The Western Investment Company of Canada Limited

Condensed Interim Financial Statements
(Unaudited)
March 31, 2024

Notice of No Auditor Review of Condensed Interim Financial Statements

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of The Western Investment Company of Canada Limited for the interim reporting period ended March 31, 2024 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of the Corporation's management.

The Corporation's independent auditors, Ernst & Young LLP, have not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

The Western Investment Company of Canada Limited

Condensed Interim Statements of Financial Position

(Unaudited)

	As at March 31, 2024 $	As at December 31, 2023 $
Assets		
Current assets		
Cash	6,736	618,673
Accounts receivable	8,169	12,687
Due from related parties (note 12)	208,290	-
Prepaid expenses	63,633	24,764
	286,828	656,124
Due from related parties (note 12)	763,378	740,205
Investments in associates (note 4)	18,106,398	18,468,149
Total assets	19,156,604	19,864,478
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	215,293	358,441
Convertible debentures (note 7)	-	1,122,649
	215,293	1,481,090
Operating loan (note 5)	1,106,700	-
Loan from related party (note 6)	1,005,000	1,095,000
Convertible debentures (note 7)	4,524,687	4,508,332
Total liabilities	6,851,680	7,084,422
Shareholders' equity		
Share capital (note 8)	15,646,943	15,646,943
Contributed surplus (note 8)	2,263,854	2,041,586
Equity component of convertible debentures (note 7)	400,908	623,176
Accumulated other comprehensive income	22,978	22,978
Deficit	(6,029,759)	(5,554,627)
Total shareholders' equity	12,304,924	12,780,056
Total liabilities and shareholders' equity	19,156,604	19,864,478

Nature of operations (note 2)
Subsequent events (note 14)

Approved by the Board of Directors

"Scott Tannas" Director   "Jennie Moushos" Director

The accompanying notes are an integral part of these financial statements

The Western Investment Company of Canada Limited

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited)

	For the three months ended March 31, 2024 $	For the three months ended March 31, 2023 $
Income		
(Loss) Income from equity investments (note 4)	(271,751)	348,387
Finance income (note 13)	190,415	158,349
Management fees (note 13)	37,500	37,500
	(43,836)	544,236
Expenses		
Legal fees	2,007	1,957
Accounting fees	38,322	30,908
Regulatory fees	17,131	11,794
Consulting fees	14,286	14,286
Other	16,676	6,750
Salaries and benefits (note 13)	110,027	105,980
Interest on convertible debentures (note 7)	220,016	146,120
Interest on operating loan (note 5)	1,635	25,895
Interest on related party loan (note 6)	11,196	12,270
	431,296	355,960
Net (loss) Income and comprehensive (loss) Income for the period	(475,132)	188,276
Net (loss) income per common share (note 10)		
Basic and diluted	(0.016)	0.006
Weighted average number of common shares outstanding (note 10)		
Basic	30,207,756	30,279,700
Diluted	30,610,535	30,500,555

The accompanying notes are an integral part of these financial statements.

The Western Investment Company of Canada Limited

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited)

	Number of shares	Share capital $	Contributed surplus $	Equity component of convertible debentures $	Accumulated other comprehensive income $	Deficit $	Total shareholders' equity $
Balance – December 31, 2023	30,207,756	15,646,943	2,041,586	623,176	22,978	(5,554,627)	12,780,056
Maturity of debentures	-	-	222,268	(222,268)	-	-	-
Net loss for the year	-	-	-	-	-	(475,132)	(475,132)
Balance – March 31, 2024	30,207,756	15,646,943	2,263,854	400,908	22,978	(6,029,759)	12,304,924
Balance – December 31, 2022	30,287,756	15,688,381	1,477,805	793,815	22,978	(5,605,555)	12,377,424
Repurchase of shares (note 8)	(25,000)	(12,950)	4,075	-	-	-	(8,875)
Net income for the year	-	-	-	-	-	188,276	188,276
Balance – March 31, 2023	30,262,756	15,675,431	1,481,880	793,815	22,978	(5,417,279)	12,556,825

The accompanying notes are an integral part of these financial statements.

The Western Investment Company of Canada Limited

Condensed Interim Statements of Cash Flows

(Unaudited)

	For the three months ended March 31, 2024 $	For the three months ended March 31, 2023 $
Cash provided by (used in):		
Operating activities		
Net (loss) income for the period	(475,132)	188,276
Adjustments for non-cash items		
Loss (income) from equity investments (note 4)	271,751	(348,387)
Interest on convertible debentures (note 7)	220,016	146,120
Amortization of deferred financing fee	1,375	1,375
Interest paid on convertible debentures (note 7)	(201,311)	(150,000)
Net change in non-cash working capital (note 11)	(387,162)	369,146
Cash (used in) provided by operating activities	(570,463)	206,530
Investing activities		
Advances to related parties	(23,174)	(46,181)
Dividends from associate (note 4)	90,000	-
Cash provided by (used in) investing activities	66,826	(46,181)
Financing activities		
Repayment of debentures	(1,125,000)	-
Advances (repayments) on operating loan (note 5)	1,106,700	(160,334)
Repayment of loan from related party (note 6)	(90,000)	-
Repurchase of shares (note 8)	-	(8,875)
Cash used in financing activities	(108,300)	(169,209)
Net decrease in cash	(611,937)	(8,860)
Cash – Beginning of period	618,673	25,715
Cash – End of period	6,736	16,855
Supplemental cash flow information		
Interest paid	214,143	188,165

The accompanying notes are an integral part of these financial statements.

1 Incorporation

The Western Investment Company of Canada Limited ("Western" or the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on October 28, 2015. The Corporation's common shares began trading on December 20, 2016 and are listed on the TSX Venture Exchange under the stock symbol "WI".

2 Nature of operations

The head office and principal address of the Corporation is 1010 24th Avenue S.E., High River, Alberta, T1V 2A7 and the address of the registered office is Suite 800, Dome Tower, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.

The unaudited condensed interim financial statements ("the interim financial statements") of the Corporation for the three months ended March 31, 2024 were approved and authorized for issuance by the Corporation's Board of Directors on May 27, 2024.

Western's strategy is to acquire a diversified portfolio of established Western Canadian private businesses and create value through the identification, acquisition and long-term ownership of private businesses with sustained cash flows and strong potential for organic growth.

Western's targeted industry verticals align with the industry expertise of the Board of Directors and include: (i) financial services and insurance; (ii) retail and distribution; (iii) human services; (iv) agriculture and related services; and (v) special situations. Western's ideal acquisition enterprise value is between $10 million and $100 million and it will consider ownership between 25% and 100%. Western will prospect acquisitions from: (i) director and executive networks; (ii) mid-market accounting and M&A advisors; and (iii) private equity and corporate divestitures.

Where an acquisition is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent on the ability of the Corporation to obtain additional financing.

Following is a summary of Western's equity investments (see note 4 for additional information):

GlassMasters ARG Autoglass Two Inc. – equity investment

In 2016, GlassMasters ARG Autoglass Two Inc. ("GlassMasters") became Western's first investment. The Corporation's total investment in GlassMasters at March 31, 2024 was 55%. GlassMasters is an automotive glass service company providing repair and replacement of automotive glass and an automotive glass warehouse that imports to sell wholesale a full line of quality aftermarket glass parts and materials. GlassMasters' principal markets are in Alberta, Saskatchewan, and British Columbia.

Golden Health Care – equity investment

In 2017, the Corporation acquired a 30% interest in three Saskatchewan senior care homes (Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park), and a 25% interest in Golden Health Care Management Inc. (together referred to as "Golden"). The management company, Golden Health Care Management Inc., oversees the operations of a portfolio of senior care homes, including, but not limited to, the homes that the Corporation has investments in. The homes that operate under the Golden Health Care banner include a number of senior care homes that Western does not have ownership in. Golden Health Care is the largest full-service retirement operator in Saskatchewan.

Foothills Creamery Ltd. – equity investment

In 2018, Western acquired a 50% interest in Foothills Creamery Ltd. ("Foothills"). Foothills is a producer and distributor of high-quality butter and ice cream products with over 50 years of operations in western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and food service network spanning across western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia.

Fortress Insurance Company – equity investment

In 2019, Western acquired a 50% interest in Fortress Insurance Company ("Fortress"). In 2022, Fortress completed an equity offering diluting the Corporation's ownership to 28%. Fortress is a registered and regulated insurance company offering speciality and surplus lines of commercial and property insurance within the western Canadian insurance marketplace. Fortress has regulatory licences in western Canada, Ontario, and the territories. See note 14 for information regarding subsequent events affecting Fortress.

On March 22, 2024, Western announced it had signed a definitive agreement in which Tevir Capital Corp. ("TCC"), will invest at least $20 million in the Corporation through the purchase of 50 million multiple voting shares from treasury. The multiple voting shares will provide for ten votes per share. The intention is to transform Western into a property and casualty insurance and investment holding company. Completion of this transaction is subject to the approval of the TSX Venture Exchange, shareholder approval and various other conditions, including the acquisition of at least 51% of Fortress. The terms of this transaction also provide for a potential additional $3 million in equity investment (for a total of $23 million), the plan to undertake a rights offering to existing eligible Western shareholders, and for a number of other corporate transactions such as the implementation of management contracts with TCC. See note 14 for subsequent events affecting this transaction.

3 Basis of preparation

Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

The interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the CPA Canada for a review of interim financial statements by the entity's auditor.

Basis of measurement

These interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency, and were prepared on a going concern basis under the historical cost convention.

Material accounting policy information

The accounting policies applied in these interim financial statements are the same as those applied in note 4 to the Corporation's audited financial statements for the year ended December 31, 2023, except as described in the notes to the interim financial statements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2023. Several amendments and interpretations of IFRS apply for the first time in 2024; however, these items do not have a material impact on the interim financial statements of the Corporation.

Use of judgments and estimates

The preparation of financial statements necessitates the use of judgments, estimates and assumptions, as outlined in note 5 of the audited financial statements for the year ended December 31, 2023. These judgments, estimates and assumptions may affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as income and expenses during the reporting periods. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2023.

4 Investments in associates

The investments in associates balance consists of the following:

	March 31, 2024 $	December 31, 2023 $
Western's interest in Fortress Insurance Company	2,742,821	2,726,191
Western's interest in Foothills Creamery Ltd.	2,798,034	2,842,164
Western's interest in Golden Health Care	4,676,241	4,711,339
Western's interest in GlassMasters ARG Autoglass Two Inc.	7,889,302	8,188,455
	18,106,398	18,468,149

a) Nature of investments in associates

GlassMasters ARG Autoglass Two Inc.

The Corporation holds a 55% interest in GlassMasters, which was acquired in 2016. Western has two of six directors appointed to the GlassMasters' Board of Directors. Through the extent of its share ownership and its seats on the Board of Directors, the Corporation has the ability to exercise significant influence but not control over GlassMasters and, accordingly, the Corporation is using the equity method to account for this investment.

On April 1, 2022, the shareholders of GlassMasters passed a special resolution to distribute $8 million in capital to shareholders by way of reducing the stated capital on the Class A common shares. The distribution has been treated as a return of paid-up capital for tax purposes and was paid by the issuance of a five-year-term promissory note. The return of capital and related promissory note related to Western's shareholdings was $4,658,559. The terms of the note include a five-year term, with automatic renewal for a period of five years upon each maturity date, unless the directors of GlassMasters otherwise determine. The interest rate will be set by the Board of Directors of GlassMasters from time to time and was set at 14% for the fiscal year 2024 (2023 – 10%). During the three months ended March 31, 2024, $163,049 of interest was earned and payable related to this note (March 31, 2023 – $116,464 earned and paid). This promissory note is considered part of Western's net investment in GlassMasters.

Golden Health Care group of companies

The Corporation acquired a minority interest in Golden in 2017. Western appoints two of nine directors of the Board of Directors of Golden Health Care Management Inc., the company that oversees the operating companies. Through its share ownership and its appointments to the Board of Directors, the Corporation can exercise significant influence over the investment in Golden and, accordingly, the Corporation is using the equity method to account for this investment.

The financial statement reporting date for Golden is August 31; however, the Corporation records equity income aligned with its own reporting periods. Golden's covenants are reported to its lender once per year as at August 31. As at August 31, 2023, two of the homes were in breach of a covenant under the terms of its mortgage agreement. During the current reporting period, and to date, the bank has not indicated any intention to call the loans. Subsequent to the quarter end Golden's bank renewed the facilities (note 14).

Foothills Creamery Ltd.

The Corporation holds a 50% interest in Foothills, which was acquired in 2018. Western appoints two of seven directors of the Board of Directors and, as such, has the ability to exercise significant influence but not control over Foothills and, accordingly, the Corporation is using the equity method to account for this investment.

Fortress Insurance Company

The Corporation acquired a 50% interest in Fortress in 2019. On October 19, 2022, Fortress closed a $5.2 million equity offering and signed a strategic agreement with U.S.-based Indemnity National Insurance Company. This transaction resulted in the dilution of Western's ownership interest in Fortress to 28%.

Western appoints two of eight directors to the Board of Directors and, as such, has the ability to exercise significant influence but not control over Fortress and, accordingly, the Corporation is using the equity method to account for this investment. See note 14 for subsequent events affecting Fortress.

Ocean Sales Group Ltd.

The Corporation acquired a 75% interest in Ocean Sales Group Ltd. ("Ocean") in 2018. In 2020 the effects of the pandemic resulted in a significant impairment of Ocean and as a result the Corporation's investment in Ocean was written off. Since that time the investment generally has a carrying value of nil, apart from the three months ended March 31, 2023. The carrying value as at March 31, 2024 was $nil (March 31, 2023 – $131,770). The company was not in compliance with bank covenants as at March 31, 2024.

b) Summarized financial information for associates

The below summarized financial information of each associate (disclosed at 100%) is presented in accordance with IFRS, prior to any intercompany eliminations, adjusted to reflect any adjustments required when applying the equity method of accounting for each investment.

Summarized financial information as at March 31, 2024 and for the three months then ended

	GlassMasters $	Golden $	Foothills $	Fortress $
Current assets	7,367,930	1,378,223	12,076,601	32,207,116
Non-current assets	21,329,672	17,654,687	23,033,697	-
Current liabilities	9,161,626	11,776,602	27,331,678	22,854,389
Non-current liabilities	14,081,917	41,235	2,054,197	-
Net assets	5,454,059	7,215,073	5,724,423	9,352,727
Revenue	7,583,689	2,420,647	6,732,596	5,718,658
Total net income (loss)and comprehensive income (loss)	(592,904)	181,803	(89,170)	58,454

Summarized financial information as at December 31, 2023 and for the three months ended March 31, 2023

	GlassMasters $	Golden $	Foothills $	Fortress $
Current assets	6,237,632	1,192,028	9,205,617	28,334,113
Non-current assets	21,953,906	17,776,422	23,056,411	-
Current liabilities	7,455,774	11,604,863	24,150,486	19,099,525
Non-current liabilities	14,688,804	30,316	2,297,949	-
Net assets	6,046,960	7,333,271	5,813,593	9,234,588
Revenue	6,621,345	2,192,785	7,168,863	4,646,118
Total net income (loss) and comprehensive income (loss)	(253,708)	(49,105)	695,221	274,401

c) Reconciliation of investments in associates' carrying value

The following table presents a reconciliation of the carrying amount of each investment in the Corporation's financial statements and the summarized financial information.

Reconciliation of the carrying amount for the three months ended March 31, 2024

	GlassMasters $	Golden $	Foothills $	Fortress $	Total $
Western's ownership interest	55.3%	25.0% – 30.0%	49.5%	28.5%	
Investments in associates as at December 31, 2023	8,188,455	4,711,339	2,842,164	2,726,191	18,468,149
Share of dividends paid out	-	(90,000)	-	-	(90,000)
Share of net income	(299,153)	54,902	(44,130)	16,630	(271,751)
Investments in associates as at March 31, 2024	7,889,302	4,676,241	2,798,034	2,742,821	18,106,398

Reconciliation of the carrying amount for the three months ended March 31, 2023

	GlassMasters $	Golden $	Ocean $	Foothills $	Fortress $	Total $
Western's ownership interest	55.3%	25.0% – 30.0%	75.0%	49.6%	28.3%	
Investments in associates as at December 31, 2022	7,529,849	4,781,768	-	2,450,120	2,575,686	17,337,423
Share of net income (loss)	(140,351)	(14,532)	131,770	344,621	26,879	348,387
Investments in associates as at March 31, 2023	7,389,498	4,767,236	131,770	2,794,741	2,602,565	17,685,810

5 Operating loan

The Corporation has a committed revolving facility agreement (the "facility") with a Canadian financial institution to a maximum amount of $2,000,000. The facility has a three-year revolving period with a maturity date of October 6, 2025, bears interest at the bank's prime rate plus 2% per annum and carries a standby fee of 0.5% per annum on the unused portion. Security for the facility includes:

a) a general security agreement over all present and after-acquired property;

b) a share pledge agreement in respect to the Corporation's interest in some of its associates;

c) an assignment of material contracts; and

d) a continuing guarantee from material wholly owned subsidiaries of the Corporation, of which there are currently none.

As at March 31, 2024, $1,114,950 was drawn on the facility (December 31, 2023 – $nil).

6 Loan from related party

The Corporation holds a $1.005 million shareholder loan from Golden (December 31, 2023 – $1.095 million). The loan bears interest at 4.09% annually, payable with monthly interest only and matures annually on January 31 with automatic annual renewal if all amounts of interest owing are not in default. There have been no amounts in default since the inception of the loan and there are no financial covenants affecting the loan. The Corporation has signed a share pledge agreement with respect to its interest in Golden as security for the loan. During the three months ended March 31, 2024, Golden declared and paid dividends to its shareholders. Western's share of the dividend was $90,000 (note 4) and was applied to the outstanding balance of the loan. Subsequent to March 31, 2024 the interest rate on this loan increased to 6.09% (note 14).

7 Convertible debentures

On December 1, 2023, the Corporation closed a private placement of new convertible debentures and an issuer bid for the exchange of its existing convertible debentures. In line with this closing, $2.875 million in existing debentures that were due to mature on March 31, 2024 (“2024 Debentures”) were exchanged for the new issuance of debentures that mature on December 31, 2025 (“2025 Debentures”). $1.125 million in 2024 Debentures were held to maturity and were repaid on March 31, 2024. The equity component of the 2024 Debentures was reclassified to contributed surplus in the amount of $222,268. In addition to the exchange, $2.125 million in additional 2025 Debentures were issued, bringing the total face value of 2025 Debentures issued to $5 million.

In line with the exchange of 2024 Debentures, it was determined that there was a substantial modification of terms on the financial liability. As such, the exchange was accounted for as an extinguishment of debt and the recognition of a new financial liability. In the year ended December 31, 2023, a $205,594 loss on debt settlement was recognized in line with this transaction. The 2023 transaction incurred $256,666 in transaction costs, $201,601 of which were allocated to the exchange (contributing to the loss on debt settlement), and $55,065 was allocated against the carrying value of the liability and equity components of the 2025 Debentures.

As at March 31, 2024, the Corporation has issued $5.0 million of unsecured convertible 2025 Debentures with a principal value of $1,000 each. Each 2025 Debenture is convertible into common shares of Western at a conversion price of $0.48 per share at the holder’s discretion. The 2025 Debentures mature on December 31, 2025, and bear interest at the rate of 9.6% per annum, payable semi-annually at the end of March and September. If the closing price of Western’s shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the 2025 Debentures into common shares.

The 2025 Debentures are compound financial instruments containing both a liability and equity component. The liability component of the Debentures represents the present value of interest and principal payments over the life of the financial instrument discounted at 15%, which was the approximate rate available to the Corporation for similar debt without the conversion feature at the date the Debentures were issued. For the 2025 Debentures, the liability component at issuance was $4,447,890, and the residual value of $497,046 (net of pro-rated issuance costs) was allocated to the equity component. The liability component is accreted to the principal value using the effective rate of 16%.

8 Share capital

Authorized

Unlimited number of common shares, without par value
Unlimited number of preferred shares, without par value

Issued

During the three months ended March 31, 2024, no common shares were issued (March 31, 2023 – nil). There are no preferred shares issued to date. The following is a summary of the common shares issued at period-end.

	Number of shares	Amount $
Balance – December 31, 2022	30,287,756	15,688,381
Share repurchase	(80,000)	(41,438)
Balance – December 31, 2023 and March 31, 2024	30,207,756	15,646,943

Stock option plan

The Corporation has adopted an incentive stock option plan, which provides that the Board of Directors of the Corporation may, from time to time, at its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and consultants to the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares. Options are exercisable for a period of up to 10 years.

No stock options have been issued during the three months ended March 31, 2024 (March 31, 2023 – nil). All options vest immediately and are expensed at the time of grant.

All options are settled through Western’s common shares. The compensation expense for options granted is calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.47% – 3.35%
Spot price	\$0.27 – \$0.65
Exercise price	\$0.27 – \$0.65
Dividend yield	1%
Time to maturity	10 years
Volatility	50 – 70%

The following stock options were outstanding as at March 31, 2024:

Grant date	Expiry date	Exercise price $	Number of options	Remaining contractual life (years)	Fair value of options $
February 24, 2016	February 24, 2026	0.50	790,000	1.90	0.60
April 6, 2016	April 6, 2026	0.56	140,000	2.02	0.46
April 21, 2017	April 21, 2027	0.65	30,000	3.06	0.39
June 19, 2017	June 19, 2027	0.65	150,000	3.22	0.33
July 4, 2018	July 4, 2028	0.50	320,000	4.26	0.23
August 23, 2019	August 23, 2029	0.40	294,000	5.37	0.25
June 1, 2020	June 1, 2030	0.27	360,000	6.17	0.17
May 3, 2021	May 3, 2031	0.27	360,000	7.09	0.18
June 29, 2022	June 29, 2032	0.34	220,000	8.25	0.24
June 22, 2023	June 22, 2033	0.35	275,000	9.23	0.21

A total of 2,939,000 options are outstanding and exercisable as at March 31, 2024 (December 31, 2023 – 2,939,000) with a weighted average exercise price of $0.42 (December 31, 2023 – $0.42).

Share repurchases

The Corporation has regulatory approval for a normal course issuer bid (the "Bid") whereby Western may purchase up to a total of 1,500,000 common shares in the capital of the Corporation representing approximately 5.0% of the 30,207,756 common shares currently issued and outstanding. The Bid is for a one-year term and is renewed annually. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of the TSX Venture Exchange at the market price of the common shares at the time of the acquisition. The Corporation has an automatic share purchase plan in place with a dealer, in which the dealer shall purchase shares on behalf of the Corporation, subject to the limitations on the Bid.

On January 16, 2024, the Board of Directors approved the renewal of the Bid for another year. Each renewal is subject to regulatory approval before it can proceed. Approval was received for the 2024 Bid on January 19, 2024.

For the three months ended March 31, 2024, no common shares were repurchased (March 31, 2023 – 25,000 common shares were repurchased at a total price of $8,875). All shares repurchased are cancelled by the Corporation at the end of the month in which they are repurchased with a reduction to share capital at their average issued price. The difference between the issued price and the repurchase price of the shares repurchased is recorded to contributed surplus.

9 Financial instruments

The Corporation, as part of its operations, carries financial instruments consisting of cash, accounts receivable, due from related parties, operating loan, accounts payable and accrued liabilities, loan from related party and convertible debentures. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments, except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying values of cash, accounts receivable, certain current amounts due from related parties, operating loan and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these items.

Long-term amounts due from related parties include the GlassMasters shareholder loan (note 12), which is measured at amortized cost and the carrying value approximates its fair value, based on level 3 inputs. Also included in long-term amounts due from related parties is the Foothills shareholder loan, which is measured at fair value through profit and loss, based on Level 3 inputs (note 12).

The fair value of the promissory note receivable, based on Level 3 inputs, from GlassMasters (note 4) approximates its carrying value, which is measured at amortized cost. This loan is included in investments in associates.

The convertible debentures are measured at amortized cost. The carrying value approximates the fair value due to the short time frame to maturity.

The loan from related party is measured at amortized cost, which approximates fair value, based on Level 3 inputs.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation's exposure to credit risk is primarily related to cash held with financial institutions and the carrying value of its amounts due from related parties. The Corporation helps manage this risk by working with each associate to manage its liquidity through financing and budgets, and the Corporation continuously evaluates the financial condition of its related parties in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in income or loss.

The Corporation's assessment of expected credit losses ("ECL"), is based on the current financial status of the associates and on future-oriented information, including the use of forecasts. This information is used in the determination of each counter parties credit risk and if it has increased during the period. As at March 31, 2024, the corporation's 12-month ECL is immaterial.

The Corporation's maximum exposure to credit risk, as related to certain financial instruments as identified in the table below, approximates the carrying value of the assets on the Corporation's statements of financial position.

	March 31, 2024 $	December 31, 2023 $
Cash	6,736	618,673
Accounts receivable	8,169	12,687
GlassMasters' promissory note receivable (note 4)	4,658,559	4,658,559
Due from related parties (note 12)	971,668	740,205
	5,645,132	6,030,124

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. Policies and practices used include the preparation of budgets and forecasts that are regularly monitored and updated as considered necessary. Cash requirements are monitored on a monthly basis and short-term liquidity risks have been mitigated through the use of a committed operating loan facility (note 5).

The Corporation's accounts payable are due within 12 months and are subject to normal trade terms. The table below summarizes the future undiscounted contractual cash flow requirements as at March 31, 2024 and December 31, 2023 for the Corporation's financial liabilities. The actual outflow of cash could differ significantly.

As at March 31, 2024

	Carrying amount $	Contractual cash flow $	2024 $	2025 $	2026 $	2027 $	2028 and beyond $
Accounts payable and accrued liabilities	215,293	215,293	215,293	-	-	-	-
Operating loan (note 5)	1,114,950	1,270,640	77,283	1,193,357	-	-	-
Loan from related party (note 6)	1,005,000	1,525,542	46,056	61,204	61,204	61,204	1,295,874[(1)]
Convertible debentures (note 7)	4,524,687	5,840,000	240,000	5,600,000	-	-	-
	6,859,930	8,851,475	578,632	6,854,561	61,204	61,204	1,295,874

As at December 31, 2023

	Carrying amount $	Contractual cash flow $	2023 $	2024 $	2025 $	2026 $	2027 and beyond $
Accounts payable and accrued liabilities	358,441	358,441	358,441	-	-	-	-
Loan from related party (note 6)	1,095,000	1,307,069	57,252	61,204	61,204	61,204	1,066,205[(1)]
Convertible debentures (note 7)	5,630,981	7,166,310	1,566,310	5,600,000	-	-	-
	7,084,422	8,831,820	1,982,003	5,661,204	61,204	61,204	1,066,205

1) As disclosed in note 6 the loan from related party will automatically renew at each maturity date, and the timing of the repayment of the principal portion is not readily determinable.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has access to an operating loan with a variable interest rate. Based on outstanding amounts under the credit facility as at March 31, 2024, a 1% movement in the prime rate would increase or decrease the interest expense by approximately $11,150 (December 31, 2023 – $nil).

The Debentures and loan from related party both bear interest at a fixed interest rate.

b) Foreign currency risk

The Corporation does not have assets or liabilities denominated in a foreign currency. The Corporation is exposed to currency risk through its associates, some of which purchase inventories from foreign suppliers, and carry financial assets and liabilities denominated in foreign currencies. As such, their net income or loss may be affected by fluctuations in foreign exchange rates and the degree of volatility of those rates.

10 Earnings (loss) per common share

Earnings (loss) per common share is calculated as follows:

	March 31, 2024 $	March 31, 2023 $
Net (loss) income for the year	(475,132)	$ 188,276
Basic weighted average number of common shares outstanding	30,207,756	30,279,700
Effect of dilutive securities	402,779	220,855
Diluted weighted average number of common shares outstanding	30,610,535	30,500,555
Basic earnings (loss) per common share	(0.016)	$ 0.006
Diluted earnings (loss) per common share	(0.016)	$ 0.006

As at March 31, 2024, there were 2,939,000 share options outstanding (December 31, 2023 – 2,939,000). Of these options, 1,430,000 were anti-dilutive (December 31, 2023 – 1,724,000).

11 Supplemental cash flow information

The net change in non-cash working capital is as follows:

	March 31, 2024 $	March 31, 2023 $
Accounts receivable	4,518	371
Due from related parties	(208,290)	345,278
Prepaid expenses	49,760	(2,851)
Accounts payable and accrued liabilities	(143,150)	26,348
	(297,162)	369,146

12 Due from related parties

The following amounts are due from associates:

	March 31, 2024 $	December 31, 2023 $
Current amounts due from related parties		
GlassMasters' management fees or expense reimbursements	19,902	-
GlassMasters' interest due on promissory note receivable	163,049	-
Foothills' expense reimbursements	25,339	-
	208,290	-
Long-term amounts due from related parties		
GlassMasters' shareholder loan	330,506	320,917
Foothills' shareholder loan	432,872	419,288
Total due from related parties	971,668	740,205

GlassMasters' shareholder loans are subject to 12% interest per annum compounded monthly. Interest shall accrue on all amounts owing to Western including management fees and cash advances. The loan is composed of cash advances, unpaid management fees and interest. The loan terms are such that it matures annually with automatic renewal if all interest has been paid. There is outstanding unpaid interest on the loan; however, the Board of Directors has indicated that automatic renewal shall continue to occur.

On October 27, 2022, the Corporation advanced $250,000 to Foothills in the form of a shareholder loan bearing interest at 13% per annum. Unpaid interest and management fees shall be added to the principal sum owing. The loan has a one-year maturity date, with the option to extend for two consecutive six-month periods. At the maturity date, Western has the option to convert the outstanding principal sum, together with all accrued and unpaid interest, into shares of Foothills at a conversion price of $1.00 per share. If the conversion option is exercised, Western will receive share purchase warrants of Foothills in the amount of one-third of one share purchase warrant for every one share issued upon conversion of the loan. Each warrant shall entitle Western to purchase one share of Foothills. Foothills' shareholder loan is considered not to represent solely payments of principal and interest and, accordingly, is classified at fair value through profit or loss. As at March 31, 2024, fair value has been determined to equal the $250,000 principal amount of the loan, plus accrued interest of $64,747 (December 31, 2023 – $51,163) and unpaid management fees of $118,125 (December 31, 2023 – $118,125). The fair value is based on Level 3 inputs. On April 27, 2024, Western exercised the second option to extend the maturity date for the next six months.

13 Related party transactions

Western's related parties consist of directors, officers, and its associates. The following is a summary of the Corporation's transactions with associates.

For the three months ended March 31, 2024:

	GlassMasters $	Golden $	Foothills $	Fortress $	Total $
Management fees	18,750	-	18,750	-	37,500
Finance income	172,638	-	13,584	-	186,222
Dividends (note 6)	-	90,000	-	-	90,000
Interest expense (note 8)	-	(11,196)	-	-	(11,196)

For the three months ended March 31, 2023:

	GlassMasters $	Golden $	Ocean $	Foothills $	Fortress $	Total $
Management fees	18,750	-	-	18,750	-	37,500
Finance income	133,377	-	15,391	9,581	-	158,349
Dividends (note 6)	-	-	-	-	-	-
Interest expense (note 8)	-	(12,270)	-	-	-	(12,270)

In accordance with the terms of a shareholder's agreement, Western earns an annual management fee, to provide strategic, governance and other advisory services, from certain of its associates, payable on a quarterly basis. As at March 31, 2024, $39,375 in management fees was due from associates (December 31, 2023 – $nil).

Finance income relates to interest earned on loans to related parties and mark-up on inventory sold to Ocean. As at March 31, 2024, $74,336 in interest was due from associates (December 31, 2023 – $51,163).

During the three months ended March 31, 2024, $110,027 in salaries and benefits was paid or payable to members of management (March 31, 2023 – $105,980). Share-based compensation was awarded to directors and management of the Corporation, as disclosed in note 8. $847,000 of the 2025 Debentures (note 7) were purchased by directors and management.

14 Subsequent events

On April 1, 2024, in line with the mortgage renewal that occurred at Golden, the interest rate on Golden's shareholder loan increased to 6.09%.

Subsequent to March 31, 2024 and up to May 27, 2024 Western has entered into share purchase agreements to acquire 38% of Fortress for $7 million, payable in either cash or common shares of Western using a fixed value of $0.40 per share. The agreements are dependent on a number of conditions including the closing of the TCC transaction discussed in note 2. The share purchase agreements signed to date will result in Western owning 67% of Fortress. With these agreements, Western satisfies the condition on the TCC transaction to own greater then 51% of Fortress. Western has made this offer to all shareholders of Fortress, the final outcome of this transaction is not yet known. On closing of this acquisition, Western will acquire control of Fortress, which will cease to be an associate. Fortress' results will thereafter be consolidated in the Corporations financial statements.