The Western Investment Company of Canada Limited

Consolidated Financial Statements
December 31, 2016 and 2015

April 28, 2017

Independent Auditor's Report

To the Shareholders of
The Western Investment Company of Canada Limited

We have audited the accompanying consolidated financial statements of The Western Investment Company of Canada Limited, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016 and the period from October 28, 2015 to December 31, 2015 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Western Investment Company of Canada Limited as at December 31, 2016 and December 31, 2015 and the results of its operations and its cash flows for the year ended December 31, 2016 and the period from October 28, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Calgary, Alberta, Canada

The Western Investment Company of Canada Limited

Consolidated Statements of Financial Position

As at December 31, 2016 and 2015

	2016 $	2015 $
Assets		
Current assets		
Cash and cash equivalents	45,067	476,875
Due from related party (note 10)	280,942	-
	326,009	476,875
Investment in associate (note 5)	3,787,870	-
Total assets	4,113,879	476,875
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	322,370	43,815
Total liabilities	322,370	43,815
Shareholders’ Equity		
Share capital (note 6)	4,428,456	468,000
Contributed surplus (note 6)	981,822	-
Deficit	(1,618,769)	(34,940)
Total equity attributable to common shareholders	3,791,509	433,060
Total liabilities and equity attributable to common shareholders	4,113,879	476,875

Subsequent events (note 12)

Approved by the Board of Directors

“Scott Tannas” Director   “Richard Moore” Director

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

The Western Investment Company of Canada Limited

Consolidated Statements of Comprehensive Loss

	For the year ended December 31, 2016 $	For the period from October 28, 2015 to December 31, 2015 $
Expenses		
Qualifying transaction expenses	534,815	-
Legal expenses	75,184	29,690
Accounting expenses	41,477	-
Regulatory expenses	18,304	5,250
Consulting expenses	22,844	-
Other expenses	31,143	-
Loss from equity investment (note 5)	222,130	-
Share based compensation (note 6)	637,932	-
Net loss and comprehensive loss	1,583,829	34,940
Net loss per share		
Basic and diluted loss per share (note 11)	(0.16)	(0.02)

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

The Western Investment Company of Canada Limited

Consolidated Statements of Changes in Equity

	Number of shares	Share capital $	Contributed surplus $	Deficit $	Total $
Balance – October 28, 2015	400,000	100,000	-	-	100,000
Issuance of common shares	1,600,000	400,000	-	-	400,000
Deferred share issuance costs	-	(32,000)	-	-	(32,000)
Net loss and comprehensive loss for the period	-	-	-	(34,940)	(34,940)
Balance – December 31, 2015	2,000,000	468,000	-	(34,940)	433,060
Issuance of common shares	9,443,006	4,787,954	-	-	4,787,954
Deferred share issuance costs	-	(827,498)	-	-	(827,498)
Issuance of share based compensation	-	-	981,822	-	981,822
Net loss and comprehensive loss for the year	-	-	-	(1,583,829)	(1,583,829)
Balance – December 31, 2016	11,443,006	4,428,456	981,822	(1,618,769)	3,791,509

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

The Western Investment Company of Canada Limited

Consolidated Statements of Cash Flows

	For the year ended December 31, 2016 $	For the period from October 28, 2015 to December 31, 2015 $
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss	(1,583,829)	(34,940)
Net change in non-cash working capital	(2,387)	29,690
Loss from equity investment (note 5)	222,130	-
Share based compensation (note 6)	637,932	-
Consulting expenses (note 6)	287,954	-
Cash used in operating activities	(438,200)	(5,250)
Investing activities		
Purchase of investment in associate (note 5)	(4,010,000)	-
Cash used in investing activities	(4,010,000)	-
Financing activities		
Proceeds from issuance of shares (note 6)	4,500,000	400,000
Share issuance costs	(483,608)	(32,000)
Net change in non-cash working capital	-	14,125
Cash provided by financing activities	4,016,392	382,125
(Decrease) increase in cash and cash equivalents	(431,808)	376,875
Cash and cash equivalents – Beginning of period	476,875	100,000
Cash and cash equivalents – End of period	45,067	476,875
Supplemental information		
Income taxes paid	-	-
Interest paid	-	-

The accompanying notes are an integral part of these consolidated 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 (“Incorporation”). The Corporation was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”), until the Corporation completed its qualifying transaction on December 16, 2016 (note 2). The Corporation’s common shares were listed and called for trading on the Exchange on February 24, 2016 under the stock symbol WI.P.

2 Nature of operations and continuance of operations

The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein.

Western’s targeted industry verticals aligns with the industry expertise of the Board of Directors and includes: (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 size is between $10 million to $100 million and it will consider equity ownership 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.

On December 16, 2016, the Corporation closed its qualifying transaction with the purchase of a 50.1% interest in GlassMasters ARG Autoglass Three Inc. (“GlassMasters”), which owns 100% of GlassMasters ARG Autoglass Two Inc.

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 aftermarket glass parts and materials at competitive prices ("Wholesale Division"). GlassMasters' current principal markets are the Calgary, Edmonton and Red Deer regions.

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 seven retail locations as well as by 22 mobile repair and installation units. The majority of the Wholesale Division’s sales are to the Service Division from its two locations in Calgary and Edmonton. The remaining balance of the Wholesale Division’s sales are to other retailers in Alberta.

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. Subsequent to year end, Western entered into a letter of intent for a bought deal offering by way of short form prospectus, with GMP Securities L.P. for aggregate gross proceeds of $12,419,713, excluding transaction costs. Details of transaction have been disclosed in note 12.

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 1600, Dome Tower, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

The consolidated financial statements of the Corporation for the year ended December 31, 2016 were approved and authorized for issuance by the Corporation's Board of Directors on April 28, 2017.

3 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

These consolidated 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.

The preparation of timely financial statements necessitates the use of judgements, estimates and assumptions that will affect assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as revenues and expenses during the reporting periods.

4 Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of proceeds generated from the issuance of common shares. The majority of the cash balance is held with a major Canadian bank, and at December 31, 2016, $2,870 (2015 – $476,875) was held in trust with the Corporation's legal counsel.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average basis and includes expenditures incurred in acquiring the inventory, and other costs incurred in bringing them to their existing condition and location. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Property and equipment

Property and equipment is stated at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of an asset.

Repair and maintenance costs related to property and equipment are recognized in operating expenses. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from the disposal to the carrying amount.

Property and equipment is amortized over its estimated useful life on a straight-line basis. At each reporting period, a review is done to ensure that the asset's residual values, useful lives and methods of depreciation are appropriate. If necessary, changes are made prospectively.

Impairment indicators that the carrying value of an asset or cash generating unit (CGU) may be impaired are reviewed at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an individual asset or CGU is the greater of their fair value less costs of disposal and value in use.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for goods and services that have been purchased in the normal course of business and are classified as current liabilities if the payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Revenue recognition

The Corporation recognizes revenues when they are earned, specifically when all the following conditions are met:

- Services are provided or products are delivered to customers;
- There is clear evidence that an arrangement exists;
- Amounts are fixed or can be determined; and
- The ability to collect is reasonably assured.

Stock-based compensation

The Corporation has a stock option plan in accordance with the policies of the Exchange which allows the Board of Directors to grant options to directors, officers, employees and consultants of the Corporation to purchase common shares of the Corporation at a stipulated price. The option grants will not exceed 10% of the issued and outstanding common shares of the Corporation. In addition, the number of common shares reserved for issuance to any one person will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any consultant or employee will not exceed 2% of the issued and outstanding common shares.

The Corporation measures these amounts at fair value at the grant date using the Black-Scholes option pricing model and compensation expense is recognized over the vesting period.

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Use of the equity method for the Corporation's investment in associate

Western holds a 50.1% equity interest in GlassMasters and holds two of the seven board positions. However, pursuant to a unanimous shareholders agreement governing GlassMasters, Western does not have the right to appoint a majority of GlassMasters' board members. The unanimous shareholders agreement mandates certain other terms and conditions, including that certain significant decisions require the approval of five of seven board members in order to be approved (i.e. approval of annual business plan and budget), and this would include the appointment or removal of senior management and board members. As a result, Western's investment in GlassMasters does meet the definition of 'significant influence' and has been accounted for as an investment in associate using the equity method of accounting.

Issuance of initial share capital

The application of the Corporation's accounting policy for share capital required judgment in relation to the issuance of the initial share capital to determine whether it was within the scope of IFRS 2, *Share-based Payment,* as the initial shares were issued at $0.25 per common share, with subsequent shares issued at $0.50 per common share. The Corporation determined that no related compensation expense was required to be recorded as the shares from the initial issuance are restricted and held in escrow for a period of up to three years, so $0.25 was assessed as their fair value.

Share based compensation

Option pricing models require the input of highly sensitive assumptions including the expected price volatility, expected dividends and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate.

Investment entity

Management has considered the definition of an investment entity under IFRS 10, *Consolidated Financial Statements*, and determined that the Corporation does not meet this definition under IFRS.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the amounts of The Western Investment Company of Canada Ltd and its subsidiaries that it controls as of the reporting date. Control exists when the Company is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements include the amounts of The Western Investment Company of Canada Ltd and its wholly-owned subsidiary GlassMasters ARG Autoglass One Inc.

All intra-group balances and transactions, and any unrealized income and expenses arising from the intra-group transactions have been eliminated in preparing the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, amounts reported by subsidiaries or investments have been adjusted to conform to the Corporation's accounting policies.

The Corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Corporation. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Associates

An associate is an entity over which the Corporation exercises significant influence, without having control or joint control. The Corporation's investment in associate is accounted for using the equity method. Under this method, investments are initially recognized at cost and, thereafter, the carrying amount is increased or decreased by the Corporation's post-acquisition share of the associate's profit or loss.

The Corporation's share of its associate's post acquisition profits or losses is recognized in the consolidated statement of comprehensive income (loss), and its share of the post-acquisition movements in other comprehensive income (loss) is recognized in other comprehensive income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Corporation determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Corporation calculates the amount of the impairment as the difference between the recoverable amount and its carrying value, and recognizes the amount to share of income (loss) of associates in the consolidated statement of comprehensive income (loss). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Current income tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax basis. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax is provided on a temporary differences arising on investment in associates, except for deferred income taxes where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized upon extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms in which case it is accounted for as an extinguishment.

All financial instruments are initially measured at fair value on the consolidated statement of financial position. The Corporation measures financial instruments in subsequent periods depending on how the instrument has been classified. Financial instruments classified as held to maturity, loans and receivables and other financial liabilities are measured initially at fair value, and subsequently at amortized cost using the effective interest rate method. Cash and cash equivalents and due from related party are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. Transaction costs are included in the initial measurement of the financial instrument.

Financial assets and liabilities are not offset unless they are with a counterparty for which the Corporation has a legally enforceable right to settle the financial instruments on a net basis and the Corporation intends to settle on a net basis.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

An impairment of loans and receivables carried at amortized cost is recognized in earnings when the asset's carrying amount exceeds the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. A reduction in an impairment charge may be recognized if the decrease is related objectively to an event occurring after the impairment was recognized.

Where an impairment charge is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount which does not exceed the carrying amount had no impairment charge been recognized in previous periods. A reversal of an impairment charge is recognized immediately in earnings.

Related party transactions

Transactions with related parties are entered into at the exchange amounts which are the amounts established and agreed to by the parties.

Recent accounting pronouncements

IFRS 16, Leases

In January, 2016, the IASB issued IFRS 16, "Leases", which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases.

Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. The Corporation is currently evaluating the impact of adopting the standard on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers" replacing IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Corporation is currently evaluating the impact of the standard on its consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9 is the new standard on classification, measurement and impairment of financial assets and liabilities that will replace IAS 39, "Financial Instruments: Recognition and Measurements". The latest version of IFRS 9 was issued in July, 2014. The package of improvements introduced by IFRS 9 includes a revised model for classification and measurement based on business model and cash flow tests, a single, forward-looking 'expected loss' impairment model and a substantially revised risk based approach to hedge accounting. IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2019. The Corporation is currently evaluating the impact of the standard on its consolidated financial statements.

5 Investment in associate

The investment in associate balance consists of:

	2016 $	2015 $
Western's interest in GlassMasters ARG Autoglass Three Inc.	3,787,870	-

Western completed its qualifying transaction when it acquired 4,010,000 common shares in GlassMasters (note 2). As at December 31, 2016, the Corporation holds a 50.1% interest in GlassMasters and has two of seven directors appointed to the GlassMasters board of directors. The investment has been classified as an investment in associate, and therefore has not been consolidated, as control of the investment has not been met due to the Corporation's board representation and other contractual terms.

Through the extent of its share ownership and its seats on the board of directors, the Corporation has the ability to exercise significant influence over GlassMasters and accordingly, the Corporation is using the equity method to account for this investment.

A summary of the investment in GlassMasters is as follows:

	$
Balance – December 31, 2015	
Investment at cost	
Acquired 4,010,000 common shares in GlassMasters	4,010,000
Western's share of GlassMasters' net loss	(222,130)
Balance – December 31, 2016	3,787,870

As part of the Corporation's qualifying transaction, under the terms of its asset purchase agreement, GlassMasters has agreed to pay contingent consideration to the vendor under certain circumstances. The consideration consists of payments by GlassMasters for performance conditions, including: gross profit generated over the next 4 years (up to a maximum of $0.75 million) and expansion valuation premium payments ($200,000 per location), subject to minimum gross profit targets being achieved. The estimated fair value of this contingent consideration payable recognized by GlassMasters (100%) is $1,368,080, which was estimated using probability-weighted discounted future cash flows.

The following table is a summary of the financial information of GlassMasters (100%) as at December 16, 2016, the closing date of the Corporation's qualifying transaction, and as at December 31, 2016. Profit and loss information of GlassMasters (100%) is provided for the period from December 16, 2016 to December 31, 2016. A reconciliation of GlassMasters summarized financial information to the Corporation's carrying value of the investment is also included.

	At December 31, 2016 $	**At acquisition December 16, 2016 $**
Total current assets	4,987,979,	5,294,506
Total non-current assets	14,616,758	14,849,211
Total current liabilities	2,422,305	2,480,084
Total non-current liabilities	9,615,771	9,653,643
Total net assets	7,566,661	8,010,000
Revenue	527,959	
Net loss	(443,339)	
Other comprehensive income (loss)	-	
Reconciliation of GlassMasters net assets to Western carrying value		
Net assets of GlassMasters – at acquisition	8,010,000	
Net loss	(443,339)	
Net assets of GlassMasters – at December 31, 2016	7,566,661	
Western ownership interest	50.06%	
Investment in GlassMasters	3,787,870	

Under the terms of GlassMasters credit facilities, shares in GlassMasters (100%) have been pledged as collateral from the owners of the shares, including the Corporation, and no restrictions have been placed on GlassMasters ability to provide distributions to its equity investors, including the Corporation.

6 Share capital

Authorized

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

Issued

During the year, 9,000,000 common shares were issued pursuant to the Corporation's initial public offering ("IPO") at a price of $0.50 per share and 443,006 common shares were issued in exchange for consulting services at a price of $0.65 per share. An expense in the amount of $287,954 was recognized as a result of the shares issued for consulting services. There were no preferred shares issued during the year.

		2016
	Number	Amount $
Common shares		
Issued	11,443,006	5,255,954
Deferred share issuance costs	-	(827,498)
	11,443,006	4,428,456

		2015
	Number	Amount $
Common shares		
Issued	2,000,000	500,000
Deferred share issuance costs	-	(32,000)
	2,000,000	468,000

Escrow

A total of 2,139,000 common shares were deposited in escrow pursuant to the terms of two escrow agreements. These common shares will be released from escrow in stages over a period of 18 months after the date of the Final Exchange Bulletin dated December 16, 2016, pursuant to the Corporation's qualifying transaction. Twenty-five percent of the shares have been released from escrow on December 16, 2016 and 25% will be released from escrow every 6 months thereafter.

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, in its discretion, and in accordance with the 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 exercisable for a period of up to 10 years.

In 2016, the Corporation granted 960,000 incentive stock options to its directors which are exercisable for a period of ten years from the date of the grant at an exercise price of $0.50 per share. Pursuant to the Corporation's IPO, the Corporation also granted the Agent an option to purchase up to 900,000 shares at a price of $0.50 per share for a period of two years. With the addition of a new Director on April 6, 2016, 140,000 incentive stock options were granted at an exercise price of $0.56 per share and which are exercisable for a period of 10 years from the date of grant. For year ended December 31, 2016, shares issuable under the Corporation's stock option plan have been excluded from diluted earnings per share as the effect is anti-dilutive.

During the year ended December 31, 2016, share based compensation expense of $637,932 (2015 – $nil) was recorded for the stock options granted to directors. For the year ended December 31, 2016, share based compensation expense of $343,890 (2015 – $nil) was charged directly to share capital as a share issuance cost for the options granted to the agent. All options are settled in Western common shares. Amounts were calculated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	0.47% – 1.41%
Vesting period	nil
Expected life of stock option	2 – 10 years
Volatility	70%
Dividends	-

Director's options

The following stock options were outstanding at December 31, 2016:

	Number of Options	**Weighted average exercise price $**	**Weighted average remaining contractual life** (years)	**Fair value of Options $**
Expire date				
February 24, 2026	960,000	0.50	9.16	0.5981
April 6, 2026	140,000	0.56	9.27	0.4554

Agent options

The following stock options were outstanding at December 31, 2016:

	Number of Options	**Weighted average exercise price $**	**Weighted Average remaining contractual life** (years)	**Fair value of options $**
Expire date				
February 24, 2018 – Agent options	900,000	0.50	1.15	0.3821

7 Income taxes

a) Income tax expense

	For the year ended December 31, 2016 $	For the period from October 28, 2015 to December 31, 2015 $
Loss before income taxes	(1,583,829)	(34,940)
Income tax rate	27%	27%
Expected income tax recovery	(427,634)	(9,434)
Non-deductible portion of loss	25,100	-
Non-deductible stock compensation	172,300	-
Tax benefits of current losses not recognized	230,234	9,434
Income tax	-	-

b) Deferred income taxes

At December 31, 2016, the Corporation's unrecognized deferred tax asset is as follows:

	For the year ended December 31, 2016 $	For the period from October 28, 2015 to December 31, 2015 $
Amounts related to share issuance costs	187,100	8,640
Unrealized capital loss	25,100	-
Amounts related to non-capital losses	258,900	9,434
Unrecognized deferred tax asset	471,100	18,074

The aggregate outside basis differences, being the differences between the carrying amount of the investment in associate and the tax basis, as at December 31, 2016 amounted to $222,130.

8 Capital management

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to cover Western's annual G&A expenses and to identify, evaluate and execute acquisitions of private business that meet our investment criteria.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital and acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at year end, except for common shares held in escrow pursuant to the terms of an escrow agreement (note 6).

9 Financial instruments

The Corporation, as part of its operations, carries financial instruments consisting of cash, due from related party and accounts payable and accrued liabilities. 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 the 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 amount of cash and cash equivalents, due from related party and accounts payable and accrued liabilities approximate its fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Due to the nature of cash being held in trust with legal counsel or at a major Canadian bank and the receivable amount being due from a credit worthy related party, the Corporation believes it has no significant credit risk.

Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Corporation had a cash balance of $45,067 (2015 – $476,875), and the Corporation raised additional financing subsequent to year end (note 12). All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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. As the Corporation has no significant interest bearing assets or liabilities, the Corporation's income (loss) and operating cash flows are not significantly impacted by changes in market interest rates.

b) Foreign currency risk

The Corporation does not have assets or liabilities denominated in a foreign currency.

10 Related party transactions

As at December 31, 2016, $280,942 (2015 – $nil) is due from GlassMasters for its share of the qualifying transaction expenses.

Key management of The Western Investment Company of Canada Limited includes the Corporation's directors. During the year ended December 31, 2016, there has been no compensation paid or payable to key management of the Corporation (2015 – $nil), except for share based compensation awarded to directors of the Corporation, as disclosed in note 6.

11 Per share data

	For the year ended December 31, 2016 $	For the period from October 28, 2015 to December 31, 2015 $
Net loss	1,583,829	34,900
Weighted average number of shares (basic)	9,687,913	2,000,000
Loss per share (basic and diluted)	0.16	0.02

The calculation of diluted loss per share for the year ended December 31, 2016 excludes the effects of the stock options, as their impacts would be anti-dilutive. Total weighted average shares of 1,680,667 were excluded from the diluted loss per share calculation.

12 Subsequent events

Western entered into a letter of intent with GMP Securities L.P. dated January 31, 2017, as amended on February 1, 2017, with respect to a bought deal offering by way of short form prospectus of 16,615,000 common shares at a price of $0.65 per common share for aggregate gross proceeds to Western of $10,799,750. Western also granted the underwriters an option to purchase up to an additional 2,492,250 common shares at the offering price, for additional gross proceeds of up to $1,619,963. The offering closed on February 22, 2017. Pursuant to the offering and the over-allotment option, the Corporation has issued a total of 19,107,250 common shares. The common shares were issued at a price of $0.65 per share, for aggregate gross proceeds of $12,419,713 excluding underwriters' commission and expenses.