

**THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED**  
**1010 - 24th Street SE**  
**High River, AB T1V 2A7**

**INFORMATION CIRCULAR**

**PURPOSE OF SOLICITATION**

This Information Circular is furnished in connection with the solicitation of proxies by the management of The Western Investment Company of Canada Limited ("**Western**" or the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of shareholders of the Corporation (the "**Shareholders**") to be held at the offices of Burstall Winger Zammit LLP, located at Suite 1600, 333 - 7<sup>th</sup> Avenue SW, Calgary, Alberta on Monday, June 19, 2017 at 2:00 p.m. (Calgary time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, officers, employees or agents of the Corporation. Pursuant to National Instrument 54-101 *Communication With Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the common shares of the Corporation (the "**Common Shares**"). The cost of any such solicitation will be borne by the Corporation.

**VOTING OF PROXIES**

All Common Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote IN FAVOUR of all the matters set out herein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Information Circular, the Corporation is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.**

In order to be represented by proxy at the Meeting, you must complete and submit the enclosed form of proxy or other appropriate form of proxy. Completed forms of proxy must be received by TSX Trust Company, Suite 300, 200 University Avenue, Toronto, ON M5H 4H1 or by fax at (416) 595-9593 not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, preceding the Meeting or an adjournment of the Meeting or delivered to the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment(s) thereof. Shareholders may also log on to TSX Trust Company's website at [www.voteproxyonline.com](http://www.voteproxyonline.com). Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's control number.

**ADVICE TO BENEFICIAL SHAREHOLDERS ON VOTING THEIR COMMON SHARES**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares or their proxyholders are permitted to vote at the Meeting. If

Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting instruction form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instruction forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or a website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form or a proxy with a Broadridge sticker on it cannot use that voting instruction form or proxy to vote Common Shares directly at the Meeting. The voting instruction form or proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "NOBOs". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners or "OBOs".

Pursuant to NI 54-101, the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will not be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's intermediary assumes the costs of delivery.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder who wishes to attend the Meeting and indirectly votes its Common Shares as proxyholder for the registered Shareholder, should enter its own name in the blank space on the proxy form or voting instruction form provided to it and return the same to its broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

**Beneficial Shareholders should follow the instructions on the forms that they receive and contact their intermediaries promptly if they need assistance.**

## APPOINTMENT OF PROXY

**A Shareholder has the right to designate a person (who need not be a shareholder of the Corporation) other than Scott Tannas or Richard Moore, the management designees, to attend and act for him at the Meeting.** Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the Instrument of Proxy with the registrar and transfer agent of the Corporation, TSX Trust Company, Suite 300, 200 University Avenue, Toronto, ON M5H 4H1 or by fax at (416) 595-9593 not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, preceding the Meeting or an adjournment of the Meeting or delivering the Instrument of Proxy to the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment(s) thereof. Shareholders may also log on to TSX Trust Company's website at [www.voteproxyonline.com](http://www.voteproxyonline.com). Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's control number.

## REVOCATION OF PROXIES

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A Shareholder may revoke a proxy by depositing an instrument in writing, executed by him or his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for the corporation:

1. at the offices of the registrar and transfer agent of the Corporation, TSX Trust Company, Suite 300, 200 University Avenue, Toronto, ON M5H 4H1, at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used; or
2. at the registered office of the Corporation, Suite 1600, 333 - 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 2Z1, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
3. with the Chairman of the Meeting on the day of the Meeting or an adjournment of the Meeting.

In addition, a proxy may be revoked by the Shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation within the time period set out under the heading "Voting of Proxies", or by the Shareholder personally attending the Meeting and voting his Common Shares.

## VOTING COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, of which 30,550,256 Common Shares and nil preferred shares are issued and outstanding and each Common Share is entitled to vote at the Meeting on the basis of one (1) vote for each Common Share held.

The holders of Common Shares of record at the close of business on the record date, set by the directors of the Corporation to be May 12, 2017 (the "**Record Date**"), are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each share held, except to the extent that:

1. such person transfers his or her Common Shares after the Record Date; and

2. the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Common Shares;

and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his or her name be included on the Shareholders' list.

The by-laws of the Corporation provide that one (1) person present and representing in person or by proxy not less than ten percent (10%) of the outstanding Common Shares entitled to vote at the Meeting, constitute a quorum for the Meeting.

To the knowledge of the directors and executive officers of the Corporation as of the date hereof, no persons, firms or companies (other than securities depositories) beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to the Common Shares.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to: (i) the receipt of the financial statements and auditors' report thereon; (ii) fixing the number of directors; (iii) the election of directors; (iv) the appointment of auditors; and (v) the approval of the stock option plan.

### **I. Receipt of Financial Statements**

The directors will place before the Meeting the audited financial statements of the Corporation for the year ended December 31, 2016 together with the auditors' report thereon. Shareholder approval is not required in relation to these financial statements. The financial statements have been sent to the Shareholders who have requested such financial statements in accordance with applicable securities laws and are also available on the System for Electronic Document Retrieval and Analysis ("**SEDAR**") of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com).

### **II. Fix Number of Directors**

The Board presently consists of six (6) directors. It is proposed that the number of directors for the ensuing year be set at six (6) and that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Alberta) or the Corporation's by-laws. **It is the intention of the management designees, if named as proxy, to vote FOR the resolution setting the number of directors at the meeting at six (6) members.**

### **III. Election of Directors**

The Board has adopted an individual voting standard for the election of directors at the Meeting. Under the individual voting standard, in the event that a nominee for director receives a greater number of votes "withheld" than votes "for" his election as a director, the Board shall consider the circumstances of such vote, the particular attributes of the director nominee including his knowledge, experience and contribution at Board meetings and make whatever determination the Board deems appropriate, including without limitation, requesting such director to resign at an appropriate time and advise shareholders of the Board's decision in that regard. This policy applies only to uncontested elections, meaning elections where the number of nominees for directors is equal to the number of directors to be elected. The Board may fill any vacancy created by any such resignation or determine to leave the resulting vacancy unfilled.

Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election.

The following information relating to the nominees as directors is based on information received by the Corporation from said nominees as of the date hereof.

Name of Proposed Nominees, Municipality of Residence and Proposed Positions with the Corporation	Principal Occupation for Last Five Years	Director Since	Common Shares Beneficially Owned or Controlled, Directly or Indirectly
Scott Tannas President, Chief Executive Officer, Secretary and Director High River, Alberta	President and Chief Executive of Western since October 2015. Senator of Canada since 2014. Founder and Vice Chairman of Western Financial Group and Chief Executive Officer of Western Financial Group from 1996 to 2014.	October 28, 2015	1,007,000 3.30%
Richard Moore <sup>(1)</sup> Chief Financial Officer and Director Calgary, Alberta	Chief Financial Officer of Western since October 2015. Vice President of Richardson GMP Limited and Investment Advisor from June 2014 to November 2015. Prior thereto, Vice President of Macquarie Private Wealth and Investment Advisor from June 2010 to June 2014.	October 28, 2015	561,000 1.84%
James F. Dinning <sup>(1)</sup> Chairman and Director Calgary, Alberta	President of Elbow Holdings Inc. since January 2005. Chairman of the Board of Western Financial Group Inc. from 2002 to 2011.	October 28, 2015	530,000 1.73%
Willard Yuill <sup>(1)</sup> Director Medicine Hat, Alberta	President and Chief Executive Officer of The Monarch Corporation since 1993.	October 28, 2015	608,000 1.99%
Robert Espey <sup>(1)</sup> Director Calgary, Alberta	Currently President and Chief Executive Officer of Parkland Fuel Corporation; prior thereto, Vice President, Retail Markets of Parkland Fuel Corporation since 2008.	October 28, 2015	530,000 1.73%
Dr. Kabir Jivraj Director Calgary, Alberta	Managing Director at AgeCare Investments Ltd. since 2008. Clinical Professor at the University of Calgary, Faculty of Medicine since 2001.	April 6, 2016	565,000 <sup>(2)</sup> 1.85%

**Notes:**

- (1) Member of the Audit Committee.  
(2) 282,500 of these Common Shares are held by Dr. Jivraj's spouse, however, Dr. Jivraj has control and direction over them.

The directors of the Corporation, as a group, control 3,801,000 Common Shares representing 12.44% of the outstanding Common Shares, before giving effect to the exercise of any outstanding stock options or other rights.

***Cease Trade Orders***

No proposed director of the Corporation is, as of the date hereof or has been, within the past ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company, being the subject of a cease trade order or similar order or an order that denied the company access to any exemption under applicable securities legislation for a period of more than 30 consecutive days.

### ***Bankruptcy***

Other than as disclosed below, no proposed director of the Corporation is, as of the date hereof, or has been within the past ten years, a director or executive officer of a company (including the Corporation) that, while that 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.

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

### ***Personal Bankruptcy***

No proposed director of the Corporation has, within the past ten years, 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 the assets of that person.

### ***Penalties and Sanctions***

No proposed director of the Corporation 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 securityholder in deciding whether to vote for a proposed director.

## **IV. Appointment of Auditors**

On October 28, 2015, the Corporation appointed PricewaterhouseCoopers LLP ("**PwC**") as auditors of the Corporation. At the Meeting, the Shareholders will be asked to reappoint PwC as auditors of the Corporation to serve until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

**The management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the appointment of PwC as auditors of the Corporation at remuneration to be fixed by the Board, unless otherwise directed in the Instrument of Proxy.**

## **V. Approval of Stock Option Plan**

The TSX Venture Exchange Inc. (the "**Exchange**") requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan on an annual basis. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the current stock option plan of the Corporation (the "**Plan**") as described below.

The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The purpose of the Plan is to develop the interests of directors, officers, employees and consultants of the Corporation and its affiliates in the growth and development of the Corporation and its affiliates by

providing them with the opportunity through share options to acquire an increased proprietary interest in the Corporation.

The number of Common Shares issuable upon the exercise of options granted under the Plan at any time may not exceed 10% of the total number of issued and outstanding Common Shares (on a non-diluted basis) and the aggregate number of Common Shares issuable to any one individual may not exceed 5% of the total number of issued and outstanding Common Shares. The period during which an option granted under the Plan is exercisable may not exceed ten years from the date such option is granted. All options are non-assignable and non-transferrable. The price which the Common Shares may be acquired upon exercise of an option may not be less than the price permitted under the rules of any stock exchange on which the Common Shares are listed and the vesting provisions are determined by the Board at the time of grant.

If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Corporation for any reason other than death, the option may be exercised within the earlier of up to 90 days after such cessation or the expiry of the option, but only to the extent that the holder was entitled to exercise the option at the date of cessation. In the case of death an optionee, the option may be exercised within the earlier of up to 12 months after such death or the expiry of the option, but only to the extent that the holder was entitled to exercise the option at the date of death.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve the following resolutions to approve the Plan.

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

- 1. The stock option plan (the "Plan") of the Corporation in the form of the Plan attached as Schedule "B" to the Information Circular, be and is hereby approved with such modifications as may be required by the TSX Venture Exchange;**
- 2. The maximum number of common shares of the Corporation which may be issued under the Plan shall be equal to ten percent (10%) of the then issued and outstanding common shares of the Corporation from time to time; and**
- 3. Any director or officer of the Corporation be and is hereby authorized and directed to do and perform all such acts and things and to execute and deliver or cause to be delivered, for, in the name of and on behalf of the Corporation (whether under the seal of the Corporation or otherwise) all such agreements, instruments and other documents as in such individual's opinion may be necessary or desirable to perform the terms of this resolution."**

The resolution must be approved by a simple majority approval of the votes cast at the Meeting by the holders of Common Shares. If the Plan is not approved by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.

**The management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR approval of the Plan, unless otherwise directed in the Instrument of Proxy.**

**STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this section, a "CEO" or "CFO" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A "Named Executive Officer" or "NEO" means each CEO; each CFO; each of the Corporation's three (3) most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year of the Corporation

and whose total salary and bonus exceeds \$150,000; and any additional individuals (other than the CEO and CFO) for whom disclosure would have been provided except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year end.

## Compensation Discussion and Analysis

The Corporation was a capital pool company that completed its qualifying transaction in late November 2016. The Corporation is in the process of adopting a Compensation and Corporate Governance Charter and appointing a Compensation and Corporate Governance Committee which it expects to have completed during the fiscal year ended December 31, 2017.

### Option-Based Awards

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Corporation to achieve the longer-term objectives of the Corporation. The purpose of the Plan is to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. Stock options are also used as a means to promote the long-term retention of individuals. The Corporation awards stock options to its executive officers based upon the recommendation of the Board, which recommendation is based upon the Board's review of proposals from the Chief Executive Officer. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing Plan are the responsibility of the Board.

## SUMMARY COMPENSATION TABLE

The following table sets forth the total compensation paid to or earned by the NEO's for the Corporation's fiscal year ended December 31, 2016 and for the period from incorporation on October 28, 2015 to December 31, 2015.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share- Based Awards (\$)	Option- Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long- Term Incentive Plans			
Scott Tannas President and Chief Executive Officer	2016	Nil	Nil	161,487	Nil	Nil	Nil	Nil	161,487
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Richard Moore Chief Financial Officer	2016	Nil	Nil	101,677	Nil	Nil	Nil	Nil	101,677
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Note:**

- (1) The estimated fair value was calculated at the time the options were granted using Black-Scholes based on the following weighted average assumptions: risk-free interest rate of 1.41%, expected life of 10 years, no annual dividends and expected volatility of 70%.

## Currencies

Unless otherwise noted, all monetary amounts disclosed under the heading "Statement of Executive Compensation" are in Canadian dollars, which is the same currency that is used by the Corporation in its financial statements.

## Incentive Plan Awards

### Outstanding Share-based Awards and Option-Based Awards

The following table sets forth the share based and option based awards granted to the Named Executive Officers to purchase or acquire securities of the Corporation as at December 31, 2016.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)
Scott Tannas	270,000	\$0.50	January 29, 2026	121,500	Nil	Nil
Richard Moore	170,000	\$0.50	January 29, 2026	76,500	Nil	Nil

**Note:**

(1) This amount has been calculated based on the difference between the closing market price of the securities underlying the options at December 30, 2016 being \$0.95 and the exercise or base price of the option.

### Value Vested or Earned during the Year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the most recently completed financial year.

Name	Option-based awards Value vested during the year <sup>(1)</sup> (\$)	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Scott Tannas	Nil	Nil	Nil
Richard Moore	Nil	Nil	Nil

**Note:**

(1) Based upon the difference between the exercise price of the stock options and the market price of the Common Shares on the date such options vested.

## Pension Plan Benefits

The Corporation does not have a pension plan that provides for payments or benefits at, following, or in connection with retirement. The Corporation does not have a defined contribution plan.

## Termination and Change of Control Benefits

The Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a current Named Executive Officer at, following or in connection with any termination (whether voluntary,

involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities.

## Directors' Compensation

### *Directors' Compensation Table*

The following table sets forth the value of all compensation provided to directors, not including the directors who were also Named Executive Officers, for the Corporation's most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
James F. Dinning	Nil	Nil	107,658	Nil	Nil	Nil	107,658
Willard Yuill	Nil	Nil	101,677	Nil	Nil	Nil	101,677
Robert Espey	Nil	Nil	101,677	Nil	Nil	Nil	101,677
Dr. Kabir Jivraj	Nil	Nil	63,756	Nil	Nil	Nil	63,756

**Note:**

- (1) The estimated fair value was calculated at the time the options were granted using Black-Scholes based on the following weighted average assumptions: risk-free interest rate of 1.41%, expected life of 10 years, no annual dividends and expected volatility of 70%.

## Directors' and Officers' Liability Insurance

The Corporation provides, at its expense, insurance for the directors and officers as well as the directors and officers of the Corporation's affiliates and subsidiaries. The insurance is for liability incurred by any of them in their capacity as a director or officer of the Corporation. This insurance policy provides coverage of up to \$2,000,000 for the directors and officers of the Corporation in aggregate. Each loss or claim is subject to a \$15,000 retention pursuant to the specific type of claim. The by-laws of the Corporation and indemnification agreements also provide indemnification of the directors and officers, subject to certain limitations. The most recent annual premium for the directors' and officers' liability policy was \$7,140.

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth the options granted to the directors of the Corporation, not including the director who was also a Named Executive Officer, to purchase or acquire securities of the Corporation outstanding at the end of the financial year ended December 31, 2016.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)
James F. Dinning	180,000	\$0.50	January 29, 2026	81,000	Nil	Nil
Willard Yuill	170,000	\$0.50	January 29, 2026	76,500	Nil	Nil
Robert Espey	170,000	\$0.50	January 29, 2026	76,500	Nil	Nil
Dr. Kabir Jivraj	140,000	\$0.56	April 6, 2026	63,000	Nil	Nil

**Note:**

- (1) This amount has been calculated based on the difference between the closing market price of the securities underlying the options at December 30, 2016 being \$0.95 and the exercise or base price of the option.

***Value Vested or Earned during the Year***

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors, not including the director who was also a Named Executive Officer, during the most recently completed financial year.

Name	Option-based awards - Value vested during the year <sup>(1)</sup> (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
James F. Dinning	Nil	Nil	Nil
Willard Yuill	Nil	Nil	Nil
Robert Espey	Nil	Nil	Nil
Dr. Kabir Jivraj	Nil	Nil	Nil

**Note:**

- (1) Based upon the difference between the exercise price of the stock options and the market price of the Common Shares on the date such options vested.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth certain information pertaining to the Corporation's equity compensation plan as at December 31, 2016:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders	1,100,000	\$0.51	44,300
Total	1,100,000		44,300

**MANAGEMENT CONTRACTS**

Management functions of the Corporation are performed by the directors and executive officers of the Corporation and by companies controlled/owned by directors and officers.

**INDEBTEDNESS OF DIRECTORS AND OFFICERS**

There has been no indebtedness outstanding by directors or senior officers of the Corporation to the Corporation or its subsidiaries at any time.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who

has been a director or executive officer at any time since the beginning of the Corporation's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers have received options and may receive additional options pursuant to the Plan.

### **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 Information Circular.

#### **Composition of the Audit Committee**

The Audit Committee consists of James F. Dinning (Chairman), Richard Moore, Willard Yuill and Robert Espey all of whom are financially literate within the meaning of NI 52-110. Messrs. Dinning, Yuill and Espey are considered to be independent within the meaning of NI 52-110. Mr. Moore is not considered to be independent under NI 52-110 as a result of being the Chief Financial Officer of the Corporation.

#### **Relevant Education and Experience of Audit Committee Members**

**James F. Dinning** - Mr. Jim Dinning has been Chair of the Board of Western Financial Group Inc., a company engaged in insurance and investment since 2005. 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.

**Richard Moore** - Richard Moore, in addition to being Chief Financial Officer of Western, is a 32 year veteran of the Canadian Investment Industry, having held officer positions at Raymond James Ltd., Canaccord Wealth Management and previously Vice President at Richardson GMP Limited. He has financed companies across multiple sectors, including oil and gas, financial services, bio technology, health care, aerospace, mining and global security. Mr. Moore played a lead role in educating participants in other jurisdictions about the Capital Pool Program in advance of its expansion from Alberta to all Canadian provinces. Mr. Moore formerly sat on the Local Advisory Committee of the Exchange.

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

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

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's fiscal year ended December 31, 2016 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. However, the Corporation is relying upon the exemption in section 6.1 of NI 52-110, the exemption for venture issuers in relation to the requirement that every audit committee member be independent.

### **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 to the Corporation for professional services rendered by PwC for the fiscal year ended December 31, 2016 and for the period from incorporation on October 28, 2015 to December 31, 2015:

	<b>2016</b>	<b>2015</b>
	\$	\$
Audit Fees <sup>(1)</sup>	26,250	8,269
Audit-Related Fees <sup>(2)</sup>	13,781	11,025
Tax Fees <sup>(3)</sup>	0	0
All other Fees <sup>(4)</sup>	39,690	368
<b>Total<sup>(5)</sup></b>	<b>79,721</b>	<b>19,662</b>

Notes:

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

## CORPORATE GOVERNANCE DISCLOSURE

### Board of Directors

The board of directors of the Corporation (the "**Board**") believes that good corporate governance improves corporate performance and benefits all Shareholders. Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Corporation. The Board of Directors is committed to sound corporate governance practices which are both in the interest of its Shareholders and contribute to effective and efficient decision making. To achieve this goal, the Corporation has adopted a Board of Directors Charter and is in the process of adopting a Compensation and Corporate Governance Charter, a Code of Conduct, a Policy Regarding Disclosure, an Insider Trading Policy, a Whistle Blower Policy, Financial Commitment & Expense Policy, Expense Reimbursement Policy and Cash Management Policy. The Corporation plans to adopt these charters and policies during the fiscal year ended December 31, 2017.

The Canadian Securities Administrators (the "**CSA**") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

**Independent Directors** – The current independent members of the Board are Messrs. Dinning, Yuill, Espey and Jivraj.

**Non-independent Directors** – The current non-independent members of the Board are Scott Tannas and Richard Moore. Messrs. Tannas and Moore have been determined not to be independent under NI 58-101 as a result of being President and Chief Executive Officer and Chief Financial Officer of the Corporation, respectively.

**Involvement in Other Reporting Issuers** – Other than as set forth below, none of the directors hold directorships in other reporting issuers (or the equivalent) in jurisdictions in Canada or a foreign jurisdiction.

Director	Other Reporting Issuers
Scott Tannas	Western Financial Group Inc. Rocky Mountain Dealerships Inc.
James F. Dinning	Liquor Stores N.A. Ltd. Oncolytics Biotech Inc. Russel Metals Inc. Western Financial Group Inc.
Willard Yuill	Shaw Communications Inc.
Robert Espey	Parkland Fuel Corporation

**Orientation and Continuing Education of Board Members** – Board meetings are combined where necessary with presentations by the Corporation's management to give the Board additional insight into the Corporation's business. In addition, management of the Corporation makes itself available throughout the year for discussion with all Board members.

**Measures to Encourage Ethical Business Conduct** – As disclosed above, the Board of Directors intends to adopt a written code of business conduct and ethics during the fiscal year ended December 31, 2017.

The Board of Directors has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

***Nomination of Board Members*** – The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

***Determination of Compensation of Directors and Officers*** – As disclosed above, the Board of Directors intends to adopt a Compensation and Corporate Governance Committee Charter and appoint a Compensation and Corporate Governance Committee during the fiscal year ended December 31, 2017. During the fiscal year ended December 31, 2016, no compensation, other than the grant of stock options, was paid to the directors and officers of the Corporation.

***Other Board Committees*** - The Corporation has no standing committees at this time, other than the Audit Committee, but plans to appoint a Compensation and Corporate Governance Committee during the fiscal year ended December 31, 2017.

***Assessment of Directors, the Board and Board Committees*** – The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

There are no material interests, direct or indirect, of any insider of the Corporation, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any such person in any transaction during the financial year ended December 31, 2016, or in any proposed transaction, that has materially affected or would materially affect the Corporation.

## **LEGAL PROCEEDINGS**

The directors and senior officers of the Corporation are not aware of any material litigation outstanding, threatened or pending, as of the date hereof by or against the Corporation.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Securityholders of the

Corporation may contact the Corporation at [rmoore@winv.ca](mailto:rmoore@winv.ca) to request copies of the Corporation's financial statements and management's discussion and analysis.

### **GENERAL**

All matters referred to herein for approval by the Shareholders require a majority of the Shareholders voting, in person or by proxy, at the Meeting.

The Board has approved the contents of this Information Circular and the sending of the Information Circular to the Shareholders.

Unless otherwise stated, the information contained herein is given as of May 16, 2017.

**THIS IS SCHEDULE "A" ATTACHED TO AND MADE A PART OF THE INFORMATION CIRCULAR IN CONNECTION WITH THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED TO BE HELD JUNE 19, 2017 AND ANY ADJOURNMENT THEREOF.**

## **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:

- (b) the quality and integrity of financial information;
- (c) the independent auditor's performance, qualifications and independence;
- (d) the performance of the Corporation's internal audit function, if applicable;
- (e) 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.

**THIS IS SCHEDULE "B" ATTACHED TO AND MADE A PART OF THE INFORMATION CIRCULAR IN CONNECTION WITH THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED TO BE HELD JUNE 19, 2017, AND ANY ADJOURNMENT THEREOF.**

**THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED  
STOCK OPTION PLAN  
JANUARY 4, 2016**

**1. Purpose**

The purpose of this Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

**2. Definitions and Interpretation**

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Board of Directors"** means the board of directors of the Corporation;
- (b) **"Common Shares"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) **"Corporation"** means The Western Investment Company of Canada Limited and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) **"Discounted Market Price"** means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) **"Exchange"** means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) **"Exchange Policies"** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) **"Insider"** has the meaning ascribed thereto in Exchange Policies;
- (h) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;

- (i) "**Option Period**" means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;
- (j) "**Optionee**" means a person who is a director, officer, employee, consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and
- (k) "**Plan**" shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including without limitation "Consultant", "Employee", "Insider", "Investor Relations Activities", "Management Company Employee", "Tier 1 Issuer" and "Tier 2 Issuer".

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### 3. **Administration**

This Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of this Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

### 4. **Eligibility**

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to the Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by the Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Subject to Exchange Policies, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionees.

### 5. **Participation**

Participation in this Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to this Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or full-time employee of or a consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

**6. Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under this Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. The Options granted under the Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares; and
- (b) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares.

Subject to the Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one (1) Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant (or 2% of the issued and outstanding Common Shares to Optionees who are Consultants or Employees conducting Investor Relations Activities (as such terms are defined in Exchange Policies)).

Appropriate adjustments shall be made as set forth in Section 14 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of this Plan.

**7. Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "Stock Option Agreement"). The Stock Option Agreement will be in such form as the Board of

Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

**8. Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "Expiry Date"), subject to earlier termination as provided in Sections 10 and 11 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under this Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

**9. Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 10 and 11 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to the Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

**10. Ceasing to be a Director, Officer, Employee or Consultant**

If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within the later of: (i) 12 months after the completion of the Qualifying Transaction (as defined in TSX Venture Exchange Inc. Policy 2.4) by the Corporation; and (ii) ninety (90) days after the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is

deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of this Plan.

**11. Death of Optionee**

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

**12. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under this Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of this Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

**13. Takeover or Change of Control**

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation; or
- (b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

**14. Anti-Dilution of the Option**

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;

- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change; or
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this Section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

**15. Costs**

The Corporation shall pay all costs of administering this Plan.

**16. Termination and Amendment**

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 16(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.

- (c) This Plan, and any amendments hereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

**17. Withholding Tax**

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under the Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

**18. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**19. Prior Plans**

On the effective date (as set out in Section 19 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) this Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to this Plan.

**20. Effective Date**

This Plan shall become effective as of and from the adoption by the Board and upon receipt of all necessary shareholder and regulatory approvals.

**21. Legends on Hold Periods**

If required by the Exchange policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.