THE
WESTERN INVESTMENT
COMPANY OF CANADA LIMITED

Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended June 30, 2019

Dated: August 23, 2019

Introduction

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

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

This Interim Management Discussion and Analysis ("MD&A") provides an update on the Corporation's business activities, financial condition, financial performance and cash flows since December 31, 2018. The Corporation reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Corporation for the period ended June 30, 2019 and the audited consolidated financial statements of the Corporation, and annual MD&A, for the year ended December 31, 2018. The interim MD&A was prepared by management of Western and was approved by the Board of Directors on August 23, 2019. Additional information relating to the Corporation, including its Annual Information Form, is available on SEDAR at www.sedar.com.

The following table outlines the acquisitions we have completed as of August 23, 2019;

Investments	Acquisition Date	Ownership (%)
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	50.1%
Golden Health Care	September 1, 2017	25.0 - 30.0%
Ocean Sales Group Ltd.	January 1, 2018	75.0%
Foothills Creamery Ltd.	February 28, 2018	50.4%
Fortress Insurance Company	May 6, 2019	50.0%

Key Highlights for the period ended June 30, 2019

This quarter Western is proud to announce the acquisition of Fortress Insurance Company ("**Fortress**") which closed on May 6, 2019. Management and Directors have spent the last eighteen months working on the due diligence and execution of our fifth equity investment. This acquisition marks the successful completion of management's goal to invest in the insurance industry, the last of our four target industries identified in our founding investment strategy.

Western has been actively building the business plan for Fortress and will take a leading role in the execution of the plan. Fortress will be positioned to take advantage of a growing need for specialty insurance capacity supported by strong broker relationships. Management at Fortress is obtaining regulator approval from the remaining three western Canadian provinces (B.C., Saskatchewan, and Manitoba) with a goal to commence expanded operations and insurance sales in the third quarter of 2019.

To assist with the acquisition of Fortress, and to finance ongoing working capital needs of the Corporation, Western issued $4 million in convertible debentures in the second quarter of 2019. Each debenture is convertible into common shares of Western at a conversion price of $0.55 per share and will mature on March 31, 2024. Interest on the debentures is at 7.5% payable semi-annually. If after March 31, 2021, the closing price of the Common Shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may at its option, force the conversion of the debentures into Common Shares. Western may also elect to redeem all or part of the debentures at any time after March 31, 2021.

Western now has a portfolio consisting of five companies across all four of our target industry sectors. Western has been busy partnering with each of the management teams providing governance and assistance in implementing their strategic plan. Each of the portfolio companies is aggressively paying down term loan debt and investing additional free cash flow for growth opportunities.

Associates Highlights

- Western closed the acquisition of 50.0% of the shares in Fortress Insurance Company on May 6, 2019. Fortress's main focus in the second quarter has been on obtaining regulatory approval for all western Canadian provinces. The Company obtained regulatory approval in Alberta in May, and hopes to have approval for B.C., Saskatchewan, and Manitoba by the end of August. Concurrently Fortress is working on the execution of reinsurance contracts so that they are able to start writing business this summer. In the period from the acquisition date, May 6, 2019 to June 30, 2019 Fortress earned net income of $383,991.

- Western is now in its second year of owning a 50.4% interest in Foothills Creamery Ltd. ("**Foothills**"), one of Western Canada's premier producers of dairy products including butter and premium ice cream, In the six months ended June 30, 2019 Foothills earned total revenue of $21.1 million and had a net income of $520,237. Sales for the second quarter 2019 are up 13% from the same quarter in 2018.

- Western holds a 75% interest in Ocean Sales Group Ltd. ("**Ocean Sales**"), an Alberta based speciality retailer with operations across North America. In the first half of 2019

Ocean Sales earned $9.6 million in revenue, down 10% from 2018, and had a net loss of $169,458 which is down $189,176 from the prior year.

- Western's holds a 30% equity interest in three Saskatchewan senior care homes operating under Golden Health Care Inc., and a 25% interest in Golden Health Care Management Inc. (together known as "**Golden Health Care**" or "**Golden**"). Total revenue earned by our Golden Health Care investments in the six months ended June 30, 2019 was $4.31 million and net income for this period was $287,842. Net income is down by $52,934 largely due to increased interest cost resulting from the debt refinancing.

- GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**"), an automotive glass service company, is now in its third year as part of our portfolio. Total revenue earned in the six months ended June 30, 2019 was $10.8 million, a 7% increase from 2018. Net income for the first half on 2019 was down at $123,557 compared to $590,282 in the prior year. GlassMasters has made investments in three new retail locations plus a new warehouse in Lethbridge since the acquisition.

Westerns Financial Highlights:

- Total income earned for the six months ended June 30, 2019 was $884,345, an increase from the $668,913 earned in 2018. Management fees of $175,000 were earned compared to $112,500 in 2018 and equity income was $476,092 down from $526,575 in 2018. Net income for the six months ended June 30, 2019 was $329,161 ($0.011 EPS), compared to $93,333 in 2018 ($0.003 EPS). Overall, results are higher than the prior year, with the drop-in equity income countered by a bargain purchase gain recognized on the Fortress acquisition (as a result of the purchase price being below the fair value of net assets) and increased management fee revenue.

- Net Income Normalized for Portfolio Investment Operations ("**NPIO**") for the six months ended June 30, 2019 was $164,012 ($0.005 EPS) down from $476,051 in 2018 ($0.016 EPS). NPIO is lower than net income this period as a result of the add back of the Fortress purchase gain of $230,358 realized on Western's acquisition of Fortress. Acquisition costs are also low at $65,209. The comparative period in 2018 had higher acquisition costs ($382,718) and higher equity income from associates. Management believes NPIO provides investors with important information on the Corporation's ongoing operations excluding one-time acquisition expenses. This metric provides a picture of profitability from normalized operating activities. For more information on NPIO see 'Description of Non-IFRS Measures' section of this MD&A.

Management and Oversight Principles

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

- In depth quarterly meetings with each company's management team.
- Daily and weekly key performance indicators that allow us to accurately predict forward financial performance and health of the business in between financial reporting periods.
- Macro research and industry trend analysis to aid our understanding and help management with future planning.

- A program of continuing education and learning for executives at both Western and the portfolio companies.
- A simple but powerful strategic planning template that was specially designed for entrepreneurial growth companies. The plan focuses on a long term (5-10 year) measurable strategic aspiration, and one-year goals and tactics that align with progress toward long term success.

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

Summary of Equity Investments

Below is a summary of Western's investments in associates at June 30, 2019.

Fortress Insurance Company

On May 6, 2019 Western acquired 50% of the outstanding shares of Fortress Insurance Company for $1.69 million. The fair value of the net assets of Fortress on May 6, 2019 was higher than the price paid for the shares resulting in a purchase gain being recognized of $230,358. Western is still in the process of finalizing its valuation of these net assets and this purchase gain is still subject to change.

Western has equal ownership of Fortress with its partner and appoints two of six directors to the board. This does not give us voting authority to pass decisions without majority board approval giving Western significant influence over Fortress but not control. As such, the Corporation is accounting for our investment in Fortress under the equity method.

Fortress is an Alberta registered and regulated insurance company, which Western intends to transform from its current narrow scope into specialty and surplus lines of business within the western Canadian insurance market place. Prior to the acquisition Fortress was licensed only in Alberta for auto liability insurance, and was used by the parent companies solely for self insurance purposes. Western has assisted the company in obtaining an amendment of the insurance license to issue commercial and property insurance. The acquisition of Fortress can essentially be viewed as a start-up insurance operation with the development of a new business plan led by Western. A capital and cost/profit neutral structure and financial mechanism has been implemented relating to the previous auto insurance operations of the company which will effectively immunize Fortress from all associated claims of this division.

With the acquisition now complete Fortress is working at putting the developed business plan into action. Significant progress has been made on expanding the licenses to all four western provinces. Management has been actively working on developing relationships with its broker network and on negotiations for a reinsurance contract which will partially mitigate the risk taken by Fortress and is working to be able to start writing policies by the end of the third quarter.

For the period from acquisition May 6, 2019 to June 30, 2019 Western recognized $191,995 in equity income. Net income earned by Fortress in this period was $383,991 which relates largely to gains in its investment portfolio.

Foothills Creamery Ltd.

On February 28, 2018, Western acquired a 50.4% interest in Foothills Creamery Ltd. for $3.25 million paid in cash and 400,000 common shares of Western with a market value at acquisition date of $0.44 per share. Western has majority ownership of Foothills however appoints only two of seven directors to the board and does not have the voting authority to pass decisions without majority board approval. This gives Western significant influence over Foothills but not control. As such, the Corporation is accounting for our investment in Foothills under the equity method.

Foothills is a producer and distributor of high-quality butter and ice cream products with almost 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and food service network spanning across Western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, BC. Foothills butter products are specially churned using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers and the food service industry including commercial kitchens and bakeries. Ice cream sales are seasonal and as such, its busiest quarters occur in the spring and summer months. Based on this seasonality readers are cautioned not to weigh quarterly financial data equally for all quarters.

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

In the six months ended June 30, 2019 Western earned equity income of $262,199 from Foothills. Prior year results include only four months from the date of acquisition, and also include significant closing costs and so are not considered to be comparative. Foothills contributes management fee revenue of $18,750 each quarter to Western's income.

Financial highlights for Foothills are presented below:

	Three months ended June 30,		Periods ended June 30,	
Financial results ($)	2019	2018	2019 (6 months ended)	2018 (4 months ended)
Revenue	12,039,023	10,646,322	21,091,419	13,950,288
Gross profit	3,892,737	1,749,768	7,181,223	2,469,795
EBITDA[1]	1,371,641	722,630	1,602,696	659,630
Net income	654,058	382,084	520,237	224,084

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

The first quarter is the slowest quarter for Foothills and various producers in the dairy industry, typically incurring a loss. Spring brings an increase in sales as ice creams sales start to pick up in preparation for the summer vacation season. Prior year results are difficult to compare as the acquisition occurred in the first quarter of 2018. For the second quarter however we can report that sales are showing an increase of 13% over the three months ended June 30, 2018. Results

for this year to date have exceeded budgeted expectations. The company is now in the midst of a busy summer quarter and is making headway on expanding their brand in B.C.

Foothills is optimistic for growth in 2019 with the purchase of the Screamin' Brothers Company and as a result they are now able to offer a non-dairy, major allergen free, coconut cream-based product line. In this quarter the sales team has been able to get this product listed in a major Canadian retail chain that will be selling this new product nationally, as well as a grocery chain in B.C. They have also received interest from the United States ("US"). This product is not restricted by the Dairy Supply Management System and can cross boarders without tariffs providing Foothills with a potential new avenue for growth.

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

Ocean Sales Group Ltd.

On January 1, 2018, Western's wholly owned subsidiary, Ocean Sales Group Ltd, completed the acquisition of the Ocean Sales group of companies. Western's total investment was $3.45 million for a 75% interest in the company. Although the majority shareholder, the terms of the shareholders agreement allow Western to appoint two of five directors giving Western significant influence over Ocean Sales but not control. As such, the Corporation is accounting for our investment in Ocean Sales under the equity method.

Ocean Sales is a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. The Company markets high-quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the US. The Company also has a strategic relationship with Costco, a major North American retail chain, where it demonstrates a specially selected set of products in every location in Canada and is expanding its demonstrations to locations in the US. The Company is headquartered in Calgary, Alberta and is supported by strategically located warehouses in Washington, Ontario, and Quebec. Ocean Sales has been operating for over 35 years and has a history of solid operating results and revenue growth. The addition of Ocean Sales to Western's portfolio brings a scalable business model without substantial capital requirements. This, along with expansion plans in the US brings potential for growth.

For the six months ended June 30, 2019 Western recognized an equity loss of $127,093 from Ocean Sales. This compares to $14,787 earned in equity income in first half of 2018. Western earns $25,000 in management fee revenue each quarter from Ocean Sales.

Financial highlights for Ocean Sales are presented below:

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2019	2018	2019	2018
Revenue	2,383,893	3,289,529	9,581,271	10,685,238
Gross profit	1,305,931	1,697,486	5,342,355	5,942,201
EBITDA[1]	(561,670)	(482,417)	89,699	212,838
Net income	(529,822)	(411,296)	(169,458)	19,717

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

2019 is proving to be a year of contrasts at Ocean Sales. As one department gains momentum another struggles. Sales at consumer shows in eastern Canada and B.C. are on the upswing while sales in the prairie provinces have slowed down considerably. Growth has been obtained in the wholesale business in Canada, however this is offset by a reduction in sales to US distributors. Ocean Sales has also faced many logistical challenges from the government on the importation of inventory that has had an impact on results.

Ocean Sales is still facing a number of challenges concerning the Costco division of the business in both Canada and the US however, they recently launched a new product in Canada in mid July and are confident that this new product will produce the volume of sales needed to offset the loss of another major product that was discontinued in 2018. Ocean has also approved the launch of a new product in the US, scheduled to begin selling in August 2019. Ocean Sales is hoping these new products will offset the disappointing first half of the year in the division.

Fortunately, there is a strong feeling of optimism at Ocean Sales. Recent product launches have shown early success coupled with continued growth of one of their newer products, TumeriX which launched in 2018. Their new digital marketing strategy is proving to be successful with an immediate increase in online sales that is projected to grow. Online sales are a new avenue of sales for the company and they are excited about the opportunities and the social engagement that they are receiving. Overall, management at Ocean Sales is confident that the second half of 2019 will be the stepping stone for a much better 2020.

Ocean earns the majority of its income in the first and third quarters. Based on the seasonality of Ocean Sales operations, readers are cautioned not to weigh quarterly financial data equally for all quarters. Ocean Sales earns the majority of its income in the first and third quarters of the year.

Golden Health Care

Western holds a 30% equity interest in three Saskatchewan senior care homes and a 25% interest in Golden Health Care Management Inc. The three homes are: Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park. These homes generally operate at or near 100% occupancy with waiting lists. Western is pleased to be part of the skilled and experienced management team at Golden Health Care Management Inc. which provides management services to a portfolio of seven retirement communities and approximately 457 retirement suites.

Golden is a stable revenue producing investment in Western's portfolio, with the opportunity for future expansion as Golden is uniquely positioned to meet the needs of a growing health care segment. Golden Health Care is the largest full-service retirement operator in Saskatchewan. They have a unique model of "aging in place" where Golden's care homes adapt to the needs of individual residents from assisted living up to long term care in each facility, maintaining a family environment rather than an institutional one regardless of the level of care required.

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

In the six months ended June 30, 2019 Western recognized equity income from Golden of $87,139 (June 30, 2018 - $103,354). Western does not earn management fees from Golden.

Financial highlights for Golden are presented below:

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2019	2018	2019	2018
Revenue	2,152,125	2,151,254	4,308,707	4,288,490
EBITDA[1]	475,828	540,353	1,039,769	973,446
Net income	92,887	190,068	287,842	340,776

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

Regulatory changes expected in the Saskatchewan marketplace could boost the expansion potential for Golden. Management is currently evaluating expansion proposals with a goal of doubling the number of suites over the next five years. The Board of Directors has recently approved a $2.5 million expansion of the William Albert House which will add an additional 12 rooms to that home. Funding for the expansion will come from current cash on hand, and from the recently completed refinancing of current long-term debt.

GlassMasters

The Corporation has a 50.1% equity investment in GlassMasters which is an automotive glass service company with ten retail locations providing repair and replacement of autoglass ("Service Division") and two automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices ("Wholesale Division"). GlassMasters' principal markets are the Calgary, Edmonton, Red Deer, Lethbridge and Saskatoon regions. Western has significant influence over GlassMasters given Western appoints two of six directors, however this does not give Western control of GlassMasters. As such, the Corporation has accounted for our investment in GlassMasters under the equity method.

In the second quarter 2019 GlassMasters opened it's tenth retail location in Lethbridge, Alberta. Two new stores were opened in 2018, including Saskatoon, Saskatchewan and Airdrie, Alberta. Business at these new stores has been gaining traction in the marketplace and management is

focused on building their account and retail customer base. The opening of new stores does have some negative impact on EBITDA and it is expected to take about 18 months or longer for a new store to break even and begin to positively contribute to the Company's bottom line.

GlassMasters contributed equity income of $61,852 to Western's results in the six months ended June 30, 2019 (June 30, 2018 - $294,495). GlassMasters contributes management fee revenue of $18,750 a quarter.

Financial highlights for GlassMasters are presented below:

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2019	2018	2019	2018
Revenue	6,737,383	6,579,651	10,819,780	10,105,074
Gross profit	2,327,755	2,542,020	3,276,344	3,665,392
EBITDA[1]	1,184,006	1,297,756	1,286,066	1,357,574
Net income	447,043	747,561	123,557	590,282

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

Sales continued to grow during the first half of 2019 up approximately 7% from the prior year due primarily to gains in external wholesale market share. The Saskatoon GlassMasters retail location further strengthened its customer base as they gain more brand recognition and the newest location in Lethbridge is off to a fantastic start. Gross profit is however down 11% from the same period 2018 with increases in both labour and product costs. Breakeven in the newly opened stores is progressing better than expected but still is expected to take 18 months from opening to positively contribute to GlassMasters net income. Labour costs are up due to excess in staffing, where sales did not meet projections. Product margins are down as the result of the weak Canadian dollar increasing cost of goods sold, and a competitive market which is holding prices low. GlassMasters has been aggressively focused on gaining external wholesale market share.

Last year GlassMasters paid down $1.6 million in long-term debt, with over $2.7 million in debt repaid since the acquisition. Looking forward, they plan to continue to aggressively pay down debt, focus on enhancing operational processes, and to look for additional opportunities for expansion. At this time no new expansion locations are planned. GlassMasters earns the majority of its income in the spring and summer driving months. Based on the seasonality of GlassMasters' operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

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

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2019	2018	2019	2018
Revenue	721,015	373,687	884,345	668,913
Acquisition related expenses	5,210	47,370	65,209	196,037
Professional fees	41,325	75,488	79,329	127,420
Regulatory fees	24,315	28,433	31,977	40,489
Management compensation	141,589	65,297	216,077	149,555
Interest	112,481	16,867	135,997	22,540
Other expenses	13,243	18,709	26,595	39.539
Total expenses	338,163	252,164	555,184	575,580
Net income	382,852	121,523	329,161	93,333
Net income per share	0.013	0.004	0.011	0.003
NPIO	157,704	168,893	164,012	476,051
NPIO per share	0.005	0.006	0.005	0.016

	June 30, 2019	December 31, 2018
Financial position ($)		
Cash	1,567,162	8,183
Operating loan	-	(1,519,896)
Working capital	104,630	(1,516,438)
Total assets	21,806,938	17,840,759
Convertible debentures	2,910,885	-
Shareholders equity	17,170,539	16,165,193

	June 30, 2019	December 31, 2018
Western Share Count Information		
Common shares outstanding	30,580,756	30,703,756

For the first half on 2019 Western earned $476,092 in equity revenue (2018 - $526,575) and $175,000 in management fees (2018 - $112,500). The decrease in revenue is the result of lower results for two of our associates compared to the prior year. GlassMasters' investment in new stores contributed to lower results while Ocean Sales has experienced challenges in their businesses as discussed above. Golden operates in a relatively stable environment, and Foothills is exceeding expectations. We are also pleased to have the additional equity income from Fortress in our portfolio. Western is now earning annual management fee revenue from associates totalling $350,000 annually. Revenue earned in the quarter ended June 30, 2019 also benefited from a $230,358 gain recognized from the bargain purchase of Fortress.

Acquisition expenses are down significantly compared to the first half of 2018. Acquisition expenses in the comparative period 2018 related primarily to the Foothills acquisition and included compensation paid to Directors on that acquisition. Western no longer has a compensation policy related to acquisitions and there is no comparable expense in 2019 for the Fortress acquisition. Acquisition costs for the first half of 2019 relate to Fortress and are low as the majority of due diligence costs on this acquisition were incurred in 2018. The Corporation will incur these expenses as it acquires other businesses in the future and costs will be significant in any period surrounding an acquisition.

Professional fees were high in the first quarter 2018 as they included additional legal expenses associated with obtaining the operating loan facility arranged during that period. Other expenses in 2018 were also affected by this facility as they include the one-time loan application fee. Interest related to this facility is high in the first quarter of 2019 as we were relying on the facility until the proceeds of the debenture financing were received in the second quarter. Going forward interest on these debentures will be a significant expense.

Additional cash is on hand with the proceeds from the Debenture financing, and a significant cash advance from Golden Health putting the Corporation in a positive working capital position. Amounts due from related parties is growing as a result of management fees receivable from associates who are unable to pay out amounts to shareholder due to restrictions currently imposed from their bank covenants.

Western's current focus looking into the second half of 2019 is on the development of the insurance business in our newest associate Fortress, as well as improving the profitability of GlassMasters and Ocean Sales.

Summary of Western's Quarterly Financial Information

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

in C$000s except for per share amounts	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017
Total income/(loss)	721.0	163.3	311.6	1,193.9	373.7	295.2	(5.4)	287.3
Operating expenses	338.2	217.0	216.6	250.7	252.2	323.4	395.7	368.8
Net income (loss) NPIO[1]	157.7	6.3	263.2	958.8	168.9	307.2	(178.7)	151.0
Net income (loss)	382.9	(53.7)	95.0	943.2	121.5	(28.2)	(401.1)	(81.5)
Earnings (loss) per share NPIO[2]								
- Basic	0.005	0.000	0.009	0.031	0.004	0.010	(0.006)	0.005
- Diluted	0.005	0.000	0.009	0.031	0.004	0.010	(0.006)	0.005
Earnings (loss) per share								
- Basic	0.013	(0.002)	0.003	0.031	0.006	(0.001)	(0.013)	(0.003)
- Diluted	0.013	(0.002)	0.003	0.031	0.006	(0.001)	(0.013)	(0.003)
Total assets	21,806.9	17,912.2	17,840.8	17,692.0	16,546.2	16,258.0	20,048.0	15,411.6
Total long-term liabilities	2,910.9	-	-	-	-	-	4,540	-

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

Certain of the Corporation's associates experience seasonal fluctuations in activity and financial performance. For many of our associates the third quarter is when they earn the majority of their income. Furthermore, the timing of the acquisitions of Golden (September 2017), Ocean Sales (January 2018), Foothills (February 2018), and Fortress (May 2019) have impacted the quarterly results following their acquisition date. As such, the prior periods shown in the above table are not necessarily comparable and should not be relied upon as an indication of future performance.

Convertible Unsecured Debentures

On May 9, 2019 the Corporation issued $4 million of unsecured convertible debentures each with a principal value of $1,000 per debenture. Each debenture is convertible into common shares of Western at a conversion price of $0.55 per share. The debentures mature on March 31, 2024 and bear interest at the rate of 7.5% per annum, payable semi-annually at the end of March and September.

If after March 31, 2021 the closing price of the Common Shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the debentures into Common Shares. Western may also elect, at its option, to redeem all or part of the debentures at any time after March 31, 2021 at the redemption price set forth below plus accrued and unpaid interest, if redeemed during the calendar year upon 45 days written notice by Western:

2021 – 107.5%

2022 – 105.0%
2023 – 102.5%
2024 – 100.0%

The Corporation incurred underwriting fees and issuance costs of $400,742, including 425,454 broker warrants valued at $29,566. The warrants are exercisable into one Common Share per warrant at an exercise price of $0.55 and expire 24 months from the Closing Date. These costs are allocated to the carrying value of the liability and equity components of the debentures.

The debentures are a compound financial instrument containing both a liability and equity component. The liability component represents the present value of future payments made over the life of the financial instrument discounted at 13.9% which was the approximate market rate available to the Corporation for similar debt without a conversion feature. The residual value of $793,814 (net of issuance costs) was allocated to the equity component. The liability will be accreted to the principal value using an effective rate of 16.5%.

Liquidity and Capital Resources

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

$	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash used in operating activities	(434,042)	(435,914)
Cash used in investing activities	(70,000)	(3,102,423)
Cash provided by financing activities	2,063,021	1,408,826
Increase (decrease) in cash	1,558,979	(2,129,511)
Cash, beginning of period	8,183	2,130,300
Cash, end of period	1,567,162	789

The net cash used by operating activities for the period ended June 30, 2019, was primarily related to cash flow required to fund operations including general and administrative costs, professional fees, salaries, as well as changes in working capital. Operating cash used in 2019 was comparable to 2018 as there was a similar level of activity during the period. Operating expenditures are partially offset by cash received for management fees from associates.

The cash used in investing activities for the six months ended June 30, 2019 on the acquisition of Fortress was offset by an advance received from Golden. 2018 investing activities related to the acquisition of Foothills.

Cash provided by financing activities for the current six months ended June 30, 2019, is the result of proceeds received, net of issuance costs, on the debenture financing. A portion of these proceeds was used to repay our line of credit. For the comparative six months ended June 30, 2018 cash provided from financing activities related to the operating line of credit obtained starting in February 2018 and drawn upon with the acquisition of Foothills.

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

$	June 30, 2019	December 31, 2018
Demand revolving operating loan facility	-	1,519,896
Convertible debentures	2,910,885	-
Advance from associate	1,620,000	
Less: cash	(1,567,162)	(8,183)
Net loans (cash)	2,963,723	1,511,713
Shareholders' equity	17,170,539	16,165,193

During the quarter the Corporation issued $4 million of unsecured convertible debentures to assist with the acquisition of Fortress and to fund daily operations. The debentures bear interest at 7.5% which will result in $300,000 in annual interest payments paid semi-annually. If not converted, the debentures will mature and be payable March 31, 2024.

With this financing, Western is no longer drawn on its demand revolving operating loan facility. This facility remains available for future needs to the maximum amount of $2,000,000. The facility bears interest at the bank's prime rate plus 2% per annum and carries a standby fee of 0.2% per annum on the unused portion. Security includes a share pledge agreement in respect to the Corporation's interest in its subsidiaries. At June 30, 2019 $nil was drawn on the operating loan facility (December 31, 2018 - $1,519,896).

The advance from associate is due from Golden Health Care and is unsecured, non-interest bearing, and has no specified terms of repayment. As at the date of this MD&A it is determined that $1,212,000 of the loan will be repaid at the end of August with the remaining $408,000 to be declared as a dividend to Western.

The Corporation generates operating cash from management fees and dividends from its portfolio investments. Western intends to raise equity capital when necessary to fund its expansion. The Corporation believes it can raise capital to fund this growth.

Outstanding Share Data

No shares were issued in the six months ended June 30, 2019. In the comparative period 2018, in line with its acquisition of Foothills, the Corporation issued a total of 400,000 common shares to the vendor of Foothills. The market value of the shares at the time of acquisition was $0.44 per share bringing the total fair value of the shares issued to $176,000 before issuance costs. During the six months ended June 30, 2019, 123,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid (June 30, 2018 – 14,000 shares repurchased). This brings the total common shares outstanding at June 30, 2019, to 30,580,756 (December 31, 2018 – 30,703,756). As of the date of this MD&A the total common shares outstanding was 30,580,756.

In the period ended June 30, 2019 no stock options were issued (June 30, 2018 – nil). The total amount of stock options outstanding as at June 30, 2019 were 1,430,000 (December 31, 2018 – 1,430,000) with exercise prices ranging from $0.50 to $0.65. On April 9, 2019 425,454 warrants

were granted for broker compensation in line with the Debenture financing. These warrants have a two-year term and an exercise price of $0.55.

The Corporation has regulatory approval to proceed with a normal course issuer bid whereby Western may purchase up to 1,500,000 common shares in the capital of the Corporation representing approximately 4.9% of the total issued shares. The bid originally commenced May 23, 2017, for a one-year term and is renewed annually. In the period ended June 30, 2019, a total of 123,000 shares have been repurchased for a total cost of $45,908 (June 30, 2018 – 14,000 shares repurchased for $6,764).

Off-Balance Sheet Arrangements

As at June 30, 2019, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

In accordance with the terms of a management fee agreement, Western earns an annual management fee from most of its associates, payable on a quarterly basis. For the six months ended June 30, 2019 the Corporation earned $175,000 in management fees from its associates (June 30, 2018 - $112,500). As at June 30, 2019, $190,312 was receivable in respect to these management fees (December 31, 2018 - $124,793).

No dividends were received in the current quarter. $27,423 in dividends on preferred shares was earned in the six months ended June 30, 2018. On September 30, 2018 all preferred shares held, were exchanged on a tax deferred basis, for Class A Common Shares and thus the Corporation no longer earns dividends on preferred shares.

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. For the six months ended $254,703 was paid or payable to members of key management (June 30, 2018 - $220,805). There was no director compensation paid in 2019. $69,000 was paid to directors as part of the Corporation's time and expense policy in the comparative period ended June 30, 2018.

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

Risks and Uncertainties

The Corporation and its associates are subject to a number of risks as they relate to the organizational structure and the operations of each company. When reviewing forward-looking statements and information contained within this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect future results of each company. The environment the Corporation and its associates operate in is highly competitive and it is not possible for management to predict all risk factors or their impact these risks may have on the businesses. The annual MD&A sets out a brief summary of certain risk factors that may have a material impact on the Corporation's future financial performance. No significant changes to those factors have occurred to the date of this report.

Proposed transactions

As at June 30, 2019 and up to the date of this MD&A, there were no proposed transactions of the Corporation, other than as disclosed herein.

Critical Accounting Estimates and Accounting Policies

Effective January 1, 2019 the Corporation adopted IFRS 16 "Leases". The adoption of this new standard did not materially impact the carrying amounts of the financial instruments, or the timing and measurement of expenses. For a detailed summary of these changes, along with a description of the Corporation's accounting policies, the reader is directed to the notes to the interim financial statements of the Corporation for the six months ended June 30, 2019 available on SEDAR at www.sedar.com

Financial Instruments and Risk Management

The Corporation, as part of its operations, is exposed in varying degrees to a variety of risks from the use of financial instruments, which mainly include cash, amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings. Risk management strategies are established to identify and analyze risks faced, and to ensure our risks and related exposures are consistent with our business objectives and risk tolerance levels. As a result of the use of the above mentioned financial instruments, we are exposed to risks that arise from their use, including market risk, credit risk and liquidity risk. A detailed assessment of each of these risks is presented in the notes to the financial statements for the period June 30, 2019 to be read in conjunction with this MD&A.

Cautionary Note Regarding Forward Looking Information

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

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

Description of Non-IFRS Measures

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

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

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

	Three Months ended June 30,		Six months ended June 30,	
$	2019	2018	2019	2018
Net income - per IFRS	382,852	121,523	329,161	93,333
Acquisition related income	(230,358)	-	(230,358)	-
Acquisition related expenses (after tax)	5,210	47,370	65,209	382,718
NPIO	157,704	168,893	164,012	476,051

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