and the reaction of the public to, and compliance with, such containment measures. The continued spread of the COVID-19 pandemic had a significant impact in the spring of 2020, and may in the future have a more significant and severe impact, on many, if not all, aspects of GlassMasters’ business including, without limitation, employee health, workforce productivity, demand for GlassMasters' products and services, the availability of employees, restrictions on travel by GlassMasters personnel and on importing of goods, disruption of GlassMasters’ supply chain, the prolonged closing of GlassMasters locations, restrictions or prohibitions on travel by consumers in general, and other factors that will depend on future developments, all of which are beyond GlassMasters’ control. All or some of these may have a material adverse effect on GlassMasters’ business, financial condition and results of operations. The duration of any such material adverse effect on GlassMasters’ business, financial condition and results of operations is unknown and may be prolonged.

Golden Health Care

The occurrence of a pandemic, epidemic, or other outbreak of an infectious illness or other public health crisis such as COVID-19 in a senior care home operated by Golden Health Care could have a material adverse effect on the business, results of operations and financial condition of Golden Health Care. Federal, provincial or local health agencies may, or Golden Health Care may choose to, ban or limit admissions to Golden Health Care senior care homes as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in reduced occupancy and service volumes. Even in the absence of any such ban, limit or suspension, Golden Health Care's clients may postpone or refuse services or delay residency in an attempt to avoid possible exposure. Also, enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure or address actual illness in Golden Health Care senior care homes (for example, enhanced screening and protective equipment) would result in increased costs, as was the case with measures enacted in response to the COVID-19 pandemic. In addition, a pandemic, epidemic or other outbreak might adversely impact Golden Health Care's operations by causing staffing and supply shortages. Although continued or enhanced government funding or assistance may mitigate some of these impacts, there is no certainty the extent to which that will be the case.

While the COVID-19 pandemic did not significantly disrupt Golden Health Care's operations, the continued spread of COVID-19 and/or an outbreak of COVID-19 in a senior care home operated by Golden Health Care could have a material adverse effect on Golden Health Care's business, operating results and financial condition.

Ocean Sales

The COVID-19 pandemic has had a significant effect on Ocean Sales' sales, which declined dramatically in the middle of March 2020. As a result of the physical isolation requirements and the shutdown of certain businesses that are deemed to be non-essential, most of the trade shows that make up a significant component of Ocean Sales' revenue have been cancelled. Revenues from both the Costco and wholesale side of the business have also greatly decreased.

To mitigate the effects of the decline in sales, the company scaled back operations significantly and focused on conserving cash. Measures undertaken to ensure the continuation of the Ocean Sales business included laying off approximately 50% of its workforce, reducing expenses, deferring payments wherever possible, and participating in government assistance programs and shifting to on-line sales channels. Western anticipates that Ocean Sales' operations will continue to be negatively impacted by the COVID-19 pandemic until large in-person events are back in significant quantities. There can be no assurance that Ocean Sales' operations will recover to their pre-pandemic levels.

The long-term duration of the COVID-19 pandemic on Ocean Sales' business, financial condition and results of operations is unknown and may be prolonged.

Foothills

Foothills continues to operate during the COVID-19 pandemic, with extra production runs required to meet a spike in the demand for its butter. Retail sales of Foothill's products have increased as a result of the COVID-19 pandemic, while its wholesale and food service sales have decreased. Additional safety protocols have been put in place by Foothills to protect its staff, including having office staff work remotely from home to the extent possible.

Notwithstanding the foregoing, the extent to which the COVID-19 pandemic will impact Foothills' business in the long-term, including its supply chain and operations, will depend on future developments, which are highly uncertain and cannot be predicted at this time. These future developments include the duration, severity and scope of the COVID-19 pandemic and any resurgence thereof, and the economic decline caused by it, the measures taken by various government authorities to contain it and the reaction of the public to, and compliance with, such containment measures. The continued spread of the COVID-19 pandemic could have a significant impact on many, if not all, aspects of Foothills' business including, without limitation, employee health, workforce productivity, the availability of employees, demand for Foothill's products and services, restrictions on travel by Foothills' personnel, disruption of Foothills' supply chain, the prolonged closing of stores and businesses by Foothills' customers, restrictions or prohibitions on travel by consumers in general, and other factors that will depend on future developments, all of which are beyond Foothills' control. All or some of these may have a material adverse effect on Foothills' business, financial condition and results of operations. The duration of any such material adverse effect on Foothills' business, financial condition and results of operations is unknown and may be prolonged.

Fortress

The COVID-19 pandemic and its economic effects resulted in large general fluctuations in equity markets, leading to fluctuations in Fortress's investment portfolio. Following initial COVID-19 pandemic-related pullbacks in early 2020, North American equity markets, and Fortress's investment portfolio along with them, have now recovered to pre-pandemic levels**.**

The extent to which COVID-19 will impact Fortress' business in the long-term, will depend on future developments, which are highly uncertain and cannot be predicted at this time. These future developments include the duration, severity and scope of the COVID-19 pandemic and any resurgence thereof and the economic decline caused by it, the measures taken by various government authorities to contain it and the reaction of the public to, and compliance with, such containment measures. The continued spread of the COVID-19 pandemic could have a significant impact on many, if not all, aspects of Fortress' business including, without limitation, asset valuation, employee health, workforce productivity, the availability of employees, restrictions on travel by Fortress' personnel, and other factors that will depend on future developments, all of which are beyond Fortress' control. All or some of these may have a material adverse effect on Fortress' business, financial condition and results of operations. The duration of any such material adverse effect on Fortress' business, financial condition and results of operations is unknown and may be prolonged.

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.

Senior Care Industry

Golden Health Care is subject to general business risks inherent in the senior care industry, including: changes in government regulation and oversight; changing consumer preferences; fluctuations in occupancy levels and business volumes; the ability of Golden Health Care to renew its government licenses and customer contracts; changes in government funding and reimbursement programs, including the ability to achieve adequate government funding increases; changes in labour relations and costs; increases in other operating costs; competition from other senior care providers; changes in neighbourhood or location conditions and general economic conditions; health related risks, including disease outbreaks (for example, COVID-19) and control risks; changes in accounting principles and policies; the imposition of increased taxes or new taxes; capital expenditure requirements; and changes in the availability and cost of both short- and long-term financing, which may render refinancing of long-term debt difficult or unattractive. Any one of, or a combination of, these factors may adversely affect the business, results of operations and financial condition Golden Health Care. In addition, there are inherent legal, reputational and other risks involved in providing accommodation and health care services to seniors. The vulnerability and limited mobility of some seniors enhances such risks. Such risks include fires or other catastrophic events at a Golden Health Care location which may result in injury or death, negligent or inappropriate acts by employees or others who come into contact with the residents and clients, and unforeseen events at locations at which Golden Health Care operates that result in damage to Golden Health Care's brand or reputation or to the industry as a whole.

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 affected 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 AND DISTRIBUTIONS

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.

Each Convertible Debenture bears interest at a rate of 7.5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, until maturity on March 31, 2024. For additional details on the terms of the convertible Debentures, please refer to the section entitled "*Description of Capital Structure*" below.

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, as well as to the other outstanding securities of the Corporation.

Common Shares

Western is authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled to recei ve 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 the date hereof, there were 30,302,756 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 the date hereof, there are no Preferred Shares issued and outstanding.

Options

As at the date hereof, Western has 2,444,000 outstanding Options to directors and management exercisable into Common Shares at exercise prices ranging from $0.27 to $0.65 with expiry dates ranging from February 24, 2026 to May 3, 2031.

Convertible Debentures

The following is a brief summary of the key attributes and characteristics of the Convertible Debentures and of certain provisions which are contained in the Convertible Debenture Indenture. The following does not purport to be complete. For full particulars and additional details on the Convertible Debentures, reference should be made to the Convertible Debenture Indenture, a copy of which has been filed under Western's profile on SEDAR at www.sedar.com.

An aggregate of $4 million in principal amount of Convertible Debentures is issued and outstanding pursuant to the Convertible Debenture Indenture. The fees of Odyssey Trust Company, the trustee under the Convertible Debenture Indenture, for the administration of the Convertible Debenture Indenture are paid by Western. The Debentures were available in minimum denominations of $1,000 (and integral multiples of $1,000 thereafter).

Each Convertible Debenture is convertible into Common Shares at a conversion price of $0.55 per Common Share. The Convertible 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 in each year. If after March 31, 2021, the closing price of the Common Shares on the TSXV is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the Convertible Debentures into Common Shares.

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

Calendar Year	Redemption Price
2021	107.5%
2022	105.0%
2023	102.5%
2024	100.0%

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):

	Price Range ($)		
Period	**High**	**Low**	**Trading Volume**
2021			
January	0.25	0.21	312,600
February	0.30	0.22	930,385
March	0.30	0.26	1,103,950
April	0.28	0.26	571,470
May	0. 35	0.27	549,470

	Price Range ($)		
Period	**High**	**Low**	**Trading Volume**
June	0.32	0.28	470,500
July	033	0.29	507,521
August	0.38	0.28	453,263
September	0.40	0.37	229,940
October	0.44	0.38	351,711
November	0.39	0.34	290,906
December	0.36	0.32	419,513

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, municipality of residence and principal occupation for the past five years of each of the directors and executive officers of Western.

Name, Municipality of Residence and Office	Present Occupation and Positions Held During the Last Five Years	Director Since
Scott Tannas High River, Alberta, Canada President, CEO, Secretary and Director	- Senator of Canada since 2014 - President and CEO of Western since October 2015 - Founder and Chief Executive Officer of Western Financial Group from 1996 to 2014	October 28, 2015
Shafeen Mawani Calgary, Alberta, Canada Chief Operating Officer	- President and CEO of Fortress Insurance since Feb 2021 - Chief Operating Officer of Western since June 2017 - Senior Advisor to the Board from June 2016 to May 2017	N/A
Stacey Cross Calgary, Alberta, Canada 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	N/A
James F. Dinning Calgary, Alberta, Canada Chairman of the Board(1)(2)	- President of Elbow Holdings Inc. since January 2005 - Chairman of Russel Metals since 2003 - Chairman of the board of Western Financial Group Inc. from 2002 to 2017	October 28, 2015
Willard Yuill(1)(2) Medicine Hat, Alberta, Canada Director	- Chief Executive Officer of The Monarch Corporation since 1993	October 28, 2015
Dr. Jivraj Kabir(1)(2) Calgary, Alberta, Canada Director	- Managing Director at AgeCare Ltd. since 2008 - Clinical Professor at the University of Calgary, Faculty of Medicine from 2001 to 2021 - Adjunct clinical Professor at the University of Calgary, Faculty of Medicine from 2021 - Director at Avenue Living Real Estate Opportunity Trust, and Avenue Living Agricultural Land Trust since 2017 - Director at Mini-Mall Storage Properties GP Ltd since 2019 - Director at EQ Hotels, UK since 2019	April 6, 2016

Name, Municipality of Residence and Office	Present Occupation and Positions Held During the Last Five Years	Director Since
Jennie Moushos[(1)(2)] Burnaby, BC, Canada Director	- Executive Vice President of Finance and Business Development of Ocean Wise since 2020 - Senior Vice President of Intact Insurance Corporation from 1995 to 2018 - Director at Optimum General Insurance since 2018 - Director at Insurance Corporation of British Columbia since 2018	June 28, 2018

Notes:
(1) Member of the audit committee, of which Jennie Moushos is the Chair.
(2) Member of the compensation and corporate governance committee, of which Dr. Jivraj Kabir is the Chair.

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

As at the date hereof, the directors and executive officers of Western, as a group, beneficially own, or control or direct, directly or indirectly, an aggregate of 4,238,106 Common Shares, representing approximately 14.0% of the issued and outstanding common Shares. The information as to the beneficial ownership of such Common Shares, not being within the knowledge of Western, has been furnished by the directors and executive officers of Western individually. In addition, the directors and executive officers hold Options entitling them as a group to acquire an additional 2,444,000 Common Shares as of the date hereof.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Western, no director or executive officer is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Western) that: (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to such an order, for a period of more than thirty (30) consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in such capacity.

To the knowledge of Western, no director or executive officer of Western or a shareholder holding a sufficient number of securities of Western to affect materially the control of Western is, as at the date of this AIF, or has been within the ten (10) years before the date of this AIF, a director or executive officer of any company (including Western) that, while such person was acting in that 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.

To the knowledge of Western, no director or executive officer of Western or a shareholder holding a sufficient number of securities of Western to affect materially the control of Western has, within the ten (10) years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

To the knowledge of Western, no director or executive officer of Western or a shareholder holding a sufficient number of securities of Western to affect materially the control of Western has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Western will be subject with respect to the operations of Western and its portfolio companies. Certain of the directors and/or officers of Western 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 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.

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 Jennie Moushos (Chairman), James F. Dinning, Willard Yuill, and Kabir Jivraj, all of whom are financially literate within the meaning of NI 52-110. Messrs. Moushos, Dinning, Yuill, and Jivraj are considered to be independent within the meaning of NI 52-110.

Relevant Education and Experience of Audit Committee Members

Jennie Moushos - Ms. Moushos has spent the last 25 years of her career in the financial and insurance sectors, currently serving as Executive Vice President of Finance and Business Development for the conservation association Ocean Wise. Jennie held the Senior Vice President role at Western Division for Intact Insurance Company from 2011 to 2018. Prior to 2011 she held roles at AXA Pacific Insurance Company including Executive Vice President, and at the Office of the Superintendent of Financials Institutions, Canada as Senior Examiner. Ms. Moushos is a Director at Optimum General Insurance, Insurance Corporation of British Columbia, Bridges to Community Canada and past director of SOS Children's Villages Canada. Ms. Moushos is a Fellow of the Chartered Professional Accountants.

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 Heritage Royalty. 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. He is past chair of Liquor Stores NA Ltd., and previously served as a director o Parkland Fuel Corp, Finning International Inc., and Shaw Communications. 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 on the Board of Governor of St. Andrew's College. 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.

Kabir Jivraj - Dr. Jivraj is the managing Director for the AgeCare group of Companies and is a Director for four other private companies. He has held a variety of senior management roles across a diverse group of industry sectors including healthcare, real-estate, hospitality, technology, education and senior housing and care management. Dr. Jivraj has served as Senior Vice-President and Chief Medical officer at Alberta Health Services from 1999 to 2002, and has served as the Vice Dean of the University of Calgary, Faculty of Medicine from 2000 to 2002. Dr. Jivraj is a graduate of the Directors Education Program at ICD Corporate Governance College, and holds a bachelor of medical and surgery degree from the University of London, UK.

Audit Committee Oversight

At no time since the commencement of the Corporation's fiscal year ended December 31, 2021 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), the exemption in subsection 6.1.1(4) of NI 52-110 (Circumstances Affecting the Business or Operations of the Venture Issuer), the exemption in subsection 6.1.1(5) of NI 52-110 (Events Outside Control of Member), the exemption in subsection 6.1.1(6) of NI 52-110 (Death, Incapacity or Resignation), 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, 2021 and December 31, 2020:

	2021	**2020**
	$	$
Audit Fees(1)	51,500	48,500
Audit-Related Fees(2)	15,000	13,500
Tax Fees(3)	--	--
All other Fees(4)	33,000	30,000
Total(5)	99,500	92,000

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, including audit related procedures on the Corporation's associates.

(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, 2021, 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, 2021, 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 three 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 GlassMasters USA;
2. the Ocean Group USA;
3. the Foothills USA;
4. The Fortress USA;
5. the Commitment Letter, as amended by the First Amending Agreement, Second Amending Agreement, Third Amending Agreement and Fourth Amending Agreement; and
6. the Convertible Debenture Indenture.

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, 2021. 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 29, 2021, 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, 2021, 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.