

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, lawyer, accountant or other professional advisor. The Offer (as defined herein) has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence. This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, and deposits will not be accepted from or on behalf of, Debentureholders (as defined herein) in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of that jurisdiction. However, the Issuer (as defined herein) may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Debentureholders in such jurisdiction.

October 24, 2023



THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED

OFFER TO PURCHASE

all of the issued and outstanding unsecured convertible debentures due March 31, 2024 of The Western Investment Company of Canada Limited payable in 2025 Debentures, as described herein

The Western Investment Company of Canada Limited (the "**Issuer**" or the "**Company**") hereby offers to all holders ("**Debentureholders**") of the Issuer's issued and outstanding unsecured convertible debentures due March 31, 2024 (the "**2024 Debentures**", and each \$1,000 of principal amount of 2024 Debenture, a "**2024 Debenture**") the right to exchange each 2024 Debenture validly tendered and not properly withdrawn for an unsecured convertible debenture of the Issuer due December 31, 2025 in the principal amount of \$1,000 (a "**2025 Debenture**", and collectively, the "**2025 Debentures**").

In addition, Debentureholders who tender their 2024 Debentures to the Offer will receive a cash payment in respect of all accrued and unpaid interest outstanding on such 2024 Debentures up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer. The Offer and all deposits of 2024 Debentures are subject to the terms and conditions set forth in this Offer to Purchase, the accompanying issuer bid circular (the "**Circular**" and, together with this Offer to Purchase, the "**Offer and Circular**") and the related Letter of Transmittal (which together constitute, and are herein referred to as, the "**Offer**").

The Offer will commence on October 24, 2023 and expire at 3:00 p.m. (Calgary time) on November 28, 2023, unless terminated, extended or varied by the Issuer (such time on such date, the "Expiry Time"). As at the date hereof, there was \$4,000,000 principal amount of 2024 Debentures issued and outstanding. The Offer is being made for all of the issued and outstanding 2024 Debentures and is not conditional upon any minimum number of 2024 Debentures being deposited. The Offer is however, subject to other conditions, and the Issuer reserves the right to withdraw the Offer and not take up and pay for any 2024 Debentures deposited under the Offer unless certain conditions are satisfied. See Section 7 of the Offer to Purchase, "*Conditions of the Offer*".

The purpose of the Offer (defined below) is to (a) provide the Issuer with greater financial flexibility to continue to pursue its business objectives in 2024 and 2025 than if the Issuer were to repay the 2024 Debentures in full on March 31, 2024; and (b) provide holders of 2024 Debentures with an opportunity to receive an increased interest rate at a simple rate of 9.6% per annum by holding 2025 Debentures until the maturity date of the 2025 Debentures, as described further in this Offer.

The 2025 Debentures will be issued pursuant to the convertible debenture indenture dated October 24, 2023 between the Issuer and Odyssey Trust Company. The 2025 Debentures will bear interest from and including their date of issue (the "**Issue Date**") at a simple rate (non-compounded) of 9.6% per annum (based on a year of 365 days), payable in equal semi-annual instalments on March 31 and September 30 in each year, provided that (i) the first interest payment for a 2025 Debenture will include interest accrued from its Issue Date up to, but excluding, March 31, 2024; and (ii) the last payment (representing interest payable from September 30, 2025 up to, but excluding, the maturity date of the 2025 Debentures) shall fall due on the maturity date of the 2025 Debentures (instead of March 31, 2026). See Section 4 of the Circular, "*Consideration*" and Section 34 of the Circular, "*Risk Factors*".

Each Debentureholder who has validly deposited 2024 Debentures and who has not withdrawn such 2024 Debentures will receive, in respect of each such 2024 Debenture, a 2025 Debenture plus a cash payment in respect of all accrued and unpaid interest up to, but excluding, the date on which they are taken up by the Issuer, for all 2024 Debentures purchased on the terms and subject to the conditions of the Offer. The 2024 Debentures purchased by the Issuer under the Offer will be cancelled by the Issuer at closing.

A Debentureholder desiring to deposit only a portion of the aggregate principal amount of 2024 Debentures that such Debentureholder holds to the Offer may do so, provided that the principal amount of 2024 Debentures which is deposited under the Offer is in a denomination of \$1,000 or an integral multiple thereof.

There are tax consequences to exchanging the 2024 Debentures under the Offer. However, if you currently hold your 2024 Debentures in a registered plan, such as an RRSP, then any tax effect would occur inside your registered plan. See Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*".

The board of directors of the Issuer (the "**Board of Directors**") has authorized and approved the Offer. None of the Issuer, its directors, or Odyssey Trust Company (the "**Depository**"), the depository of the Offer, or any of their respective affiliates, make any recommendation to any Debentureholder as to whether to deposit or refrain from depositing 2024 Debentures under the Offer. Debentureholders must make their own decisions as to whether to deposit or refrain from depositing their 2024 Debentures, and, if deposited, how many 2024 Debentures to deposit.

Debentureholders are urged to evaluate carefully all information in the Offer and Circular, including the risk factors set forth in Section 4 of the Circular, "*Risk Factors*", and to consult their own financial, investment, tax and legal advisors, and make their own decisions on whether to deposit 2024 Debentures to the Offer and, if so, how many 2024 Debentures to deposit. Debentureholders should carefully consider the income tax consequences of depositing 2024 Debentures pursuant to the Offer. See Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*".

The Offer is made for 2024 Debentures only and is not made for any rights to acquire 2024 Debentures. Any holder of such rights must, to the extent permitted by the terms thereof and applicable law, fully exercise such rights to acquire 2024 Debentures in order to deposit the resulting issued 2024 Debentures in accordance with the terms and conditions of the Offer.

The earnings coverage ratio in respect of the 2025 Debentures for the 12 month period ended December 31, 2022 was less than one to one. See "*Earnings Coverage Ratio*".

There is no market through which the 2025 Debentures may be sold and Debentureholders who accept the Offer may not be able to resell the 2025 Debentures they receive pursuant to the Offer. This may affect the pricing of the 2025 Debentures in the secondary market, the transparency and

availability of trading prices, the liquidity of the 2025 Debentures, and the extent of issuer regulation. See Section 34 of the Circular, "*Risk Factors*" in the Circular.

No person has been authorized to make any recommendation on behalf of the Issuer or the Board of Directors as to whether Debentureholders should deposit or refrain from depositing 2024 Debentures pursuant to the Offer. No person has been authorized to give any information or to make any representation in connection with the Offer other than as set forth in the Offer to Purchase, the Circular and the related Letter of Transmittal. If given or made, any such recommendation or any such information or representation must not be relied upon as having been authorized by the Issuer or the Board of Directors or the Depositary.

Non-residents of Canada should contact the Issuer prior to depositing any 2024 Debentures under the Offer. There are significant tax consequences to non-residents. In addition, The Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder.

Any Debentureholder who wishes to deposit all or some of their 2024 Debentures under the Offer should complete and sign the Letter of Transmittal (or a manually executed photocopy thereof) in accordance with the instructions in such Letter of Transmittal and deliver it and all other required documents to Odyssey Trust Company, as the Depositary, and deliver the debenture certificate(s) for such 2024 Debentures to the Depositary in accordance with the instructions set forth in Section 4 of the Offer to Purchase, "*Procedure for Depositing 2024 Debentures*", or request their broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him, her or it. **Any Debentureholders whose 2024 Debentures are registered in the name of broker, dealer, commercial bank, trust company or other nominee should contact such person or institution if the Debentureholder wishes to deposit such 2024 Debentures.**

Any questions or requests for additional materials or assistance in completion of the Letter of Transmittal should be directed to the Depositary, Odyssey Trust Company. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance. Any questions or requests for information regarding the Offer should be directed to the Issuer.

Unless otherwise indicated, all dollar amounts in the Offer are in Canadian dollars.

The Offer expires at 3:00 p.m. (Calgary time) on November 28, 2023, unless terminated, extended or varied by the Issuer.

FORWARD-LOOKING INFORMATION

The Offer and Circular and the documents incorporated by references herein include certain information and statements (collectively, "**forward-looking statements**") that are "forward-looking information" within the meaning of applicable Canadian securities laws. All information and statements, other than statements of historical facts, that addresses activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements. In certain cases, forward-looking statements can be identified by the words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology.

Forward-looking statements in the Offer and Circular and in documents incorporated by reference herein include, or may include, but are not limited to, statements with respect to: the Offer, including the terms and conditions of the Offer; the aggregate amount of 2024 Debentures to be purchased for cancellation under the Offer; the expected expiration time of the Offer; the time by which the Company will pay for tendered 2024 Debentures; the Company's expectation that it will fund the payment of any interest accrued and payable on 2024 Debentures tendered under the Offer from cash on hand; the Company continuing to have sufficient financial resources and working capital and the Offer not being expected to preclude the Company from pursuing its foreseeable business opportunities or the future growth of the Company's business; the satisfaction or waiver of the conditions to the Offer; the purchase of the 2024 Debentures under the Offer being in the best interests of the Company and its shareholders; the Company's status as a reporting issuer; and the costs and expenses incurred in connection with the Offer.

Forward-looking statements are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable in light of, among other things, its perception of trends, current conditions and expected developments, as well as other factors that the Company believes to be relevant and reasonable in the circumstances at the date that such statements are made, readers are cautioned not to place undue reliance on forward-looking statements, as forward-looking statements may prove to be incorrect. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements. Importantly, forward-looking statements are based upon certain assumptions that the Company believes to be reasonable based on the information currently available to the Company, including, but not limited to: the completion of the Offer; and the intentions of any future restructuring of the 2024 Debentures or of the Issuer, including the Issuer's plans for its business and to repay the 2025 Debentures. The Company cautions that there can be no assurance that such assumptions will prove to be correct or that the Company's expectations regarding the Offer or the Company's business guidance, objectives, plans and strategic priorities will be achieved.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Company believes that the expectations reflected in, and assumptions underlying, such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. New factors emerge from time to time, and it is not possible for the Company to predict all of those factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements in the Offer, the Circular and in documents incorporated by reference include: failure of the Issuer to raise or allocate

sufficient capital to repay the 2025 Debentures; results and performance of the Issuer; fluctuations in value of investments; foreign currency exposure; leverage; and other risks and factors detailed under "*Risk Factors*" in the Annual Information Form (as defined herein) and in the Circular.

Readers are cautioned that the foregoing list of factors are not exhaustive. The Company provides no assurance that forward-looking statements in this will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements (including those in the documents incorporated herein by reference), and in evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under "*Risk Factors*" in the Circular and in the Annual Information Form, which may cause actual results to differ materially from the results, performance or achievements of the Company expressed or implied by any forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in the Offer and Circular are made as of the date of the Offer and Circular or the date of the documents incorporated by reference herein, as applicable, and except as required by applicable Canadian securities laws, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the securities commissions or similar authorities in certain provinces of Canada, are specifically incorporated by reference in the Offer and Circular:

- (a) the Company's annual information form for fiscal year ended December 31, 2022 dated May 19, 2023 (the "**Annual Information Form**" or "**AIF**");
- (b) the audited consolidated financial statements of the Company as at and for the financial years ended December 31, 2022 and 2021, together with the notes thereto and the report of independent auditors thereon (the "**2022 Financial Statements**");
- (c) the management's discussion and analysis of the Company for the year ended December 31, 2022 (the "**Annual MD&A**");
- (d) the report of independent auditors for the restated audited consolidated financial statements of the Company as at and for the financial year ended December 31, 2021 (the "**2021 Audit Report**", and together with the 2022 Financial Statements, the "**Annual Financial Statements**");
- (e) the restated unaudited condensed interim financial statements of the Company as at and for the three and six months ended June 30, 2023, together with the notes thereto, filed on October 24, 2023 (the "**Interim Financial Statements**");
- (f) the management's discussion and analysis of the Company for the period ended June 30, 2023 (the "**Interim MD&A**", and together with the Annual MD&A, the "**Company MD&A**");
- (g) the material change report of the Company dated October 13, 2023, in respect of the Offer and the proposed private placement of the Company of 2025 Debentures;

- (h) the material change report of the Company dated August 21, 2023, in respect of the declaration of a dividend by the Company;
- (i) the material change report of the Company dated June 28, 2023, in respect of the granting of stock options by the Company;
- (j) the material change report of the Company dated May 25, 2023, in respect of the continued delay in the filing of, and the subsequent filing of, the 2022 Financial Statements, the Annual MD&A and related certifications;
- (k) the material change report of the Company dated May 4, 2023, in respect of the delay in the filing of the 2022 Financial Statements, the Annual MD&A and related certifications;
- (l) the material change report of the Company dated February 8, 2023, in respect of the regulatory approval of the normal course issuer bid of the Company;
- (m) the management information circular of the Company dated May 12, 2023 regarding the annual general and special meeting of shareholders of the Company held on June 19, 2023; and
- (n) the management information circular of the Company dated May 26, 2022 regarding the annual general and special meeting of shareholders of the Company held on June 28, 2022.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for the purposes of the Offer and Circular, to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement or contents. The modifying or superseding statement need not state that it has modified or superseded a prior statement or contents, or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement or contents so modified or superseded will not be deemed, in its unmodified or non-superseded form, to constitute a part of the Offer and Circular.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at 1010 24 Street SE, High River, Alberta, T1V 2A7, Canada. These documents are also available through the Company's issuer profile on SEDAR+ at www.sedarplus.ca.

Any document of the type required by Item 11.1 of Form 44-101F1 - *Short Form Prospectus* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, audited annual financial statements, management's discussion and analysis and information circulars filed by the Company with securities commissions or similar regulatory authorities in Canada on SEDAR+ at www.sedarplus.ca after the date of the Offer and Circular and before the Expiration Time, are deemed to be incorporated by reference into the Offer and Circular.

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SCHEDULE A - VALUATION

SCHEDULE B - 2025 DEBENTURE INDENTURE

GLOSSARY

In the Offer and Circular, unless the subject matter or context is inconsistent therewith, the following terms have the following meanings:

"**2022 Financial Statements**" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"**2024 Debenture**" means an unsecured convertible debenture in the principal amount of \$1,000 issued under the 2024 Debenture Indenture, which has a maturity date of March 31, 2024 (subject to any extension);

"**2024 Debenture Indenture**" means the convertible debenture indenture between the Issuer and Odyssey Trust Company dated May 9, 2019 governing the 2024 Debentures;

"**2025 Debenture**" means an unsecured convertible debenture in the principal amount of \$1,000 issued under the 2025 Debenture Indenture, which has the terms described in Section 4 of the Circular, "*Consideration*";

"**2025 Debenture Indenture**" means the convertible debenture indenture between the Issuer and Odyssey Trust Company dated October 24, 2023 governing the 2025 Debentures;

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time;

"**affiliate**" has the meaning ascribed to that term in MI 62-104;

"**allowable capital loss**" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"**Annual Financial Statements**" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"**Annual Information Form**" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"**Annual MD&A**" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"**Applicable Laws**" means any Applicable Laws, including international, national, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, notices, by-laws, rules, regulations, ordinances, or other requirements, policies or instruments of any Governmental Entity having the force of law;

"**associate**" has the meaning ascribed to that term in MI 62-104;

"**Board of Directors**" means the board of directors of the Issuer;

"**Book-Entry Confirmation**" means a confirmation of a book entry transfer of 2024 Debentures into the Depository's account established at CDS in accordance with the terms of the Offer.

"**Business Day**" means any day of the week, other than a Saturday, a Sunday or a statutory or civic holiday observed in Calgary, Alberta;

"CDS" means CDS Clearing and Depository Services Inc.;

"CDSX" means the book-entry system administered by CDS;

"Circular" means the issuer bid circular accompanying and forming part of the Offer;

"Common Shares" means common shares in the capital of the Issuer;

"Company MD&A" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"CRA" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Debentureholders" means holders of 2024 Debentures;

"Depository" means Odyssey Trust Company;

"Eligible Institution" means a Canadian Schedule I chartered bank, a commercial bank or trust company in the United States, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) acceptable to the Depository. Members of these programs are usually members of a recognized stock exchange in Canada and/or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States;

"Exempt Plans" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Expiry Time" means, in respect of the Offer, 3:00 p.m. (Calgary time) on November 28, 2023 or such later time to which the Offer may be extended from time to time by the Issuer;

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

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

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

"Governmental Entity" means: (a) any sovereign nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission (including any securities commission), instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing; (b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court; (c) any stock exchange; or (d) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing entities established to perform a duty or function on its behalf;

"Holder" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Interim Financial Statements" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"Interim MD&A" has the meaning ascribed to that term under "*Documents Incorporated by Reference*";

"Issue Date" means that date on which a 2025 Debenture is issued;

"Issuer" or the **"Company"** means The Western Investment Company of Canada, a corporation existing under the ABCA

"Letter of Transmittal" means the letter of transmittal in the form accompanying the Offer and Circular to be delivered by holders of 2024 Debentures to the Depository to effect the tender of 2024 Debentures pursuant to the Offer;

"MI 61-101" means Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions, as amended or replaced from time to time;

"MI 62-104" means Multilateral Instrument 62-104 - Take-Over Bids and Issuer Bids, as amended or replaces from time to time;

"Non-Resident Holder" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Ocean Sales" means Ocean Sales Group Ltd., a company incorporated under the ABCA;

"Offer" means the offer to purchase all of the outstanding 2024 Debentures made by the Issuer to Debentureholders, the terms of which are set forth in the Offer to Purchase, the Circular and the Letter of Transmittal;

"Offer and Circular" means the Offer to Purchase and the Circular;

"Offer to Purchase" means the attached offer to purchase;

"Options" means options to purchase Common Shares issued pursuant to the Company's stock option plan;

"Person" includes an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrator, legal representative, Governmental Entity or any other entity, whether or not having legal status;

"Resident Holder" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"taxable capital gain" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Tax Act" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Tax Proposals" has the meaning ascribed to that term in Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*";

"Valuation" means the valuation report of the Valuator dated October 18, 2023 and effective September 15, 2023; and

"Valuator" means Sequeira Partners.

SUMMARY OF OFFER

The following is a summary only and is qualified in its entirety by the detailed provisions contained in the Offer and Circular. You should read the Offer and Circular in their entirety. Certain capitalized and other terms used in this summary are defined in the Glossary. All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.

The Offer:

The Issuer offers to purchase any and all of the outstanding 2024 Debentures validly deposited under the Offer, upon the terms and conditions of the Offer. 2024 Debentures taken up and purchased by the Company will be cancelled.

Purpose of the Offer

The purpose of the Offer is to (a) provide the Issuer with greater financial flexibility to continue to pursue its business objectives in 2024 and 2025 than if the Issuer were to repay the 2024 Debentures in full on March 31, 2024; and (b) provide holders of 2024 Debentures with an opportunity to receive an increased interest rate at a simple rate of 9.6% per annum by holding 2025 Debentures until the maturity date of the 2025 Debentures, as described further in this Offer.

Securities subject to Offer:

As of the date of the Offer to Purchase, there are 2024 Debentures in the aggregate principal amount of \$4,000,000 issued and outstanding. The Offer is being made for all such 2024 Debentures.

Expiry Time and Date:

The Offer will commence on October 24, 2023 and expire at 3:00 p.m. (Calgary time) on November 28, 2023, unless terminated, extended or varied by the Issuer. A Debentureholder intending to accept the Offer must deposit his, her or its 2024 Debentures to be purchased by the Issuer no later than the Expiry Time. See Section 8 of the Offer to Purchase, "*Extension and Variation of the Offer*".

Offer Price:

The Issuer will purchase all deposited 2024 Debentures in exchange for 2025 Debentures. Each deposited 2024 Debenture will be exchanged for a 2025 Debenture. In addition, Debentureholders who tender their 2024 Debentures to the Offer will receive a cash payment in respect of all accrued and unpaid interest outstanding on such 2024 Debentures up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer.

The 2025 Debentures will be issued pursuant to the 2025 Debenture Indenture and will bear interest from and including their Issue Date at a simple rate (non-compounded) of 9.6% per annum (based on a year of 365 days), payable in equal semi-annual instalments on March 31 and September 30 in each year, provided that (i) the first interest payment for a 2025 Debenture will include interest accrued from its Issue Date to, but excluding, March 31, 2024; and (ii) the last payment

(representing interest payable from September 30, 2025 to, but excluding, the maturity date of the 2025 Debentures) shall fall due on the maturity date of the 2025 Debentures (instead of March 31, 2026). The 2025 Debentures are convertible by the holder into Common Shares at a conversion price of \$0.48 per share, and the Issuer has the right to force conversion into Common Shares in certain circumstances. See Section 4 of the Circular, "*Consideration*".

Please refer to 2025 Debenture Indenture attached as Schedule "B" for the complete terms of the 2025 Debentures.

Payment Date:

The Issuer will take up and exchange 2024 Debentures validly deposited under the Offer as soon as practicable after the Expiration Time, and in any event within 10 days after the Expiration Time, provided that the conditions of the Offer (as the same may be varied) have been satisfied or waived. The Issuer will exchange such 2024 Debentures within three Business Days after taking up the 2024 Debentures.

Procedure to Deposit 2024 Debentures:

Each Debentureholder wishing to deposit 2024 Debentures pursuant to the Offer must either (a) complete and sign a Letter of Transmittal (in accordance with the instructions in such Letter of Transmittal) and deliver, together with all other required documents, to the Depositary, along with the debenture certificate(s) for the 2024 Debentures being deposited pursuant to the Offer, or (b) tender by following the CDS procedures for book-entry transfer into the Depositary's account at CDS. See Section 9 of the Offer to Purchase, "*Taking Up and Payment for Deposited 2024 Debentures*".

A Debentureholder who wishes to deposit 2024 Debentures under the Offer and who holds 2024 Debentures through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such person or institution in order to take the necessary steps to be able to deposit such 2024 Debentures under the Offer.

A Debentureholder desiring to deposit only a portion of the aggregate principal amount of 2024 Debentures that such Debentureholder holds to the Offer may do so, provided that the principal amount of 2024 Debentures which is deposited under the Offer is in a denomination of \$1,000 or an integral multiple thereof.

Non-residents of Canada should contact the Issuer prior to depositing any 2024 Debentures under the Offer. In addition, the Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder. See Section 9 of the Offer to Purchase, "*Taking Up and Payment for*

Deposited 2024 Debentures – Non-Residents" and "Withholdings".

Brokerage Commissions:

Debentureholders depositing 2024 Debentures will not be obligated to pay brokerage fees or commissions to the Company or to the Depositary. However, Debentureholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their own brokers or other intermediaries in connection with a deposit of 2024 Debentures pursuant to the Offer. See Section 9 of the Offer to Purchase, *"Taking Up and Payment for Deposited 2024 Debentures"*.

The Issuer may pay sales commissions of up to 2% to registered dealers (only if permitted by applicable securities legislation) in connection with Debentureholders depositing their 2024 Debentures under the Offer in exchange for 2025 Debentures on terms to be agreed between the Issuer and such agents, if any.

Withdrawal Rights:

2024 Debentures that are deposited to the Offer may be withdrawn at any time until the Expiry Time, which is 3:00 p.m. (Calgary time) on November 28, 2023, and may also be withdrawn in the additional circumstances described in Section 7 of the Offer to Purchase, *"Withdrawal Rights"*.

Not Accepting the Offer:

The 2024 Debentures held by Debentureholders who do not accept the Offer, will remain outstanding and continue to accrue interest in accordance with their terms. All other rights of the Debentureholders under the 2024 Debentures will continue to remain in effect and unchanged.

The amount of the Issuer's future cash assets will be reduced and/or its liabilities increased by the amount paid and expenses incurred in connection with the Offer.

Payment for Deposited 2024 Debentures:

If all of the conditions referred to in Section 7 of the Offer to Purchase, *"Conditions of the Offer"*, are satisfied or, where such conditions can be waived, are waived at the Expiry Time, the Issuer will become obligated to take up 2024 Debentures validly deposited under the Offer, and not withdrawn, immediately after the Expiry Time of the Offer, and will pay for 2024 Debentures taken up as soon as possible but in any event not later than three Business Days after taking up the 2024 Debentures.

Position of the Company and the Board of Directors:

Neither the Company nor the Board of Directors makes any recommendation with respect to whether Debentureholders should tender 2024 Debentures under the Offer. Debentureholders must make their own decisions as to whether to deposit or refrain from depositing their 2024 Debentures

under the Offer, and, if deposited, how many 2024 Debentures to deposit.

Valuation

On October 18, 2023, the Valuator delivered its Valuation to the Issuer. The Valuation has been prepared in compliance with the provisions of applicable Canadian securities laws. The Valuation report, dated October 18, 2023 and effective as at September 15, 2023, contains the Valuator's opinion that, based on the scope of their review and subject to the restrictions, limitations and assumptions provided therein:

- the fair market value of a 2024 Debenture (in the principal amount of \$1,000) ranges from \$961 to \$1,062, with a mid range of \$1,011; and
- the fair market value of a 2025 Debenture (in the principal amount of \$1,000) ranges from \$1,091 to \$1,206, with a mid range of \$1,149.

Section 21 of the Circular, "*Valuation*", and the complete copy of the Valuation attached to the Circular as Schedule A. Debentureholders should carefully review and consider the Valuation in its entirety. The Valuation is subject to the restrictions, limitations and assumptions set out therein.

Deposit of 2024 Debentures under the Offer by Insiders:

The Issuer has no agreements, commitments or understandings to acquire securities of the Issuer, other than pursuant to the Offer.

To the knowledge of the Issuer and its directors and officers, after reasonable enquiry, (a) a majority of the directors of the Issuer have indicated an intention to deposit their 2024 Debentures, under the Offer and (b) except as above, no director or officer of the Issuer, no associate or affiliate of an insider of the Issuer and no person or company acting jointly or in concert with the Issuer, has indicated any present intention to deposit any of such person's or company's 2024 Debentures under the Offer. The Issuer is not aware of the present intentions in respect of the Offer of any insiders of the Issuer who are not directors or officers of the Issuer. See Section 12 of the Circular, "*Commitments to Acquire Securities of Issuer*".

Tax Considerations:

Debentureholders should carefully consider the income tax consequences of accepting the Offer. See Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*".

Conditions of the Offer:

The Issuer reserves the right to withdraw or terminate the Offer and not take up and pay for any 2024 Debentures deposited under the Offer, or extend the period of time during which the Offer is open for acceptance and delay taking up and paying for

any 2024 Debentures deposited under the Offer, unless all of the conditions described in Section 7 of the Offer to Purchase, "*Conditions of the Offer*", are satisfied or, where such conditions can be waived, are waived by the Issuer on or prior to the Expiry Time. Subject to the terms and conditions of the Offer and Applicable Laws, the Issuer will take up and pay for the 2024 Debentures deposited under the Offer as soon as practicable after the Expiry Time.

Risk Factors:

The Offer, the Issuer and the 2025 Debentures are subject to various risk factors. See "*Forward-Looking Information*" and "*Risk Factors*".

Listing:

There is no market through which the 2025 Debentures may be sold and Debentureholders who accept the Offer may not be able to resell the 2025 Debentures they receive pursuant to the Offer. This may affect the pricing of the 2025 Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the 2025 Debentures, and the extent of issuer regulation.

Depository:

Odyssey Trust Company is acting as depository under the Offer.

Further Information on Offer:

For further information regarding the Offer, Debentureholders may contact the Depository, or consult their own broker, dealer, commercial bank, trust company or other nominee. The contact information for the Depository is set forth on the back cover of this Offer and Circular. Questions or requests for information regarding the Offer may also be directed to the Chief Financial Officer of the Issuer at 1010 24 Street SE, High River, Alberta, T1V 2A7, Canada or at scross@winv.ca. Copies of the Offer to Purchase, Circular, 2024 Debenture Indenture and the 2025 Debenture Indenture are available upon request from the Issuer.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE ISSUER OR THE BOARD OF DIRECTORS AS TO WHETHER DEBENTUREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING 2024 DEBENTURES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THE OFFER TO PURCHASE, THE CIRCULAR AND THE RELATED LETTER OF TRANSMITTAL. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER OR THE BOARD OF DIRECTORS OR THE DEPOSITARY.

NONE OF THE ISSUER, ITS DIRECTORS, OR ODYSSEY TRUST COMPANY OR ANY OF THEIR RESPECTIVE AFFILIATES, MAKE ANY RECOMMENDATION TO ANY DEBENTUREHOLDER AS TO WHETHER TO DEPOSIT OR REFRAIN FROM DEPOSITING 2024 DEBENTURES UNDER THE OFFER. DEBENTUREHOLDERS MUST MAKE THEIR OWN DECISIONS AS TO WHETHER TO DEPOSIT OR REFRAIN FROM DEPOSITING THEIR

2024 DEBENTURES, AND, IF DEPOSITED, HOW MANY 2024 DEBENTURES TO DEPOSIT. DEBENTUREHOLDERS ARE STRONGLY URGED TO REVIEW AND EVALUATE CAREFULLY ALL INFORMATION IN THE OFFER AND CIRCULAR, TO CONSULT THEIR OWN FINANCIAL, TAX AND LEGAL ADVISORS, AND TO MAKE THEIR OWN DECISIONS AS TO WHETHER TO DEPOSIT 2024 DEBENTURES TO THE OFFER AND, IF SO, HOW MANY 2024 DEBENTURES TO DEPOSIT.

OFFER TO PURCHASE

October 24, 2023

To: The Debentureholders of The Western Investment Company of Canada Limited

1. The Offer

The Issuer hereby offers to all Debentureholders the right to exchange each 2024 Debenture validly tendered and not properly withdrawn for a 2025 Debenture, subject to the conditions set forth in this Offer to Purchase and the accompanying Circular and Letter of Transmittal.

In addition, Debentureholders who tender their 2024 Debentures to the Offer will receive a cash payment in respect of all accrued and unpaid interest outstanding on such 2024 Debentures up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer.

A Debentureholder desiring to deposit only a portion of the aggregate principal amount of 2024 Debentures that such Debentureholder holds to the Offer may do so, provided that the principal amount of 2024 Debentures which is deposited under the Offer is in a denomination of \$1,000 or an integral multiple thereof.

The accompanying Circular and Letter of Transmittal are incorporated into and form part of the Offer to Purchase and contain important information that should be read carefully before making a decision with respect to the Offer.

2. Time for Acceptance

The Offer is open for acceptance for the period commencing on the date hereof and ending at the Expiry Time, meaning 3:00 p.m. (Calgary time) on November 28, 2023, or such later time or times and date or dates which may be established by the Issuer in accordance with Section 8 of the Offer to Purchase, "*Extension and Variation of the Offer*", unless withdrawn by the Issuer.

3. Number of 2024 Debentures

As at the date hereof, there was \$4,000,000 principal amount of 2024 Debentures issued and outstanding. Up to all of the issued and outstanding 2024 Debentures will be taken up and paid for under the Offer by the Issuer. For purposes of the Offer, the Issuer will be deemed to have accepted for payment 2024 Debentures validly deposited under the Offer, and not withdrawn, if, as and when the Issuer gives written notice to the Depository of its acceptance of such 2024 Debentures for payment under the Offer.

4. Procedure for Depositing 2024 Debentures

A Debentureholder who desires to deposit 2024 Debentures under the Offer and who holds 2024 Debentures through a dealer, broker, commercial bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to deposit such 2024 Debentures under the Offer. Participants of CDS in Canada should contact CDS with respect to the deposit of their 2024 Debentures under the Offer. CDS will be issuing instructions to its participants as to the method of depositing such 2024 Debentures under the terms of the Offer.

To deposit 2024 Debentures pursuant to the Offer, Debentureholders must (a) provide a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) with any required

signature guarantees and any other documents (including the certificate representing the deposited 2024 Debentures) required by the Letter of Transmittal and must be delivered to, received by, the Depositary, being Odyssey Trust Company, at the address set forth on the back cover of the Offer and Circular, by the Expiration Time, or (b) transfer 2024 Debentures pursuant to the procedures for book-entry transfer, provided that the Depositary receives at its office in Toronto, Ontario prior to the Expiration Time a Book-Entry Confirmation of transfer of 2024 Debentures into the Depositary's account established at CDS in accordance with the terms of the Offer, through the book-entry system administered by CDS.

A Debentureholder desiring to deposit only a portion of the aggregate principal amount of 2024 Debentures that such Debentureholder holds to the Offer may do so, provided that the principal amount of 2024 Debentures which is deposited under the Offer is in a denomination of \$1,000 or an integral multiple thereof.

The method of delivery of certificates representing 2024 Debentures and any other documents is at the option and risk of the depositing Debentureholder. If certificates representing 2024 Debentures are to be sent by mail, properly insured registered mail is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiry Time (being 3:00 pm (Calgary time) on November 28, 2023) to permit delivery to the Depositary on or prior to such date. Delivery will only be made upon actual receipt of such 2024 Debentures by the Depositary.

If a broker, dealer, commercial bank, trust company or other nominee holds 2024 Debentures for a Debentureholder, it is likely the nominee has established an earlier deadline for that Debentureholder to act to instruct the nominee to accept the Offer on its behalf. A Debentureholder should immediately contact the Debentureholder's broker, dealer, commercial bank, trust company or other nominee to find out the nominee's deadline.

Debentureholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its Toronto, Ontario office address set forth on the back-cover page of this Offer to Purchase and Circular prior to the Expiration Time. Debentureholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depositary are considered a valid tender in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depositary.**

Non-residents of Canada should contact the Issuer prior to depositing any 2024 Debentures under the Offer. There are significant tax consequences to non-residents. In addition, the Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder. See Section 9 of the Offer to Purchase, "*Taking Up and Payment for Deposited 2024 Debentures – Non-Residents*" and "*- Withholdings*".

Determination of Validity, Rejection and Notice of Defect

All questions as to the number of 2024 Debentures to be accepted, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of 2024 Debentures will be determined by the Issuer, in its sole discretion, which determination will be final and binding on all parties. The Issuer reserves the absolute right to reject any deposits of 2024 Debentures determined by it not to be in proper form or completed in accordance with the instructions herein and in the Letter of Transmittal or the acceptance for payment of or payment for which may, in the opinion of the Issuer's counsel, be unlawful. The Issuer also reserves the absolute right to waive any of the conditions of the Offer

or any defect or irregularity in the deposit of any particular 2024 Debentures and the Issuer's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No individual deposit of 2024 Debentures will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with deposits must be cured within such time as the Issuer will determine. **None of the Issuer, the Depositary or any other person is or will be obligated to give notice of defects or irregularities in deposits, nor will any of them accept any liability for failure to give any such notice.** The Issuer's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal) will be final and binding.

Under no circumstances will interest accrue or be paid by the Issuer or the Depositary on the consideration payable under the Offer to any person depositing 2024 Debentures regardless of any delay in making payment, including any delay in making payment to any person using any guaranteed delivery procedures.

Formation of Agreement

The proper deposit of 2024 Debentures pursuant to any one of the procedures described above will constitute a binding agreement between the depositing Debentureholder and the Issuer, effective as of the Expiry Time, upon the terms and subject to the conditions of the Offer.

Lost or Destroyed 2024 Debenture Certificates

If any certificate representing 2024 Debentures has been lost or destroyed, the Debentureholder should still complete, execute and deliver a Letter of Transmittal to the Depositary and indicate that the Debentureholder does not have the applicable certificates.

Power of Attorney

The execution of the Letter of Transmittal irrevocably constitutes and appoints the Issuer and any other person designated by the Issuer in writing as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the 2024 Debentures covered by the Letter of Transmittal with respect to 2024 Debentures registered in the name of the Debentureholder on the securities register maintained by or on behalf of the Issuer and deposited pursuant to the Offer and purchased by the Issuer with full power of substitution to deliver certificates for the 2024 Debentures so deposited, together with all accompanying evidences of transfer and authenticity, to or upon the order of the Issuer upon receipt by the Depositary, as the undersigned's agent, of the purchase price and to receive all benefits and otherwise exercise all rights of beneficial ownership of such 2024 Debentures, including voting rights, all in accordance with the terms of the Offer.

Further Assurances

Each Debentureholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of the Issuer or the Depositary, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the 2024 Debentures to the Issuer. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Debentureholder and will, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Debentureholder and all obligations of the Debentureholder therein will be binding upon the heirs, personal representatives, successors and assigns of such Debentureholder.

5. Withdrawal Rights

Except as otherwise provided herein or otherwise required or permitted by applicable laws, deposits of 2024 Debentures pursuant to the Offer will be irrevocable.

A Debentureholder may withdraw 2024 Debentures deposited pursuant to the Offer:

- (a) at any time prior to the Expiry Time;
- (b) if the 2024 Debentures have not been taken up by the Issuer before actual receipt by the Depository of a valid notice of withdrawal in respect of such 2024 Debentures;
- (c) if the 2024 Debentures have been taken up but not paid for by the Issuer within three business days of being taken up; or
- (d) at any time before the expiration of ten days from the date that a notice of change or notice of variation (other than a variation that (i) consists solely of an increase in the consideration offered for the 2024 Debentures under the Offer where the time for deposit is extended to not later than ten days after the date of the notice of variation, or (ii) consists solely of the waiver of one or more conditions of the Offer) has been given in accordance with this Offer to Purchase (see Section 8 of the Offer to Purchase, "*Extension and Variation of the Offer*").

For a withdrawal to be effective, a written notice of withdrawal must be actually received by the Depository by the applicable date specified above at the place of deposit of the relevant 2024 Debentures. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal in respect of the 2024 Debentures being withdrawn or, in the case of 2024 Debentures tendered by a CDS participant through CDSX, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation, and must specify the name of the person who deposited the 2024 Debentures to be withdrawn, the name of the registered holder, if different from that of the person who deposited such 2024 Debentures, and the number of 2024 Debentures to be withdrawn. If the certificates for the 2024 Debentures deposited pursuant to the Offer have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the depositing Debentureholder must submit the serial numbers shown on the particular certificates evidencing the 2024 Debentures to be withdrawn and the signature on the notice of withdrawal may need to be guaranteed by an Eligible Institution. **A withdrawal of 2024 Debentures deposited pursuant to the Offer may only be accomplished in accordance with the foregoing procedure. The withdrawal will take effect only upon actual receipt by the Depository of a properly completed and executed notice of withdrawal in writing.**

A Debentureholder who wishes to withdraw 2024 Debentures under the Offer and who holds 2024 Debentures through a dealer, broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to withdraw such 2024 Debentures under the Offer. **Participants of CDS should contact these depositaries with respect to the withdrawal of 2024 Debentures under the Offer. A Debentureholder's dealer, broker, bank, trust company or other nominee may set deadlines for the withdrawal of 2024 Debentures deposited under the Offer that are earlier than those specified herein.**

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Issuer, in its sole discretion, which determination will be final and binding. None of the Issuer, the Depository or any other person will be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them will incur any liability for failure to give any such notice.

Any 2024 Debentures properly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn 2024 Debentures may be redeposited prior to the Expiry Time by again following the procedures described in Section 4 of this Offer to Purchase, "*Procedure for Depositing 2024 Debentures*".

6. Not Accepting the Offer

The 2024 Debentures held by Debentureholders who do not accept the Offer, will remain outstanding and will continue to accrue interest in accordance with their terms. All other rights of the Debentureholders under the 2024 Debentures will continue to remain in effect and unchanged. Copies of the 2025 Debenture Indenture may be obtained upon request at no charge from the Chief Financial Officer of the Issuer at 1010 24 Street SE, High River, Alberta, T1V 2A7, Canada.

7. Conditions of the Offer

Notwithstanding any other provision of the Offer, and subject to applicable law, the Issuer will not be required to accept for purchase, purchase or pay for any 2024 Debentures deposited, and may withdraw, terminate, cancel or amend the Offer or may extend the period of time during which the Offer is open, if, at any time before the payment for any such 2024 Debentures, any of the following events shall have occurred (or shall have been determined by the Issuer to have occurred) which, in the Issuer's sole discretion and judgment, acting reasonably, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there shall have been threatened, taken or pending any action or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction: (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the 2024 Debentures by the Issuer or otherwise directly or indirectly relating in any manner to or affecting the Offer; or (ii) that otherwise, in the sole judgment of the Issuer, acting reasonably, has or may have a material adverse effect on the 2024 Debentures or the business, income, assets, liabilities, condition (financial or otherwise), properties, operations, results of operations or prospects of the Issuer and its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to the Issuer;
- (b) there shall have been any action or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Issuer or any of its subsidiaries by any court, government or governmental authority or regulatory or administrative agency in any jurisdiction that, in the sole judgment of the Issuer, acting reasonably, might directly or indirectly result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of or materially impair the contemplated benefits to the Issuer of the Offer or make it inadvisable to proceed with the Offer;
- (c) there shall have occurred: (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States; (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory);

- (iii) a natural disaster or the commencement or material worsening of a war, armed hostilities, act of terrorism or other international or national calamity directly or indirectly involving Canada, the United States or any other country or region where the Issuer has significant business activity; (iv) any limitation (whether or not mandatory) by any government or governmental authority or regulatory or administrative authority or agency or any other event that, in the sole judgment of the Issuer, acting reasonably, might affect the extension of credit by banks or other lending institutions to the Issuer; (v) any change in the general political, market, economic or financial conditions that has or may have a material adverse effect on the Issuer's business, operations or prospects; (vi) any significant slowdown in economic growth, economic downturn, recession or other adverse economic development linked to the outbreak of a pandemic or contagious disease; (vii) a material change in the Canadian dollar, the United States dollar or any other currency exchange rates or a suspension of, or limitation on, the markets therefore; (viii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 by an amount in excess of 10%, measured from the close of business on the date hereof; or (ix) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;
- (d) there shall have occurred any change or changes (or any development involving any prospective change or changes) in: (i) general political, market, economic, financial or industry conditions in the United States or Canada; or (ii) the business, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of the Issuer or any of its subsidiaries that, individually or in the aggregate, in the sole judgment of the Issuer, acting reasonably, has, have or may have a material adverse effect with respect to the Issuer and its subsidiaries taken as a whole or a material acceleration or worsening of the foregoing;
- (e) neither the Issuer, nor any of its affiliates or subsidiaries, nor any Debentureholder or other person having taken any action or authorized, recommended, proposed or announced an intention to take any action: (i) that has or could have the effect (as determined by the Issuer in its sole judgment) of impairing the ability of the Issuer to acquire the 2024 Debentures, diminishing the expected economic value to the Issuer or making the acquisition of the 2024 Debentures more costly in any material respect to the Issuer; or (ii) that would (as determined by the Issuer in its sole judgment) make it inadvisable to proceed with the Offer or to take up and pay for the 2024 Debentures deposited under the Offer;
- (f) any take-over bid or tender or exchange offer with respect to some or all of the securities of the Issuer, or any merger, business combination or acquisition proposal, disposition of assets outside of the ordinary course of business, or other similar transaction with or involving the Issuer or its subsidiaries, other than the Offer, or any solicitation of proxies, other than by management, to seek to control or influence the Board of Directors, shall have been proposed, announced or made by any individual or entity;
- (g) the Valuator will have withdrawn or amended the Valuation;
- (h) the Issuer will have concluded, in its sole judgment, acting reasonably, that the Offer or the take-up and payment for any or all of the 2024 Debentures by the Issuer is illegal or not in compliance with applicable law, or that necessary exemptions under applicable securities legislation, are not available to the Issuer for the Offer and, if required under any such legislation, the Issuer will not have received the necessary exemptions from or waivers of the appropriate courts or securities regulatory authorities in respect of the Offer;

- (i) any changes will have occurred or been proposed to the Tax Act, the publicly available administrative policies or assessing practices of the CRA or to relevant tax jurisprudence that, in the sole judgment of the Issuer, acting reasonably, are detrimental to the Issuer or a Debentureholder, or with respect to making the Offer or taking up and paying for 2024 Debentures deposited under the Offer;
- (j) any changes shall have occurred or been proposed to the United States Internal Revenue Code of 1986, as amended, the Treasury regulations promulgated thereunder, or publicly available administrative policies of the U.S. Internal Revenue Services, or the equivalent laws, regulations and policies of another jurisdiction where one or more Debentureholders are resident that, in the sole judgment of the Issuer, acting reasonably, is detrimental to the Issuer and its affiliates taken as a whole or to a Debentureholder, or with respect to making the Offer or taking up and paying for 2024 Debentures deposited under the Offer;
- (k) the Issuer will have determined, in its sole judgment, acting reasonably, that it would be subject to Part VI.1 tax under the Tax Act in connection with the Offer; or
- (l) the completion of the Offer subjects the Issuer to any material tax liability.

The foregoing conditions are for the sole benefit of the Issuer and may be asserted by the Issuer in its sole discretion, acting reasonably, regardless of the circumstances (including any action or inaction by the Issuer) giving rise to any such conditions, or may be waived by the Issuer, in its sole discretion, in whole or in part at any time. The failure by the Issuer at any time to exercise its rights under any of the foregoing conditions will not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver with respect to any other facts and circumstances; and each such right will be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Issuer concerning the events described herein will be final and binding on all parties.

Any waiver of a condition or the withdrawal of the Offer by the Issuer will be deemed to be effective on the date on which notice of such waiver or withdrawal by the Issuer is delivered or otherwise communicated to the Depository. The Issuer, after giving notice to the Depository of any waiver of a condition or the withdrawal of the Offer, will immediately make an announcement of such waiver or withdrawal. If the Offer is withdrawn, the Issuer will not be obligated to take up, accept for purchase or pay for any 2024 Debentures deposited under the Offer, and the Depository will return all certificates for deposited 2024 Debentures, Letters of Transmittal and any related documents to the parties by whom they were deposited.

8. Extension and Variation of the Offer

Subject to applicable law, the Issuer expressly reserves the right, in its sole discretion, and regardless of whether or not any of the conditions specified in Section 7 of this Offer "*Conditions of the Offer*" will have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice of extension or variation to the Depository and by causing the Depository to provide to all Debentureholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth in Section 10 of this Offer to Purchase "*Notice*". Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated, by electronic transmission or otherwise, to the Depository.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which 2024 Debentures may be deposited pursuant to the Offer will not

expire before 10 days (except for any variation increasing or decreasing the percentage of 2024 Debentures to be purchased, the consideration provided for under the Offer or fees payable to any soliciting dealer, in which case the Offer will not expire before 10 business days) after the date of the notice of variation, unless otherwise permitted by applicable law. In the event of any variation, all 2024 Debentures previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Issuer in accordance with the terms of the Offer, subject to Section 5 of this Offer to Purchase "*Withdrawal Rights*". An extension of the Expiry Time or a variation of the Offer does not constitute a waiver by the Issuer of its rights in Section 7 of this Offer to Purchase "*Conditions of the Offer*".

If the Issuer makes a material change in the terms of the Offer or the information concerning the Offer, the Issuer will extend the time during which the Offer is open to the extent required under applicable Canadian securities legislation. There can be no assurance that the Issuer will exercise its right to extend the Expiry Time for the Offer.

The Issuer expressly reserves the right, in its sole discretion: (i) to terminate the Offer and not take up and pay for any 2024 Debentures not theretofore taken up and paid for upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase "*Conditions of the Offer*"; or (ii) at any time or from time to time, to vary the Offer in any respect, including increasing or decreasing the purchase price for the 2024 Debentures that the Issuer may purchase pursuant to the Offer, subject to compliance with applicable Canadian securities legislation.

Any such extension, delay, termination or amendment will be followed as promptly as practicable by a public announcement thereof. Without limiting the manner in which the Issuer may choose to make any announcement, except as provided by applicable law, the Issuer will have no obligation to publish, advertise or otherwise communicate any such announcement other than by delivering a notice to the Depositary.

9. Taking Up and Payment for Deposited 2024 Debentures

If all conditions referred to in Section 7 of this Offer to Purchase "*Conditions of the Offer*" have been satisfied or waived on or before the Expiry Time, the Issuer will take up and pay for 2024 Debentures to be purchased pursuant to the Offer promptly after the Expiry Time, but in any event no later than 10 days after such time. The Issuer will pay the consideration for such 2024 Debentures within three business days after taking up the 2024 Debentures.

Number of 2024 Debentures

For purposes of the Offer, the Issuer will be deemed to have accepted for payment, all 2024 Debentures properly deposited, and not withdrawn, if, as and when the Issuer gives written notice to the Depositary of its acceptance of such 2024 Debentures for payment pursuant to the Offer.

Payment

Subject to applicable law, and the withholding obligations of non-residents discussed below, the Issuer will pay for the 2024 Debentures validly deposited under the Offer and not validly withdrawn by causing the Issuer's transfer agent to issue a sufficient number of 2025 Debentures for transmittal to depositing Debentureholders and by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) to pay all interests accrued and payable on such 2024 Debentures (up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer) for transmittal to depositing Debentureholders. The Depositary will act as agent for the depositing Debentureholders for the purpose of receiving payment from the Company, and transmitting such payment to such persons (including to CDS on behalf of the depositing Debentureholders). Under no circumstances will interest accrue or be paid by

the Company or the Depositary to persons depositing 2024 Debentures by reason of any delay in paying for any Debentures or otherwise.

Settlement for 2024 Debentures under the Offer will be made by the Depositary causing the issuance of 2025 Debentures and making the payment of interest accrued and payable on such 2024 Debentures (up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer), in the amount to which the person depositing 2024 Debentures is entitled. Unless otherwise directed in the Letter of Transmittal, such 2025 Debentures will be issued in the name of the registered holder of the deposited 2024 Debentures.

Depositing Debentureholders will not be obligated to pay brokerage fees or commissions to the Company or the Depositary. However, Debentureholders are cautioned to consult with their own investment dealers, brokers, bank, trust companies or other intermediaries to determine whether any fees or commissions are payable to such persons in connection with a deposit of 2024 Debentures pursuant to the Offer. The Company will pay all fees and expenses of the Depositary in connection with the Offer. The Issuer may pay sales commissions of up to 2% to registered dealers (only if permitted by applicable securities legislation) in connection with Debentureholders depositing their 2024 Debentures under the Offer in exchange for 2025 Debentures on terms to be agreed between the Issuer and such agents, if any.

The Depositary will act as agent of persons who have properly deposited 2024 Debentures in acceptance of the Offer and have not withdrawn them, for the purposes of receiving payment from the Company and transmitting payment to such persons. Receipt by the Depositary from the Company of payment for such Debentures will be deemed to constitute receipt of payment by persons depositing Debentures.

Non-Residents

Non-residents of Canada should contact the Issuer prior to depositing any 2024 Debentures under the Offer. In addition, the Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder.

No 2025 Debentures will be delivered to any person who is, or appears to the Issuer or Depositary to be, a resident of any foreign jurisdiction unless such 2025 Debentures may be lawfully delivered to persons resident in such foreign jurisdiction without further action by the Issuer. The Issuer may take reasonable commercial actions to extend the Offer (or make a similar offer) to Debentureholders in any such jurisdiction. If the 2025 Debentures cannot be lawfully delivered to a person resident in a foreign jurisdiction without further action, such 2025 Debentures may be delivered to a broker retained for the purpose of effecting a sale on behalf of such person.

Withholdings

The Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder. If the Issuer accepts a deposit of 2024 Debentures, the Issuer shall be entitled to deduct and withhold from any consideration otherwise payable to any holder of 2024 Debentures such amounts as it is required to deduct and withhold with respect to such payment under the Tax Act, or any provision of federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the 2024 Debentures in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Unaccepted Deposits

Certificates for all 2024 Debentures deposited but not purchased will be returned as soon as practicable after the Expiry Time or termination of the Offer without expense to the depositing Debentureholder.

Conditions

The Issuer reserves the right, in its sole discretion, to delay taking up or paying for any 2024 Debentures or to terminate the Offer and not take up or pay for any 2024 Debentures if any condition specified in Section 7 of this Offer to Purchase, "*Conditions of the Offer*" is not satisfied or waived, by giving written notice thereof or other communication confirmed in writing to the Depository. The Issuer also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for 2024 Debentures in order to comply, in whole or in part, with any applicable law.

2024 Debentures exchanged under the Offer for 2025 Debentures will be cancelled by the Issuer at closing.

Liens and Dividends

2024 Debentures acquired pursuant to the Offer will be acquired by the Issuer free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such 2024 Debentures to Debentureholders of record on or prior to the date upon which the 2024 Debentures are taken up and paid for under the Offer will be for the account of such Debentureholders. Each Debentureholder of record on that date will be entitled to receive that dividend or distribution whether or not such Debentureholder deposits 2024 Debentures pursuant to the Offer.

Each depositing Debentureholder will be bound by a representation and warranty that such Debentureholder has full power and authority to deposit, sell, assign and transfer the deposited 2024 Debentures and any and all dividends, distributions, payments, securities, rights, assets or other interests which may be declared, paid, issued, distributed, made or transferred on or in respect of the deposited 2024 Debentures with a record date on or after the date that the Issuer takes up and accepts for purchase the deposited 2024 Debentures and that, if the deposited 2024 Debentures are taken up and accepted for purchase by the Issuer, the Issuer will acquire good title thereto, free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom.

Debentureholders accepting the Offer will receive a cash payment in respect of all accrued and unpaid interest on the 2024 Debentures up to, but excluding, the date they are taken up by the Company pursuant to the Offer.

10. Notice

Without limiting any other lawful means of giving notice, any notice to be given by the Issuer or the Depository under the Offer will be deemed to have been properly given if it is mailed by first-class mail, postage prepaid, to the registered holders of 2024 Debentures at their respective addresses as shown on the share registers maintained in respect of the 2024 Debentures and will be deemed to have been received on the first business day following the date of mailing. These provisions apply despite (i) any accidental omission to give notice to any one or more Debentureholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, the Issuer will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the

postal service, any notice which the Issuer or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Debentureholders if it is issued by way of a news release and if it is published once in the National Edition of the Globe and Mail or the National Post.

11. Other Terms

None of the Issuer, its directors, or the Depositary, or any of their respective affiliates, make any recommendation to any Debentureholder as to whether to deposit or refrain from depositing 2024 Debentures under the Offer. Debentureholders must make their own decisions as to whether to deposit or refrain from depositing their 2024 Debentures, and, if deposited, how many 2024 Debentures to deposit.

No person has been authorized to make any recommendation on behalf of the Issuer or the Board of Directors as to whether Debentureholders should deposit or refrain from depositing 2024 Debentures pursuant to the Offer. No person has been authorized to give any information or to make any representation in connection with the Offer other than as set forth in the Offer to Purchase, the Circular and the related Letter of Transmittal. If given or made, any such recommendation or any such information or representation must not be relied upon as having been authorized by the Issuer or the Board of Directors or the Depositary.

Debentureholders should carefully consider the income tax consequences of accepting the Offer. See Section 26 of the Circular, "*Certain Canadian Federal Income Tax Considerations*".

The Offer and all contracts resulting from the acceptance thereof will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. Each party to a contract resulting from an acceptance of the Offer unconditionally and irrevocably attorns to the jurisdiction of the courts of the Province of Alberta.

The Issuer, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of 2024 Debentures. The Offer is not being made to, and deposits of 2024 Debentures will not be accepted from or on behalf of, Debentureholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. The Issuer may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to Debentureholders in any such jurisdiction.

The accompanying Circular, together with this Offer, constitutes the issuer bid circular required under Canadian provincial securities legislation applicable to the Issuer with respect to the Offer.

The accompanying Circular contains additional information relating to the Issuer and the Offer and the Issuer urges you to read it and the Letter of Transmittal.

The accompanying Circular contains additional information relating to the Offer.

DATED this 24th day of October, 2023.

**THE WESTERN INVESTMENT
COMPANY OF CANADA**

By: (signed) "Scott Tannas"
Name: Scott Tannas
Title: President and Chief Executive Officer

ISSUER BID CIRCULAR

This Circular is furnished in connection with the Offer by the Issuer to purchase, on and subject to the terms and conditions set forth in the Offer to Purchase, Circular and Letter of Transmittal, all of the issued and outstanding 2024 Debentures. The terms and provisions of the Offer to Purchase and Letter of Transmittal are incorporated into and form part of this Circular. Terms defined in the Offer to Purchase and the Glossary and not otherwise defined in this Circular shall have the respective meanings given thereto in the Offer to Purchase and the Glossary unless the context otherwise requires.

1. The Issuer

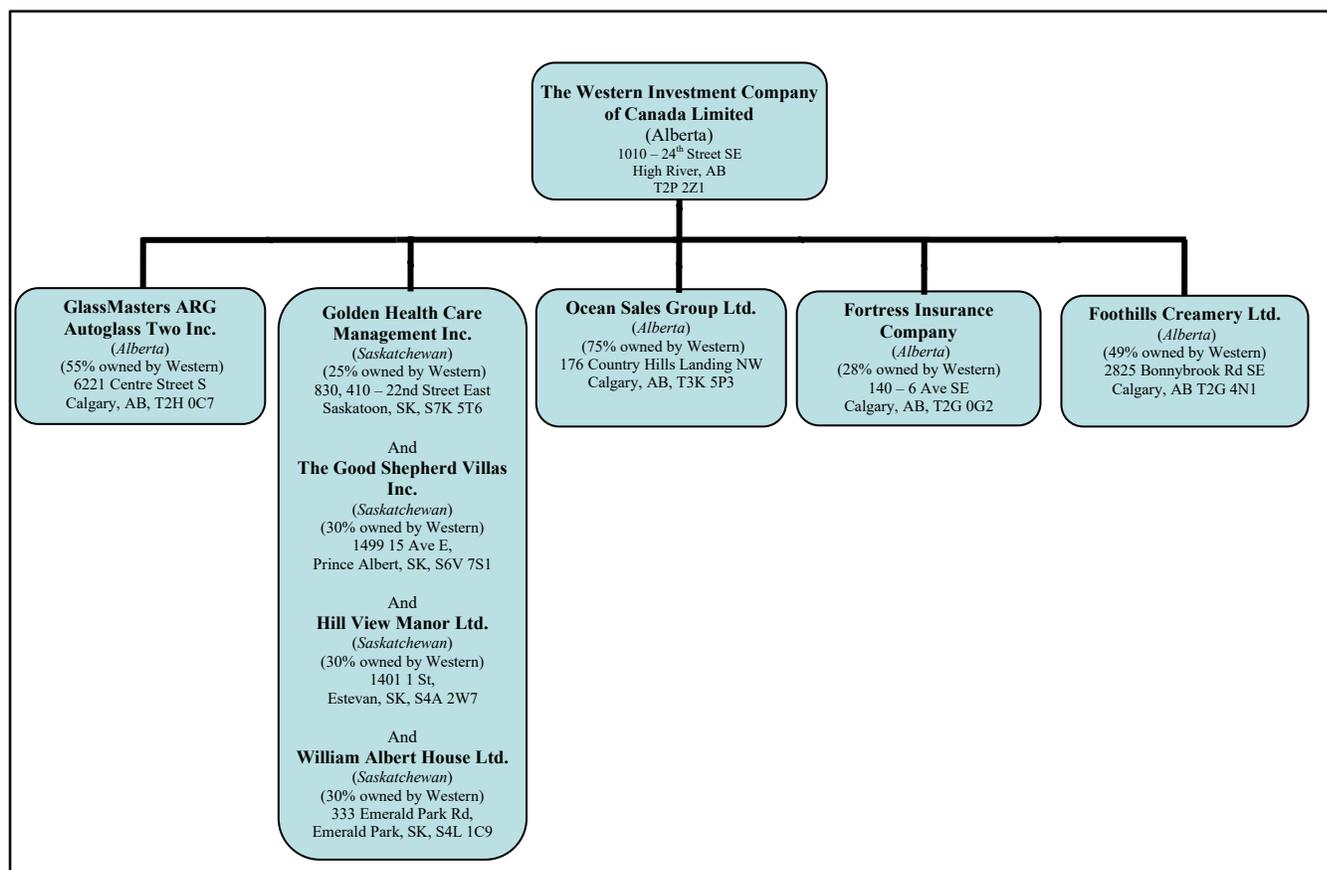
Description of the Business

The Issuer was incorporated on October 28, 2015 pursuant to the ABCA. The head office of the Issuer is located at 1010 - 24th Street S.E., High River, Alberta, T1V 2A7, Canada and the registered and records office of Western is located at 1600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Canada. The Common Shares trade on the TSXV under the symbol "WI".

As of the date of this Circular, the Issuer has investments in a portfolio of five companies, all accounted using the equity method, which are as follows:

- (a) 55.3% equity interest in GlassMasters.
- (b) 30.0% equity interest in three entities, each of which owns a senior care home, and a 25% equity interest in Golden Health Care Management Inc., a company incorporated under the laws of the Province of Saskatchewan (collectively, "**Golden Health Care**"). The three homes include (a) Hill View Manor in Estevan, Saskatchewan, which is owned by Hill View Manor Ltd., (b) Good Shepherd Villas in Prince Albert, Saskatchewan, which is owned by The Good Shepherd Villas Inc., and (c) William Albert House in the Regina suburb of Emerald Park, Saskatchewan, which is owned by William Albert House Ltd.;
- (c) a 75.0% interest in Ocean Sales;
- (d) a 49.6% interest in Foothills; and
- (e) a 28.4% interest in Fortress.

The Company's organizational structure is as follows:



Corporate Strategy

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

Western's targeted industry verticals aligns 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 size is between \$10 million to \$100 million and it will consider equity ownership between 30% to 100%. Western will prospect acquisitions from: (i) ownership succession; (ii) private equity and corporate divestitures; (iii) network and contact opportunities; and (iv) mid-market sell side.

Western Company Tactical and Oversight Plan for Acquisitions

Western believes that it is important to provide simple planning and oversight procedures of its portfolio companies. Western focuses on one year plans and targets ten year goals. This is reinforced through monthly to quarterly meetings and a rigorous focus on key performance indicators in order to monitor performance at any point in time. Western provides to its portfolio companies industry analysis to support strategic decisions and continuous mentoring and education for executives.

Further details concerning the Corporation, including information with respect to the Corporation's subsidiaries, Assets, operations and history, are provided in the Annual Information Form and in the other documents incorporated by reference in the Offer to Purchase and the Circular.

Consolidated Capitalization

As of the date hereof, the Corporation had issued and outstanding 30,207,756 Common Shares and 2,939,000 Options. The following table sets forth the consolidated capitalization of the Corporation as at June 30, 2023, and as at the date of this Circular before and after giving effect to the Offer (assuming 100% of the 2024 Debentures are deposited under the Offer). This consolidated capitalization table should be read in conjunction with the 2022 Financial Statements and Interim Financial Statements, which are incorporated by reference herein.

Description of Security	Outstanding as at June 30, 2023	Outstanding as at the date of this Circular	Outstanding after giving effect to the Offer ⁽⁴⁾
Common Shares (Unlimited)	\$15,646,943 (30,207,756 Common Shares)	\$15,646,943 (30,207,756 Common Shares)	\$15,646,943 (30,207,756 Common Shares)
Options	2,939,000	2,939,000	2,939,000
2024 Debentures ⁽²⁾	\$4,000,000	\$4,000,000	Nil
2025 Debentures	Nil	Nil	\$5,000,000
Loan Facility ⁽¹⁾	\$1,601,288	\$1,601,288	\$1,601,288
Loan from Related Party ⁽³⁾	\$1,095,000	\$1,095,000	\$1,095,000

Notes:

- (1) The Issuer has a committed revolving operating loan facility available to the maximum amount of \$2,000,000. The facility has a three-year revolving period with a maturity date of October 6, 2025. Interest is paid monthly at the bank's prime rate plus 2% per annum and carries a standby fee of 0.5% per annum on the unused portion. Security includes a share pledge agreement with respect to the Issuer's interest in some of its associates.
- (2) The 2024 Debentures were issued in 2019 to assist with the acquisition of Fortress and to fund daily operations. The 2024 Debentures bear interest at 7.5%, resulting in \$300,000 in annual interest payments paid semi-annually. If not converted, the 2024 Debentures will mature with \$4,150,000 payable on March 31, 2024. See note 7 to the June 30, 2023, interim financial statements for further information on the 2024 Debentures, including disclosure that: (a) with the maturity of this obligation being less than twelve months away, there is a material uncertainty about the Issuer's ability to meet the obligation if the Offer is not implemented; and (b) the Issuer does have contingency plans in place other than the Offer should it be unable to meet this obligation.
- (3) The Issuer holds a \$1.095 million loan from Golden Health Care. The loan bears an annual interest rate of 4.09% with interest-only payable monthly and matures on January 31 each year, with automatic annual renewal. The Issuer may prepay amounts owing at any time. Total annual interest payments on this loan are \$44,786 per year. During the period ending June 30, 2023, the Issuer made payments of \$105,000 on the loan. With the perpetual nature of the loan, the Issuer has no plans to repay further amounts on the outstanding principal balance.
- (4) Assuming 100% of the 2024 Debentures are deposited under the Offer. There is no guarantee that 100% of the 2024 Debentures will be validly deposited under the Offer and not withdrawn. The Issuer announced on October 10, 2023 that it will be conducting a private placement for the issuance of up to \$5,000,000 principal amount of 2025 Debentures. The 2025 Debentures may be issued on exchange pursuant to the Offer and may also be issued as new 2025 Debentures offered to investors for cash subscriptions in the private placement. The Issuer and Odyssey Trust Company may agree in the future to increase the amount of 2025 Debentures issuable under the 2025 Debenture Indenture to an amount greater than \$5,000,000.

Earnings Coverage Ratio

The following pro forma earnings coverage ratios are calculated for the twelve months ended December 31, 2022 and June 30, 2023 and is in respect of the earnings coverage ratio after giving effect to the Offer and is derived from: (a) the audited financial statements of the Issuer for the financial year ended December 31, 2022, and (b) the unaudited interim financial statements of the Issuer for the three and six months ended June 30, 2023.

July 1, 2022 - June 30, 2023

After giving pro forma effect to the issuance of the 2025 Debentures to be issued under the terms of this Circular subsequent to the respective calculation periods as if the issuance of the 2025 Debentures had occurred at the beginning of the respective calculation periods and the related servicing costs had been incurred during the respective calculation periods, the Issuer's pro forma interest requirements (including accretion associated with the portion of the principal amount of the 2025 Debentures classified as equity pursuant to IFRS) for the twelve months ended June 30, 2023 would have been \$803,264 and the Issuer's pro forma net income before deducting interest and income taxes for such period would have been approximately \$1,841,507, which is an excess of \$1,038,243 (2.3 times).

The Issuer's net income during the three and six months ended June 30, 2023 has increased significantly compared to the three and six month periods ended June 30, 2022. Please refer to the Interim MD&A for further details.

January 1, 2022 - December 31, 2022

After giving pro forma effect to the issuance of the 2025 Debentures to be distributed under the terms of this Circular subsequent to the respective calculation periods as if the issuance of the 2025 Debentures had occurred at the beginning of the respective calculation periods and the related servicing costs had been incurred during the respective calculation periods, the Issuer's pro forma interest requirements for the twelve months ended December 31, 2022 would have been \$769,105 and the Issuer's pro forma net income before deducting interest and income taxes for such period would have been approximately \$451,737, which is a deficiency of \$317,368 (0.59 times). **This earnings coverage ratio is less than one to one.**

The Issuer would have required a net income before deducting interest and income taxes of \$769,105 for the twelve months ended December 31, 2022 in order to achieve an earnings coverage ratio of one to one for such period.

The following table sets out the pro forma earnings coverage ratios discussed above.

<u>Millions, except Earnings Coverage Ratio</u>	<u>Pro Forma for the 12 months ended December 31, 2022</u>	<u>Pro Forma for the 12 months ended June 30, 2023</u>
Interest requirements (denominator for earnings coverage ratio) ⁽¹⁾	\$0.769	\$0.803
Net income before deducting interest and income taxes (numerator for earnings coverage ratio)	\$0.452	\$1.842
Earnings Coverage Ratio	0.59	2.29

Note:

(1) Under IFRS, the 2025 Debentures will be classified as a liability with a portion, including closing costs, allocated to the conversion feature. The liability component will be accreted to the face value of the 2025 Debentures over the term, at an estimated effective rate of 18.1%. The effective interest rate for accounting purposes, once issued, may vary from the estimated 18.1% rate used in this interest coverage calculation for various reasons including finalization of the value of the option conversion feature and final transaction costs.

Transfer Agent and Registrar

Odyssey Trust Company in Calgary, Alberta, Canada is the transfer agent and registrar for the Common Shares, the trustee for the 2024 Debentures under the 2024 Debenture Indenture, and the trustee for the 2025 Debentures under the 2025 Debenture Indenture.

2. Securities Subject to the Offer

The Offer is made for 2024 Debentures only and is not made for any rights to acquire 2024 Debentures. Any holder of such rights must, to the extent permitted by the terms thereof and applicable law, fully exercise such rights to acquire 2024 Debentures in order to deposit the resulting issued 2024 Debentures in accordance with the terms and conditions of the Offer.

The principal amount of 2024 Debentures outstanding as at the date hereof is \$4,000,000. The fees of Odyssey Trust Company, the trustee under the 2024 Debenture Indenture, for the administration of the 2024 Debenture Indenture are paid by Western.

The 2024 Debentures are direct obligations of the Company and are not secured by any mortgage, pledge, hypothec or other charge. They are subordinated to other liabilities of the Company. The 2024 Debentures are not guaranteed by any other party, including any subsidiary of the Company.

Each 2024 Debenture is convertible into Common Shares at a conversion price of \$0.55 per Common Share. The 2024 Debentures have a maturity date of March 31, 2024 and bear interest at the rate of 7.5% per annum, payable semi-annually at the end of March and September in each year. If the closing price of the Common Shares on the TSXV is \$0.65 or greater for 20 consecutive trading days, the Company may, at its option, force the conversion of the 2024 Debentures into Common Shares.

The Company may elect, at its option, to redeem all or part of the 2024 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 the Company:

<u>Calendar Year</u>	<u>Redemption Price</u>
2023	102.5%
2024	100.0%

3. Time Period

The Offer will commence on the date hereof and expire at 3:00 p.m. (Calgary time) on November 28, 2023, unless terminated, extended or varied by the Issuer. The Offer is not conditional upon any minimum number of 2024 Debentures being deposited. The Offer is however, subject to other conditions, and the Issuer reserves the right to withdraw the Offer and not take up and pay for any 2024 Debentures deposited under the Offer unless certain conditions are satisfied. See Section 7 of the Offer to Purchase, "*Conditions of the Offer*".

4. Consideration

The Issuer and Odyssey Trust Company entered into the 2025 Debenture Indenture, which provides for the issuance of up to \$5,000,000 principal amount of 2025 Debentures. The Issuer and Odyssey Trust Company may agree in the future to increase the principal amount of 2025 Debentures which may be issuable under the 2025 Debenture Indenture.

The 2025 Debentures have the following terms:

- (a) **Maturity.** The maturity date of the 2025 Debentures is December 31, 2025.

- (b) **Interest.** The 2025 Debentures bear interest from and including their Issue Date at a simple rate (non-compounded) of 9.6% per annum (based on a year of 365 days), payable in equal semi-annual instalments on March 31 and September 30 in each year, provided that (i) the first interest payment for a 2025 Debenture will include interest accrued from its Issue Date to, but excluding, March 31, 2024; and (ii) the last payment (representing interest payable from September 30, 2025 to, but excluding, the maturity date of the 2025 Debentures) shall fall due on the maturity date of the 2025 Debentures (instead of March 31, 2026).
- (c) **Unsecured.** The 2025 Debentures are direct obligations of the Company and are not secured by any mortgage, pledge, hypothec or other charge. They are subordinated to senior indebtedness of the Company. The 2025 Debentures are not guaranteed by any other party, including any subsidiary of the Company.
- (d) **Payment Terms.** The 2025 Debentures will bear interest from and including their Issue Date at a simple rate (non-compounded) of 9.6% per annum (based on a year of 365 days), payable in equal semi-annual instalments on March 31 and September 30 in each year, provided that (i) the first interest payment for a 2025 Debenture will include interest accrued from its Issue Date to, but excluding, March 31, 2024; and (ii) the last payment (representing interest payable from September 30, 2025 to, but excluding, the maturity date of the 2025 Debentures) shall fall due on the maturity date of the 2025 Debentures (instead of March 31, 2026).
- (e) **Conversion.** Each 2025 Debenture is convertible into Common Shares by the holder at a conversion price of \$0.48 per Common Share (with any accrued and unpaid interest payable in cash).
- (f) **Right to Force Conversion.** If the closing price of the Common Shares on the TSXV is \$0.65 or greater for 20 consecutive trading days, the Issuer may, at its option, force the conversion of the 2024 Debentures into Common Shares at a conversion price of \$0.48 per Common Share.
- (g) **Transfer.** The 2025 Debentures are transferrable, subject to applicable securities laws.

The list of terms of the 2025 Debentures described above is a summary only. Please refer to 2025 Debenture Indenture attached as Schedule "B" for the complete terms of the 2025 Debentures.

Nothing in the 2025 Debenture grants the holder thereof any right or interest whatsoever as a shareholder of the Issuer, including, without limitation, any right to vote at, to receive notice of, or to attend meetings of shareholders, or the right to receive dividends or any continuous disclosure materials of the Issuer. Holders of 2025 Debentures will be entitled to exercise the rights expressly provided for in the 2025 Debenture Indenture on the terms and conditions set forth therein.

5. Payment for Deposited 2024 Debentures

Subject to applicable law, and the withholding obligations of non-residents discussed below, the Issuer will pay for the 2024 Debentures validly deposited under the Offer and not validly withdrawn by causing the Issuer's transfer agent to issue a sufficient number of 2025 Debentures for transmittal to depositing Debentureholders and by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) to pay all interests accrued and payable on such 2024 Debentures (up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer) for transmittal to depositing Debentureholders. The Depositary will act as agent for the depositing Debentureholders for the purpose of

receiving payment from the Company, and transmitting such payment to such persons (including to CDS on behalf of the depositing Debentureholders). Under no circumstances will interest accrue or be paid by the Company or the Depository to persons depositing 2024 Debentures by reason of any delay in paying for any Debentures or otherwise.

Settlement for 2024 Debentures under the Offer will be made by the Depository causing the issuance of 2025 Debentures and making the payment of interest accrued and payable on such 2024 Debentures (up to, but excluding, the date they are taken up by the Issuer pursuant to the Offer), in the amount to which the person depositing 2024 Debentures is entitled. Unless otherwise directed in the Letter of Transmittal, such 2025 Debentures will be issued in the name of the registered holder of the deposited 2024 Debentures. Unless the person depositing the 2024 Debentures instructs the Depository otherwise in the Letter of Transmittal, 2025 Debentures will be issued by way of statement with Odyssey Trust Company as transfer agent and Trustee.

The Issuer reserves the right, in its sole discretion, to delay taking up or paying for any 2024 Debentures or to terminate the Offer and not take up or pay for any 2024 Debentures if any condition specified in Section 7 of the Offer to Purchase, "*Conditions of the Offer*" is not satisfied or waived, by giving written notice thereof or other communication confirmed in writing to the Depository. The Issuer also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for 2024 Debentures in order to comply, in whole or in part, with any applicable law.

Certificates for all 2024 Debentures not purchased will be returned as soon as practicable after the Expiry Time or termination of the Offer without expense to the depositing Debentureholder.

Non-Residents

Non-residents of Canada should contact the Issuer prior to depositing any 2024 Debentures under the Offer. In addition, the Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder.

No 2025 Debentures will be delivered to any person who is, or appears to the Issuer or Depository to be, a resident of any foreign jurisdiction unless such 2025 Debentures may be lawfully delivered to persons resident in such foreign jurisdiction without further action by the Issuer. The Issuer may, take reasonable commercial actions to extend the Offer (or make a similar offer) to Debentureholders in any such jurisdiction. If the 2025 Debentures cannot be lawfully delivered to a person resident in a foreign jurisdiction without further action, such 2025 Debentures will be delivered to a broker retained for the purpose of effecting a sale on behalf of such person.

Withholdings

The Issuer will not accept deposits of 2024 Debentures if it is unlawful to do so or if it results in material adverse tax consequences to the Issuer or any Debentureholder. If the Issuer accepts a deposit of 2024 Debentures, the Issuer shall be entitled to deduct and withhold from any consideration otherwise payable to any holder of 2024 Debentures such amounts as required to deduct and withhold with respect to such payment under the Tax Act, or any provision of federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the 2024 Debentures in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

6. Right to Withdraw Deposited 2024 Debentures

Except as otherwise provided herein or otherwise required or permitted by applicable laws, deposits of 2024 Debentures pursuant to the Offer will be irrevocable.

A Debentureholder may withdraw 2024 Debentures deposited pursuant to the Offer:

- (a) at any time prior to the Expiry Time;
- (b) if the 2024 Debentures have not been taken up by the Issuer before actual receipt by the Depository of a valid notice of withdrawal in respect of such 2024 Debentures;
- (c) if the 2024 Debentures have been taken up but not paid for by the Issuer within three business days of being taken up; or
- (d) at any time before the expiration of ten days from the date that a notice of change or notice of variation (other than a variation that (i) consists solely of an increase in the consideration offered for the 2024 Debentures under the Offer where the time for deposit is extended to not later than ten days after the date of the notice of variation, or (ii) consists solely of the waiver of one or more conditions of the Offer) has been given in accordance with this Offer (see Section 8 of the Offer to Purchase, "*Extension and Variation of the Offer*").

For a withdrawal to be effective, a written notice of withdrawal must be actually received by the Depository by the applicable date specified above at the place of deposit of the relevant 2024 Debentures. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal in respect of the 2024 Debentures being withdrawn or, in the case of 2024 Debentures tendered by a CDS participant through CDSX, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation, and must specify the name of the person who deposited the 2024 Debentures to be withdrawn, the name of the registered holder, if different from that of the person who deposited such 2024 Debentures, and the number of 2024 Debentures to be withdrawn. If the certificates for the 2024 Debentures deposited pursuant to the Offer have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the depositing Debentureholder must submit the serial numbers shown on the particular certificates evidencing the 2024 Debentures to be withdrawn and the signature on the notice of withdrawal may need to be guaranteed by an Eligible Institution. **A withdrawal of 2024 Debentures deposited pursuant to the Offer may only be accomplished in accordance with the foregoing procedure. The withdrawal will take effect only upon actual receipt by the Depository of a properly completed and executed notice of withdrawal in writing.**

A Debentureholder who wishes to withdraw 2024 Debentures under the Offer and who holds 2024 Debentures through a dealer, broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to withdraw such 2024 Debentures under the Offer. **Participants of CDS should contact these depositaries with respect to the withdrawal of 2024 Debentures under the Offer. A Debentureholder's dealer, broker, bank, trust company or other nominee may set deadlines for the withdrawal of 2024 Debentures deposited under the Offer that are earlier than those specified herein.**

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Issuer, in its sole discretion, which determination will be final and binding. None of the Issuer, the Depository or any other person will be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them will incur any liability for failure to give any such notice.

Any 2024 Debentures properly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn 2024 Debentures may be redeposited prior to the Expiry Time by again following the procedures described in Section 4 of the Offer to Purchase, "*Procedure for Depositing 2024 Debentures*".

7. Source of Funds

The Issuer intends to issue new 2025 Debentures to pay for 2024 Debentures acquired in connection with the Offer.

There is no assurance that the Issuer will be able to allocate funds or to raise additional funds to enable the Issuer to repay the 2024 Debentures which are not converted under the Offer on their maturity date on March 31, 2024, or to repay the 2025 Debentures in accordance with their terms without additional financing. See Section 34 of the Circular, "*Risk Factors*".

8. Participation

The Offer is not conditional upon any minimum number of 2024 Debentures being deposited. The Offer is however, subject to other conditions, and the Issuer reserves the right to withdraw the Offer and not take up and pay for any 2024 Debentures deposited under the Offer unless certain conditions are satisfied. See Section 7 of the Offer to Purchase, "*Conditions of the Offer*".

9. Purpose of the Offer

The purpose of the Offer is to (a) provide the Issuer with greater financial flexibility to continue to pursue its business objectives in 2024 and 2025 than if the Issuer were to repay the 2024 Debentures in full on March 31, 2024; and (b) provide holders of 2024 Debentures with an opportunity to receive an increased interest rate at a simple rate of 9.6% per annum by holding 2025 Debentures until the maturity date of the 2025 Debentures, as described further in this Offer.

Additionally, due to the current economic conditions (discussed below under "*Background to the Offer*"), the Issuer does not anticipate it will have a financing arranged in time to be able to repay the 2024 Debentures on their maturity date of March 31, 2024.

The Issuer believes that, given current market conditions, the best use of its assets is to continue to utilize its capital to pursue its business objective for 2024 and 2025 to continuing growing the businesses of its portfolio companies. See Section 34 of the Circular, "*Risk Factors*".

The Offer has been created to allow Debentureholders to obtain a higher interest rate by holding 2025 Debentures in the Issuer for a longer period of time. See "*Risk Factors*". If investors want to hold debentures in the Issuer for a longer period at a higher interest rate, they can exchange their 2024 Debentures for the 2025 Debentures. Investors that do not want to participate in the Offer can continue to hold their 2024 Debentures. The 2024 Debentures held by Debentureholders who do not accept the Offer, will remain outstanding and the 2024 Debentures will continue to accrue interest in accordance with their terms. See Section 6 of the Offer to Purchase, "*Not Accepting the Offer*".

Background to the Offer

The Board of Directors considered the proposed Offer and whether to proceed. In evaluating the Offer, the Board of Directors gave careful consideration to a number of factors, including, without limitation, the following:

- (a) due to the economic conditions in Western Canada resulting from the five-year commodity downturn, global health pandemic, unprecedented commodity correction, oil, war and business shutdown, the Issuer does not anticipate it will have financing arranged in time to be able to repay the 2024 Debentures at maturity on March 31, 2024;
- (b) some investors may want to retain their investment in the Issuer at the higher interest rate offered by the 2025 Debentures rather than exit their investment in 2024 Debentures. The Offer has been structured to provide this alternative;
- (c) the deposit of 2024 Debentures under the Offer is optional for all Debentureholders, and all Debentureholders are free to accept or reject the Offer and are free to elect if they want to participate under the Offer;
- (d) as at June 30, 2023, the Issuer has senior indebtedness of \$2,696,288 and indebtedness of \$4,000,000 of principal plus accrued interest under the 2024 Debentures. Other than servicing the foregoing indebtedness, the Issuer's ongoing operating costs are limited and after giving effect to the Offer, the Issuer believes it will continue to have sufficient financial resources and working capital to conduct its ongoing business, subject to any financing requirements under the 2024 Debentures which are not exchanged under this Offer and the 2025 Debentures; and
- (e) a liquidation of certain of the Issuer's assets in order to repay the 2024 Debentures under current market conditions may not be feasible without significant cost, as some of the Issuer's assets are subject to security granted to the Issuer's secured creditors. See Section 1 of the Circular, "*The Issuer – Consolidated Capitalization.*"

The foregoing summary of the factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board of Directors in making the decision to present the Offer to Debentureholders, but includes the material factors considered by the Board of Directors. The Board of Directors evaluated various factors, including those summarized above, in light of their own knowledge of the business, assets, financial condition, operations and prospects of the Issuer and based upon the advice of their advisors. In view of the numerous factors considered, the Board of Directors did not find it practicable to, and did not quantify or otherwise attempt to assign relative weight to specific factors in reaching its recommendation and decision, as applicable. In addition, individual members of the Board of Directors may have given different weight to different factors.

None of the Issuer, the Boards of Directors or the Depositary makes any recommendation to Debentureholders as to whether to deposit or refrain from depositing any or all of such Debentureholder's 2024 Debentures under the Offer. No person has been authorized to make any such recommendation.

Debentureholders are strongly urged to review and evaluate carefully all information in the Offer and Circular, to consult their own investment, tax and legal advisors, and to make their own decisions as to whether to deposit 2024 Debentures under the Offer. Future values and liquidity of the 2024 Debentures cannot be assured and are subject to risks. Debentureholders are advised that acceptance of the Offer may have tax consequences and they should consult their own professional tax advisors. See Section 26 of this Circular, "*Certain Canadian Federal Income Tax Considerations*" and Section 34, "*Risk Factors*".

On October 24, 2023, the Issuer's Board of Directors approved the making of the Offer, certain terms and conditions of the Offer, the Offer, this Circular and the Letter of Transmittal.

Subject to certain exceptions, Canadian provincial securities legislation prohibits the Issuer and its affiliates from acquiring any 2024 Debentures, other than pursuant to the Offer, until at least 20 business days after the Expiry Time or date of termination of the Offer. Subject to applicable law, the Issuer may purchase additional 2024 Debentures in the future on the open market, in private transactions, through normal course or other forms of issuer bids or otherwise. Any such purchases may be on the same terms or on terms that are more or less favourable to Debentureholders than the terms of the Offer. Any possible future purchases by the Issuer will depend on many factors, including the market price of the 2024 Debentures, the Issuer's business and financial position, the results of the Offer and general economic and market conditions.

The Board of Directors urges Debentureholders to read the Valuation in its entirety. See Schedule A to this Circular.

10. Trading in 2024 Debentures to be acquired

The 2024 Debentures are not listed on any market and have no trading history. To the knowledge of the Company, during the six-month period preceding the Offer, no 2024 Debentures have been traded. There is no market for 2024 Debentures and one is not expected to develop.

11. Ownership of Securities of Issuer

Interest of Directors and Officers

Except as set forth in the Offer and Circular, neither the Issuer nor, to the Issuer's knowledge, any of its officers or directors, is a party to any contract, arrangement or understanding, formal or informal, with any securityholder relating, directly or indirectly, to the Offer or with any other person or company with respect to any securities of the Issuer in relation to the Offer, nor are there any contracts or arrangements made or proposed to be made between the Issuer and any of its directors or officers and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful.

Except as disclosed in the Offer and Circular, neither the Issuer nor, to the Issuer's knowledge, any of its officers or directors has current plans or proposals which relate to, or would result in, any extraordinary corporate transaction involving the Issuer, such as a merger, a reorganization, the sale or transfer of a material amount of its assets or the assets of any of its subsidiaries (although the Issuer from time to time may consider various acquisition or divestiture opportunities), any material change in its present Board of Directors or management, any material change in its indebtedness or capitalization, any other material change in its business or corporate structure, any material change in its Articles, or any actions similar to any of the foregoing.

To the knowledge of the Issuer, after reasonable inquiry, the following table indicates, as at October 24, 2023, the number of securities of the Issuer beneficially owned or over which control or direction is exercised, by each director and officer of the Issuer and, after reasonable inquiry, by (a) each associate or affiliate of an insider of the Issuer, (b) each associate or affiliate of the Issuer, (c) an insider of the Issuer (other than a director or officer of the Issuer), and (d) each person acting jointly or in concert with the Issuer.

Name	Relationship	Common Shares (%)	2024 Debentures (%)
Scott Tannas	Director, Officer	4.8%	0.6%
Shafeen Mawani	Officer	2.7%	0.6%
Kabir Jivraj	Director	2.3%	2.8%

Name	Relationship	Common Shares (%)	2024 Debentures (%)
Willard Yuill	Director	2.0%	6.3%
James Dinning	Director	2.0%	1.9%
Jennie Moushos	Director	0.2%	-
Stacey Cross	Officer	0.1%	-

12. Commitments to Acquire Securities of Issuer

The Issuer has no agreements, commitments or understandings to acquire securities of the Issuer, other than pursuant to the Offer.

13. Acceptance of Issuer Bid

To the knowledge of the Issuer and its directors and officers, after reasonable enquiry, (a) a majority of the directors of the Issuer have indicated an intention to deposit their 2024 Debentures under the Offer, and (b) except as above, no director or officer of the Issuer, no associate or affiliate of an insider of the Issuer and no person or company acting jointly or in concert with the Issuer, has indicated any present intention to deposit any of such person's or company's 2024 Debentures under the Offer.

14. Benefits from the Offer on Interested Parties

Except as described or referred to in the Offer, no person or company named under Section 11 of this Circular, "*Ownership of Securities of Issuer*" will receive any direct or indirect benefit from accepting or refusing to accept the Offer other than the Purchase Price for any 2024 Debentures purchased by the Issuer in accordance with the terms of the Offer and any benefit available to any Debentureholder who does or does not participate in the Offer. See Section 3 of this Circular, "*Purpose and Effect of the Offer*".

15. Material Changes in the Affairs of the Issuer

Except as described or referred to in the Offer or this Circular, the directors and officers of the Issuer are not aware of any plans or proposals for material changes in the affairs of the Issuer, or of any undisclosed material changes.

The Issuer announced on October 10, 2023 that it will be conducting a private placement for the issuance of up to \$5,000,000 principal amount of 2025 Debentures. The 2025 Debentures may be issued on exchange pursuant to the Offer and may also be issued as new 2025 Debentures offered to investors for cash subscriptions. The Issuer and Odyssey Trust Company may agree in the future to increase the amount of 2025 Debentures issuable under the 2025 Debenture Indenture to an amount greater than \$5,000,000.

16. Other Benefits

See Section 14 of this Circular, "*Benefits from the Offer on Interested Parties*".

17. Arrangements between the Issuer and Security holders

There are: (a) no agreements, commitments or understandings made or proposed to be made between the Issuer and any of the directors or officers of the Issuer, including for any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office

if the Offer is successful; and (b) no agreements, commitments or understandings made or proposed to be made between the Issuer and any securityholder of the Issuer relating to the Offer.

18. Previous Purchases and Sales

During the 6-month period from January 1, 2023 – June 30, 2023, the Issuer re-purchased 80,000 Common Shares under the terms of its normal course issuer bid ("NCIB").

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

During 2022, a total of 51,000 Common Shares were purchased by the Issuer through the NCIB at prices ranging from \$0.32 to \$0.41 per share.

19. Prior Sales

Prior Sales

In the 12 months prior to the date hereof, the Issuer did not issue any Common Shares or any additional 2024 Debentures.

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the symbol "WI". The following table sets forth the high and low trading prices and the aggregate volume of trading of the Common Shares on the TSXV for the periods indicated (as quoted by the TSXV):

Period	Price Range (\$)		Trading Volume
	High	Low	
2022			
September	0.44	0.36	215,693
October	0.39	0.37	61,733
November	0.39	0.36	75,500
December	0.39	0.35	636,086
2023			
January	0.35	0.38	119,318
February	0.35	0.40	134,467
March	0.38	0.39	421,524
April	0.32	0.39	443,186
May	0.31	0.45	333,111
June	0.35	0.38	470,400
July	0.36	0.40	862,000

Period	Price Range (\$)		Trading Volume
	High	Low	
August	0.36	0.41	300,046
September	0.38	0.43	1,907,701

20. Financial Statements

Debentureholders may obtain copies of available financial statements of the Issuer, without charge, upon request to the Company by mail at 1010 – 24th Street S.E., High River, Alberta, T1V 2A7, by e-mail at scross@winv.ca, or by telephone at 403-703-9882.

Certain financial statements of the Issuer are incorporated by reference in this Circular. See "*Documents Incorporated by Reference*" above.

The Issuer's financial statements are also available under the Issuer's profile on SEDAR Plus at www.sedarplus.ca.

21. Valuation

The Offer constitutes an "issuer bid" for the purposes of MI 61-101. In accordance with the provisions of MI 61-101, the Issuer retained Sequeira Partners (the "**Valuator**") to provide an independent estimate of the "as is" fair market value of the 2024 Debentures (the "**Valuation**"). The professionals involved in the Valuation are experienced in portfolio management and securities valuation matters and the selection of the Valuator was based on the Issuer's view that the Valuator was qualified to provide the Valuation and was independent from the Issuer. Except in respect of a valuation engagement for a net asset value calculation in respect of one of the Issuer's portfolio companies as disclosed in the Issuer's management, discussion & analysis for the year ended December 31, 2021, the Issuer has not had any prior business dealings with the Valuator prior engaging the Valuator to provide the Valuation. The agreement entered into by the Issuer and the Valuator provides for the payment to the Valuator, of a fixed fee at a market rate, for its services including the preparation and delivery of the Valuation. In addition, the Valuator is to be reimbursed for its direct out of pocket expenses and is to be indemnified by the Issuer in certain circumstances. No part of the Valuator's fee was contingent upon the conclusions reached in the Valuation or on the completion of the Offer. A copy of the Valuation is attached hereto as Schedule A.

After reasonable inquiry the Issuer is not aware, and none of the directors or senior officers of the Issuer or any affiliate of the Issuer is aware, of any prior valuation in respect of the Issuer made within the 24 month period prior to the date of this Offer.

The Valuation was given as at September 15, 2023, and values the 2024 Debentures at a range of \$961 to 1,062 per \$1,000 of principal amount, and the 2025 Debentures at a range of \$1,091 to \$1,206 per \$1,000 of principal amount of 2025 Debenture.

The following is a summary of the Valuation. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Valuation.

For the purposes of the Valuation, "fair market value" means the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, with each acting at arm's length, and where neither party is under any compulsion to act. In accordance with MI 61-101, the Valuator made no downward adjustment to the fair market value of the 2024 Debentures to reflect the liquidity of the 2024 Debentures, the effect of the Offer on the 2024 Debentures or the fact that

the 2024 Debentures do not form part of a controlling interest. A valuation prepared on the foregoing basis is referred to as an "en bloc" valuation.

The Valuation is based upon techniques and assumptions that the Valuator considered appropriate in the circumstances for the purposes of arriving at an opinion as to the fair market value of the 2024 Debentures, and the 2025 Debentures, respectively. The fair market value of the 2024 Debentures and the 2025 Debentures was determined using an approach that values individually the debt only, and the conversion features of the Debentures, to determine the total fair market value. The debt component is discounted at the risk-free rate plus a credit spread. The conversion feature is discounted at the risk-free rate. Such valuation methods are used widely by investors when acquiring securities of this nature. Valuation parameters were used, having due regard to the income characteristics, current market conditions and prevailing economic and industry information. In appraising the 2024 Debentures and the 2025 Debentures the Valuator made certain standard assumptions, including, among other things, that: (i) there was no material change in the financial position of the Issuer between the date of the most recent financial statements and the valuation date; (ii) the unaudited financial information of the Issuer presented to the Valuator is fairly presented and would not require any significant adjustments if it were subject to audit; (iii) at the maturity date, conversion of the 2024 Debentures or the 2025 Debentures into Common Shares is not forced; (iv) upon a conversion of 2024 Debentures or 2025 Debentures, the holder receives accrued interest; (v) upon early redemption of the 2024 Debentures; the holder receives accrued interest; (vi) application of the Issuer's right to call the 2024 Debentures and/or the 2025 Debentures for conversion if the closing price of the Common Shares on the TSXV is \$0.65 or greater for 20 consecutive trading days prior to the applicable maturity date; and (vii) there would be no future amendments to the terms of the 2024 Debentures or the 2025 Debentures. The foregoing assumptions as well as other assumptions listed in the Valuation will affect the Valuator's value conclusions.

Caution should be exercised in the evaluation and use of valuation results. A Valuation is an estimate of market value as of a specific date. It is not a precise measure of value but is based on a subjective comparison of related activity taking place. The Valuation is based on various assumptions of future expectations and while the Valuator's internal forecasts of the Valuator is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. Accordingly, the 2024 Debentures may trade at a premium or a discount to values implied by the Valuation.

22. Securities of Issuer to be Exchanged for Others

See Section 1 of this Circular, "*The Issuer*" for disclosure on the Issuer and the documents incorporated by reference in the Offer and Circular.

23. Approval of Issuer Bid Circular

The Board of Directors of The Western Investment Company of Canada has approved the contents of the Offer and the accompanying Circular dated October 24, 2023 and the delivery thereof to Debentureholders.

24. Previous Distributions

An aggregate of \$4,000,000 principal amount of 2024 Debentures was issued on May 9, 2019 pursuant to the terms of the 2024 Debenture Indenture governing the terms of the 2024 Debentures.

25. Dividend Policy

To date the Corporation has declared two annual dividends in the amount of \$0.005 per share, paid on July 29, 2022 to shareholders of record on July 15, 2022, and paid on September 29, 2023 to shareholders of record on September 15, 2023. All future decisions with respect to the declaration of dividends on the Common Shares will be made by the Board on the basis of the Issuer's earnings, financial requirements and other conditions existing at such a future time.

Other than pursuant to applicable corporate law and compliance with the provisions of the Issuer's credit facilities, there are no restrictions on the Issuer that would prevent it from paying a dividend.

Each 2024 Debenture bears interest at a rate of 7.5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, until maturity on March 31, 2024.

26. Certain Canadian Federal Income Tax Considerations

In the opinion of DS Lawyers Canada LLP, the following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**"), as of the date hereof, generally applicable to a Debentureholder who sells 2024 Debentures pursuant to the Offer and who, for purposes of the Tax Act and at all relevant times holds the 2024 Debentures as capital property, deals at arm's length with the Issuer and is not affiliated with the Issuer (a "**Holder**"). Generally, the 2024 Debentures will be capital property to a Holder provided the Holder does not hold such 2024 Debentures in the course of carrying on a business of trading or dealing in securities and has not acquired such 2024 Debentures in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Debentureholder: (i) that is a "financial institution" as defined in the Tax Act for the purposes of the "mark-to-market" rules, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which is a "tax shelter investment" as defined in the Tax Act, (iv) that has elected to report its "Canadian tax results," as defined in the Tax Act, in a currency other than Canadian Dollars, (v) that has entered or will enter into a "derivative forward agreement," as such term is defined in the Tax Act, or (vi) who acquired 2024 Debentures as employee compensation. All such Debentureholders are advised to consult with their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") published in writing by it prior to the date hereof. This summary takes into account all specific proposals (the "Tax Proposals") to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, although there is no certainty that such proposals will be enacted in the form currently proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may materially differ from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Debentureholder to whom the Offer is made. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Debentureholders should consult their own tax advisors for advice concerning the income tax consequences to them of disposing of their 2024 Debentures under the Offer, and any other consequences to them of such transactions under Canadian federal, provincial, territorial or local tax laws, and under foreign tax laws, having regard to their own particular circumstances.

Holders Resident in Canada

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention is, or is deemed to be, resident in Canada (a "**Resident Holder**").

Certain Resident Holders whose 2024 Debentures might not otherwise be considered capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their 2024 Debentures, and all other "Canadian securities" as defined in the Tax Act owned by such Resident Holder in the taxation year in which such election is made, and in all subsequent taxation years, deemed to be capital property. Resident Holders contemplating making a subsection 39(4) election should consult their own tax advisors.

Receipt of Interest on the 2024 Debentures

If a Resident Holder accepts the Offer, accrued and unpaid interest on the Holder's 2024 Debentures will be paid in cash and will constitute income for purposes of the Tax Act. Accordingly, the Resident Holder will be required to include, in computing income for the current taxation year, the interest on the 2024 Debentures that is so paid, except to the extent that the accrued interest was included in the Resident Holder's income for a preceding taxation year.

Disposition of 2024 Debentures Pursuant to the Offer

A Resident Holder whose 2024 Debentures are taken up and paid for under the Offer will be considered to have disposed of the 2024 Debentures for purposes of the Tax Act. Generally, a Resident Holder whose 2024 Debentures are disposed of will realize a capital gain (or a capital loss) equal to the amount, if any, by which the "proceeds of disposition" received by the Resident Holder for such 2024 Debentures, less any reasonable costs of disposition, exceeds (or is exceeded by) the "adjusted cost base" to the Resident Holder of such 2024 Debentures immediately before the disposition. Such "proceeds of disposition" will be equal to the fair market value of the 2025 Debentures received under the Offer, while the "adjusted cost base" of the 2024 Debentures will generally be equal to what the Resident Holder paid to purchase them plus any reasonable costs of acquisition.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of any capital gain (a "taxable capital gain") realized by it in that year. Subject to and in accordance with the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for the year may ordinarily be carried back and deducted against taxable capital gains realized in any of the three preceding taxation years or carried forward and deducted in any following taxation year, to the extent and under the circumstances specified in the Tax Act.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable for an additional refundable tax under the Tax Proposals of 10 2/3% on certain investment income for the year, including taxable capital gains.

Capital gains realized by individuals or trusts, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the potential application of alternative minimum tax.

Registered Plans

The 2025 Debentures will be a "qualified investment" under the Tax Act for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan or a tax-free savings account (collectively "**Exempt Plans**") or a deferred profit sharing plan at any particular time, provided that, at that time, the Issuer is a "public corporation" for the purposes of the Tax Act and the securities are not a "prohibited investment" in respect of the particular Exempt Plan. If the Issuer ceases to meet the conditions to be a "public corporation" for any reason, the CRA may with 30 days notice make a designation such that the Issuer has ceased to be a "public corporation" for purposes of the Tax Act. If that occurs, the 2024 Debentures and the 2025 Debentures will no longer be a "qualified investment" for Exempt Plans. Resident Holders who hold 2024 Debentures or will hold 2025 Debentures in an Exempt Plan should consult their own tax advisors with respect to the potential income tax consequences to them in this regard.

Provided that 2025 Debentures acquired upon the acceptance of the Offer by an Exempt Plan continue to be a "qualified investment", the transactions contemplated by the Offer will not result in any tax consequences to the Exempt Plan or to the Resident Holder of such plan.

Holders Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is neither resident nor deemed to be resident in Canada, and does not use or hold, and is not deemed to use or hold, 2024 Debentures in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This portion of the summary is not applicable to a Non-Resident Holder that is an insurer carrying on an insurance business in Canada and elsewhere or that is an "authorized foreign bank" as defined in the Tax Act. Such Non-Resident Holders should consult their own tax advisors.

Disposition of 2024 Debentures Pursuant to the Offer

As noted above under the subheading "Holders Resident in Canada - Receipt of Interest on the 2024 Debentures", the acceptance of the Offer will result in the payment of the accrued interest on the 2024 Debentures. Canadian withholding tax will not apply on the payment of interest to Non-Resident Holders who deal at arm's length with the Issuer.

The 2024 Debentures are "excluded property" to Non-Resident Holders for the purposes of the Tax Act to Non-Resident Holders and as such, a Non-Resident Holder is not liable to pay tax in Canada on any taxable capital gain arising from a disposition of the 2024 Debentures pursuant to the Offer.

Non-Resident Holders should consult their own tax advisors with respect to the potential income tax consequences to them of disposing of their 2024 Debentures under the Offer.

27. Expenses of the Offer

The Issuer will be responsible for paying its fees and expenses in connection with the Offer and Circular including without limitation all legal, financial advisory, valuation, auditing, appraisal, depositary, filing and printing costs, incurred in connection with the Offer, which are currently estimated to be approximately \$150,000 over the course of the Offer.

28. Rights of Acquisition

Although the 2024 Indenture governing the 2024 Debentures permits the Issuer: (a) to make acquisitions of 2024 Debentures in the market by tender or by contract; and (b) to redeem 2024 Debentures at a redemption price of 102.5% during the 2023 calendar year, the Issuer does not intend to utilize either such right during the time period that the Offer to Purchase is in effect.

29. Statement of Rights

Securities legislation in the provinces and territories of Canada provides Debentureholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or a notice that is required to be delivered to such Debentureholders. However, such rights must be exercised within prescribed time limits. Debentureholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

30. Interests of Experts

See Section 21 of the Circular, "*Valuation*" in respect of the interests of the Valuator.

As of the date hereof, the partners and associates of DS Lawyers Canada LLP, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares.

The auditors of the Issuer are Ernst & Young LLP, Chartered Professional Accountants, Calgary, Alberta. Ernst & Young LLP has confirmed that it is independent of the Issuer in the context of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Calgary, Alberta, provided the 2021 Audit Report, and has confirmed that it is independent of the Issuer in the context of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

31. Other Material Facts

Except as described or referred to in the Offer or this Circular, the Issuer is not aware of any undisclosed material facts.

32. Solicitations

No broker, dealer or other person (including the Depositary) has been authorized to give any information or to make any representation or warranty on behalf of the Issuer or any of their affiliates in connection with the Offer other than as contained in the Offer to Purchase, Circular and Letter of Transmittal and, if any such information, representation or warranty is given or made, it must not be relied upon as having been authorized.

33. Depositary

The Depositary, Odyssey Trust Company, will receive deposits of certificate(s) representing the 2024 Debentures and accompanying Letters of Transmittal at its office specified in the Letter of Transmittal. The Depositary will also be responsible for giving certain notices, if required, and disbursing payment for 2024 Debentures purchased by the Issuer under the Offer. The Depositary will receive reasonable and customary compensation from the Issuer for its services in connection with the Offer, will be reimbursed for certain

out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws.

Depositing Debentureholders will not be obligated to pay brokerage fees or commissions to the Company or the Depositary. However, Debentureholders are cautioned to consult with their own investment dealers, brokers, bank, trust companies or other intermediaries to determine whether any fees or commissions are payable to such persons in connection with a deposit of 2024 Debentures pursuant to the Offer.

34. Risk Factors

The following are certain risk factors relating to the business of the Issuer and the Offer, which factors investors should carefully consider when making an investment decision concerning the Issuer. These risks and uncertainties are not the only risks facing the Issuer. Additional risks and uncertainties, including but not limited to those not currently known to the Issuer, or that the Issuer currently deems immaterial, may also impair the operations of the Issuer. New risks may emerge from time to time. If any such risks actually occur, the financial condition, liquidity and results of operations of the Issuer could be materially adversely affected and the ability of the Issuer to implement its plans could be adversely affected. Debentureholders should consult with their own professional advisors.

Debentureholders should also refer to the risk factors contained in the AIF and in the Interim MD&A for additional risks and uncertainties relevant to an investment in the Issuer.

Financing Risk. Any future proceeds raised by the Issuer may not be sufficient to accomplish all of the Issuer's objectives and there is no assurance that alternative financing to pay for such objectives will be available. The Issuer will require access to significant capital to repay the 2024 Debentures and 2025 Debentures, to maintain and develop its assets, as well as to fund its growth strategies, and significant capital expenditures from time to time. There can be no assurance that the Issuer will have access to sufficient capital or access to capital on terms favourable to the Issuer. Failure by the Issuer to access required capital could have a material adverse effect on the investment in 2025 Debentures. There is no assurance that the Issuer will be able to raise the financing to repay the 2025 Debentures in accordance with their terms and no assurance that the Issuer will be able to repay the 2024 Debentures which are not converted under the terms of the Offer or the 2025 Debentures.

Earnings Coverage Ratio. See "*Earnings Coverage Ratio*", which is relevant to an assessment of the risk that the Issuer may be unable to pay interest or principal on the 2025 Debentures when due.

Liquidity for the Debentures. There is no assurance that there will be a liquid market for the 2025 Debentures or that the Issuer will approve a proposed transfer of the 2025 Debentures. The 2025 Debentures will not be listed for trading on any exchange and there is currently no market to resell the 2025 Debentures. There is no assurance that holders of 2025 Debentures will be able to sell or transfer their 2025 Debentures.

Negative Operating Cash Flow. The Issuer has negative cash flow from operating activities. It is anticipated that the Issuer will continue to have negative cash flow for 2023 as a result of a loss from the Issuer's equity investments in 2023 (as described further in the Interim MD&A). Continued losses may have the following consequences: (i) increasing the Issuer's vulnerability to general adverse economic and industry conditions; (ii) limiting the Issuer's ability to obtain additional financing and fund future working capital, capital expenditure, operating and development costs and other general corporate requirements; and (iii) limiting the Issuer's flexibility in planning for, or reacting to, changes in its business and industry.

No Public Market and Hold Period. Although the Issuer is a "reporting issuer" in certain provinces in Canada, the 2025 Debentures do not trade on any public stock exchange and the Issuer has no intention of

listing such securities on any stock exchange or trading market. Accordingly, there is no market where you are able to resell your 2025 Debentures and you may never be able to sell your 2025 Debentures and recover any part of your new investment. The 2025 Debentures may not be readily accepted as collateral for a loan. Tendering Debentureholders should be prepared to hold these securities indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency.

Not a member of CDIC. The Issuer is not a member of the Canada Deposit Insurance Corporation ("CDIC") and the 2025 Debentures are not insured against loss through the CDIC.

Tax Matters. The tax treatment of an investor may have a material effect on the advisability of an investment in the 2025 Debentures. As well, the tax consequences associated with an investment in the 2025 Debentures are subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of such securities, including without limitation investors who may purchase such securities from funds in Exempt Plans. In the event that the Issuer ceases to be a "public corporation" under the Tax Act, the 2025 Debentures will cease to be a qualified investment for Exempt Plans and a holder may be subject to significant taxes and penalties. See "*Certain Canadian Income Tax Consequences – Registered Holders – Registered Plans*".

Unsecured Obligations. The 2025 Debentures are unsecured obligations of the Issuer and will rank behind other debt obligations of the Issuer which have greater security. Such senior debt obligations may include the Issuer's Loan Facility, builders liens claims, purchase money security interests for goods sold by suppliers, and claims by governments for various obligations such as tax withholdings and GST.

Less than Full Deposit. There can be no assurance that the Offer will be accepted by all Debentureholders. If less than the total Offer is taken up, then the Issuer's restructuring plans, development plans and its prospects could be adversely affected.

Reliance on Management. Depositing Debentureholders assessing the risks and rewards of the Offer should appreciate that they are relying on the good faith and expertise of the officers and directors of the Issuer. In particular, purchasers will rely on the discretion and ability of such officers and directors to manage and conduct the businesses of the Issuer. There is no certainty that the persons who are currently members of the Issuer's management team will continue to be available for the entire period during which it requires the provision of their services.

The officers and directors of the Issuer will not be devoting all of their time to the affairs of the Issuer, as applicable, and intend to devote only such amount of time as will be required to effectively manage the Issuer, as applicable. Such officers and directors will continue to be engaged in other business prospects which are not for the advancement of the business of the Issuer.

Default on Indebtedness. In the event that the Issuer is unable to meet its obligations under the terms of the 2025 Debentures, it will likely have to obtain replacement financing, and there can be no assurance that the Issuer will be able to obtain such replacement financing. In the event the Company defaults in its covenants, the holder of the 2025 Debentures shall be entitled to exercise the rights and remedies available under applicable laws and pursuant to the terms of such securities, including the ability to demand repayment of the principal amount under the 2025 Debentures.

Profit Participation Right not Secured. The rights to share in the profits of the Issuer by way of dividends or other distribution is not considered to be indebtedness of the Company and therefore such rights are not secured under the terms of the 2025 Debentures.

Potential Conflicts of Interest. Certain of the directors and officers of the Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Issuer may become subject to conflicts of interest. The *Business Corporations Act* (Alberta) ("**ABCA**") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

CERTIFICATE

Dated: October 24, 2023

The Board of Directors of The Western Investment Company of Canada has approved the contents of the Offer and the accompanying Circular dated October 24, 2023 and the delivery thereof to Debentureholders.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(signed) "Scott Tannas"

Scott Tannas
President, Chief Executive Officer,
Secretary and Director

(signed) "Stacey Cross"

Stacey Cross
Chief Financial Officer

On behalf of the Board of Directors of The Western Investment Company of Canada

(signed) "James F. Dinning"

James F. Dinning
Chairman and Director

(signed) "Dr. Kabir Jivraj"

Dr. Kabir Jivraj
Director

CONSENT OF DS LAWYERS CANADA LLP

TO: The Board of Directors of The Western Investment Company of Canada

We hereby consent to the references to our firm name and opinion dated October 24, 2023 contained under the heading "*Certain Canadian Federal Income Tax Considerations*" in the Issuer Bid Circular of The Western Investment Company of Canada dated October 24, 2023. Our opinion was given as at October 24, 2023 and remains subject to the assumptions, qualifications and limitations contained therein.

October 24, 2023

(Signed) "*DS Lawyers Canada LLP*"

CONSENT OF SEQUEIRA PARTNERS

To: The Board of Directors of The Western Investment Company of Canada

We hereby consent to the references to our firm name and our valuation opinion dated October 18, 2023 contained under the heading "*Valuation*" and in Schedule A to the Issuer Bid Circular of The Western Investment Company of Canada dated October 24, 2023. Our opinion was given as at October 18, 2023 and remains subject to the assumptions, qualifications and limitations contained therein.

October 24, 2023

(Signed) "*Sequeira Partners*"

SCHEDULE A

VALUATION

(Attached)



September 21, 2023

The Western Investment Company of Canada Limited
1010 - 24th Street SE
High River, Alberta T1V 2A7

Subject: Formal Valuation in accordance with Multilateral Instrument 61-101

Sequeira Partners ("Sequeira" or "we") understands that The Western Investment Company of Canada Limited ("Western Investment" or the "Company") is contemplating a transaction (the "Transaction") whereby the Company will issue a private placement treasury offering of convertible unsecured subordinated debentures ("Offered Debenture") for both cash consideration and exchange at par of existing convertible debentures ("Existing Debenture").

The Transaction constitutes an Issuer Bid in accordance with Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and requires a formal valuation opinion (the "Valuation", "Report", or "Valuation Report") as to a value or range of values representing the fair market value of the subject of the Valuation, being both the Existing Debenture and the Offered Debenture, as at September 15, 2023 (the "Valuation Date"), for inclusion in the Company's information circular (the "Circular").

Engagement of Sequeira Partners

Pursuant to the engagement agreement dated September 13, 2023 (the "Engagement Agreement"), Sequeira, acting independently and objectively, was engaged by the Company to prepare and deliver to the Company the Valuation, as at the Valuation Date, in accordance with MI 61-101.

The Valuation has been prepared in conformity with Practice Standard No. 110 of the CBV Institute for a Comprehensive Valuation Report, as that term is defined in Practice Standard No. 110, which meets the requirements of a formal valuation, as defined under MI 61-101.

The principal valuator and other staff involved in the preparation of the Valuation acted independently and objectively in completing the Report.

Sequeira is to receive a fixed fee for the preparation and delivery of the Valuation, and that fee is not contingent upon the results of the Report. Pursuant to the Engagement Agreement, Sequeira and its personnel are to be held harmless and indemnified by the Company under certain circumstances from and against certain liabilities arising in connection with the Valuation.

Credentials of Sequeira

Sequeira is an independent Canadian corporate finance and valuation advisor and has become one of the largest mid-market merger and acquisition and valuation advisors in their markets.

Sequeira's professionals have experience in providing advisory services for various purposes, including merger and acquisition advisory, corporate valuations and financial opinions, corporate carve-outs, and recapitalizations.

Sequeira has offices in Calgary, Edmonton, and Vancouver. Sequeira's team of finance professionals have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser under the American Society of Appraisers in Business Valuation (ASA).

Independence of Sequeira

The independence of Sequeira with respect to the Valuation is set out in the CBV Institute Code of Ethics. Further, we are independent of Western Investment and any other "interested party" for the purposes of Section 6.1 of MI 61-101. None of Sequeira, its affiliates or associates, is an insider, associate, or affiliate (within the meanings attributed to those terms in the *Ontario Securities Act*) or a related entity of the Company or any of their respective associates or affiliates (together, "Interested Parties").

Neither Sequeira nor any of its employees or affiliates is an advisor to any of the Interested Parties with respect to the Valuation other than the Company pursuant to the Engagement Agreement. No understandings or agreements exist between Sequeira and any Interested Party with respect to future financial advisory or investment banking business, notwithstanding Sequeira may perform financial advisory or investment banking services, in the normal course of its business, in the future to one or more of the Interested Parties.

Definition of Fair Market Value

For the purposes of the Report, Fair Market Value is defined in accordance with MI 61-101 as:

the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Consistent with MI 61-101, we have not included a downward adjustment to reflect the liquidity of either the Offered Debenture or Existing Debenture or the effect of the Transaction on the Offered Debenture or Existing Debenture.

Scope of Review

In connection with the Valuation, we have reviewed and relied upon, or carried out, among other activities, the following:

- Audited financial statements of the Company, as at December 31, 2022 and prior;
- Unaudited financial statements of the Company, posted on SEDAR, as at June 30, 2023 and March 31, 2023;
- Existing Debenture, final term sheet and debenture indenture;
- Offered Debenture, draft term sheet;
- Existing Debenture payment history, future payment table, and amortization schedule;
- Discussions with Management of the Company;
- Various research and analyst reports related to the Company;

- Various research related to convertible debentures and corporate bond indices in the market made available via S&P Capital IQ and/or other platforms through subscription or otherwise;
- Representations contained in a certificate address to us from Management as to the completeness and accuracy of the information upon which the Valuation is based; and
- Other industry information, financial market information, investigations, and analyses considered necessary or appropriate in completing the Valuation.

We have not, to the best of our knowledge, been denied access to any information that is relevant to the Valuation or thought to have a material impact on our conclusions.

Restrictions, Limitations, and Major Assumptions

The Report has been prepared solely for use in connection with the stated purpose above. Neither our draft Report nor our final Report are intended for general circulation or publication. Possession of this Report, or a copy thereof, does not carry with it the right to reproduction or publications, in whole or in part. We will not assume any responsibility or liability for losses incurred by any parties as a result of the circulation, publication, reproduction, or use of this Report contrary to the provisions of this paragraph.

We reserve the right to review all calculations included or referred to in the Report and, if we consider it necessary, to revise our calculations of Fair Market Value in light of any information existing at the Valuation Date, which becomes known to us after the date of the Report.

We have relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions, or representations (collectively, the "Information") obtained from the management of Western Investment and/or its agents and advisors. The Report is conditional upon the completeness, accuracy, and fair presentation of such Information. Except as expressly described herein, we have not attempted to verify independently the completeness, accuracy, or fair presentation of the Information.

The Report is rendered on the basis of economic, financial, and general business conditions as at the Valuation Date and the condition and prospects, financial and otherwise, of the Company, the Existing Debenture, and the Offered Debenture, as they were reflected in the Information. In the analyses and in preparing the Report we have made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond our control.

The Report must be considered as a whole. Selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could result in the misinterpretation of comments or conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

In accordance with the terms of our engagement, the Report is at a specific point in time, the Valuation Date. It must be recognized that Fair Market Value changes from time to time, not only as a result of internal factors, but also because of external factors such as changes in the economy, competition and changes in interest rates.

The Report has been prepared in conformity with the Practice Standards of the CBV Institute. The Report is a Comprehensive Valuation Report which conforms with the requirements of a Formal Report under MI 61-101.

In preparing the Report, we have relied on the following major assumptions (in addition to those set out throughout the Report, including the attached schedules):

- a) The Report is based on the financial information available as at the Valuation Date;
- b) The financial information as referred to in the Scope of Review section of the Report is fairly presented and would not require any significant adjustments if they were subject to audit; and
- c) Any other assumptions as specifically set out in this Comprehensive Valuation Report.

We have not identified any material benefits or costs as part of our Valuation. We are not aware of any previous valuations of the Existing Debenture or Offered Debenture within 24 months of the date of this Report.

Should any of the above assumptions not be accurate or should any of the other information provided to us not be factual or correct, our Report conclusions could be significantly different.

Conclusion of Fair Market Value

Based upon the scope of review and our research, analysis, and experience, and subject to the restrictions, limitations, and assumptions set out within the Report, the Fair Market Value of the Existing Debenture and Offered Debenture, as at the Valuation Date, are in the ranges presented in the table below. The accompanying report and schedules are an integral part of the Valuation leading to our conclusions.

	Fair Market Value (Per \$1000 Debenture)		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
Existing Debenture	\$961	\$1,011	\$1,062
Offered Debenture	\$1,091	\$1,149	\$1,206

Yours truly,

(signed) "Sequeira Partners"

SEQUEIRA PARTNERS

Enclosure (Report, Schedules)

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1 Glossary

Units of Measurement

\$ Canadian Dollars (unless otherwise indicated)

Definitions

CBV	The CBV Institute
Company	Western Investment
Current Ratio	Current Assets / Current Liabilities
Debentures	Together the Existing Debenture and the Offered Debenture
Existing Debenture	The May 9, 2019 issued convertible debenture, with 7.5% interest, convertible at \$0.55 per share, and expiring March 31, 2024
Fair Market Value	In accordance with MI 61-101, defined as: the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.
Foothills	Foothills Creamery Ltd.
Fortress	Fortress Insurance Company
GlassMasters	GlassMasters Autoglass
Golden Health Care	Golden Health Care Inc.
Management	Management of Western Investment, represented by Stacey Cross, CFO and Scott Tannas, CEO
Ocean	Ocean Sales Group Ltd .
Offered Debenture	The 9.6% interest convertible debenture, convertible at \$0.48 per share, and expiring December 31, 2025
PDE	Partial differential equation used to value complex convertible debenture instruments
Transaction	The refinancing transaction whereby the Offered Debenture will refinance the Existing Debenture and raise additional cash proceeds.
Valuation Date	September 15, 2023
Western Investment	The Western Investment Company of Canada Limited

2 Engagement Overview

2.1 Terms of Reference

Sequeira has been engaged by Western Investment to provide the Report with respect to the Fair Market Value of the Existing Debenture and the Offered Debenture as at the Valuation Date. The Report is subject to the terms and conditions included our engagement letter dated September 13, 2023.

We prepared a Comprehensive Valuation Report in conformity with the Practice Standards of the CBV Institute which meets the requirements of a Formal Report as defined in MI 61-101.

All references to currency in the Report, including its Schedules, are in Canadian (“\$”), unless otherwise stated.

2.2 Definition of Fair Market Value

For the purposes of the Report, Fair Market Value is defined in accordance with MI 61-101 as:

the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Consistent with MI 61-101, we have not included a downward adjustment to reflect the liquidity of either the Offered Debenture or Existing Debenture, the effect of the Transaction on the Offered Debenture or Existing Debenture.

3 Business Overview

Western Investment

Western Investment was incorporated in 2015 and is a publicly traded private equity firm specializing in middle market investments and maintaining a diversified portfolio of strong, stable and profitable Western-based companies. Western Investment focuses on industries such as retail, distribution, human services, agriculture, and special situations. The primary investment targets are companies headquartered in Western Canada, including Alberta, British Columbia, Manitoba, and Saskatchewan, as well as the USA.

Western Investment typically invests in companies with enterprise values ranging from \$10 million to \$100 million and seeks to acquire significant ownership positions, often taking majority stakes in its portfolio companies.

Portfolio Companies

Foothills Creamery Ltd.

Founded in 1969, Foothills has produced dairy products in Western Canada for over 50 years. The business began operations in manufacturing butter and then expanded to ice cream. Foothills currently produces butter, ice cream, frozen yogurt, and ice cream cones for retail and food service markets. The company has over 60 employees and is headquartered in Calgary, AB and has distribution centers in Edmonton, AB and Kelowna, B.C.

On February 26, 2018, Western Investment, in collaboration with co-investor ATB Capital, finalized a purchase and sale agreement to acquire a 90% ownership stake in Foothills. The purchase price including real estate was valued at \$27.6 million¹. The acquisition was funded through cash and debt financing as well as the issuance of 400,000 common shares in Western Investment. The market value of the 400,000 common shares at the acquisition date was \$0.44 per share, the remaining portion was funded through amortizing debt comprised of a term loan and real estate loan in the amount of \$17.86 million. Additionally, there was a contingent consideration, up to a maximum of \$3.5 million, payable by Foothills to the vendor over four years by way of a performance-based earn-out.

Ocean Sales Group Ltd.

Ocean, founded in 1983, offers unique household products that improve various aspects of daily living, including cleaning, cooking, sleeping, and exercising. Based in Calgary, Alberta, Ocean is a prominent "Exhibition Retailer" operating across Canada and the USA. They specialize in selling a unique range of products directly to consumers through live demonstrations at public events, including major consumer shows, fairs, and select Costco locations.

On January 1, 2018, Western Investment completed the acquisition of a 75% stake in Ocean for a total purchase price of \$9.5 million. Western Investment total investment in the acquisition was

¹ Source: <https://winv.ca/foothills-creamery/>

\$3.45 million. On the acquisition date the vendors of the acquired company purchased 25% interest in Ocean while Western Investment's purchased the remaining 75%.

Fortress Insurance Company

Founded in 2004 as a regulated insurance company in Alberta, Fortress initially specialized in offering third-party automobile liability coverage exclusively to the rental car and airport services sector in Calgary. In 2022, Fortress Insurance successfully obtained licenses to operate in every Canadian province and territory, except Quebec and the Atlantic provinces.

On March 6, 2019, Western Investment acquired 50% stake in Fortress Insurance Company for a purchased price of \$1.69 million².

GlassMasters Autoglass

GlassMasters was founded in 2001 and is headquartered in Calgary, Alberta. The company is an automotive glass service company that provides glass repair and glass replacement services. GlassMaster's has two divisions: 1) an automotive glass service to provided repair and replacement of windshield, and 2) an automotive glass warehouse that import to sell wholesale a full line of aftermarket glass parts at competitive prices.

On December 16, 2016, Western Investment acquired GlassMasters for a purchase price of \$17 million³. This transaction resulted in Western Investment's holding a 50.1% equity investment in GlassMaster. Western Investment has since acquired additional equity in GlassMaster, and now has a 55% ownership position. The initial transaction was financed by a \$7.5 million secured bank loan and a \$1.3 million subordinate debt loan.

Golden Health Care Inc.

Golden Health Care operates personal care homes and residences for seniors in Saskatoon. The company is the largest full-service retirement operator in Saskatchewan and has a unique "Aging in Place" model which adapts to the needs of residents from living independently to assisted living. The homes have stable revenue as they operate at near 100% occupancy and have significant waiting lists. On September 1, 2017, Western Investment acquired a 30% equity interest in three Saskatchewan senior homes and 25% interest in Golden Health Care Management Inc. for a total value of \$4,490,762⁴. The management company, Golden Health Care, oversees the operations of a portfolio of senior care homes, including but not limited to the senior homes Western Investment has investments in.

² Source: <https://winv.ca/fortress-insurance/>

³ Source: <https://winv.ca/glassmasters/>

⁴ Source: Western Investment Annual 2017 Management discussion and analysis

Management and the Board of Western Investment⁵

James F. Dinning – Chairman of the Board of Directors

Mr. Dinning has an extensive background in both government and business. He serves on multiple boards of other private companies including Russel Metals Inc. He has been a member of the Legislative Assembly of Alberta and was awarded an honorary doctor or of laws degree from the University of Calgary. He also received a Bachelor of Commerce and Master's in public administration at Queen's University. Mr. Dinning has also been a director at some notable companies including Shaw Communication Inc. and Bronco Energy Ltd.

Scott Tannas - CEO, President, Secretary, Director

Mr. Tannas is the founder of Western Investment. Prior to this he was the CEO of Western Financial Group Inc. until 2014. During this time Western Financial group was acquired by Dejardins Group in 2011. Through his time with Western Financial Group, he oversaw more than 100 acquisitions and grew the stock price by over 1,038%. Mr. Tannas has also been active in public service and was elected as a "Senator in Waiting" in 2012 election. In 2013, Prime Minister Harper appointed him to the Senate of Canada.

Stacey Cross, Chief Financial Officer

Ms. Cross has been chief financial officer at Western Investment since 2017. She received a Bachelor of Commerce degree from the Haskayne School of Business and holds a Chartered Professional Accounting designation. Ms. Cross has over 10 years public practice experience and has over 16 years of experience in financial accounting and reporting, tax, auditing, and management reporting.

Shafeen Mawani, Chief Operating Officer

Mr. Mawani was appointed as Chief Operating Officer of Western Investment in 2017. He has over 12 years of experience in mergers and acquisitions and capital raising project, specifically in energy, infrastructure, and power and utilities industries. Mr. Mawani completed his MBA from the Ivey School of Business at the University of Western Ontario and holds a Bachelor's degree in Actuarial Science from Simon Fraser University and also holds a CFA designation.

⁵ Source: <https://winv.ca/meet-the-team/>

Summary of Operating Results

The historical operating results for Western Investment are summarized below.

	For the year ended December 31,				
	2018	2019	2020	2021	2022
Income					
Income (loss) from equity investments	1,888,816	766,652	(2,335,403)	312,161	(613,687)
Gain on acquisition	-	1,206,453	-	-	-
Dividends from equity investments	45,705	-	-	-	-
Finance income	2,455	2,896	84,550	66,045	601,682
Gain on disposal and dilution	-	-	-	-	950,638
Management fees	237,500	383,333	360,020	270,000	284,271
Total Revenue	2,174,476	2,359,334	(1,890,833)	648,206	1,222,904
Expenses					
Qualifying transaction	-	-	-	-	-
Legal fees	122,235	48,630	37,830	17,569	72,908
Accounting fees	115,093	111,902	119,278	96,642	123,835
Regulatory fees	44,932	42,517	41,984	43,011	44,244
Consulting fees	53,708	4,215	62,060	123,393	67,018
Other	89,375	52,699	30,140	20,777	33,044
Salaries and benefits	476,899	399,882	411,399	383,157	378,154
Interest on convertible debentures	-	341,436	491,580	524,545	563,183
Interest on operating loan	66,591	30,763	19,570	32,836	54,850
Interest on related party loan	-	-	44,990	49,080	49,080
Share-based compensation	74,112	74,647	62,748	64,440	51,964
Total expenses	1,042,945	1,106,691	1,321,579	1,355,450	1,438,280
Net income (loss)	\$1,131,531	\$1,252,643	\$ (3,212,412)	\$ (707,244)	\$ (215,376)

Share Trading History

The shares of Western Investment are listed on the TSXV with the symbol “WI”. Figure 1 summarizes the historical share close prices and share volume for the period from January 1, 2017 to September 15, 2023.

Figure 1: Historical Share Prices and Share Volume⁶



Summary of Outstanding Western Investment Loans

As at June 30, 2023, Western Investment had a total outstanding debt balance of \$6.5 million⁷. Based on the summary below, the Company has a revolving credit facility that matures on October 6, 2025, that allows Western Investment to borrow up to \$2.0 million. The Company also holds a \$1.1 million shareholder loan from Golden Health Care that matures on January 31, 2024, with an automatic renewal if all amounts owing are not in default.

Type of Debt	Principal	Issuance Date	Maturity Date	Interest	Other
Revolving credit facility	1,601	06-Oct-22	06-Oct-25	Prime + 2.0%	0.5% per annum for standby fee
Term loan	1,095	n/a	31-Jan-24	4.09% Annually	Matures annually
Existing Debentures	3,831	09-May-19	31-Mar-24	7.50%	Convertible at \$0.55

⁶ Source: January 1, 2017 to September 15, 2023 share close prices and share volume, Yahoo Finance

⁷ June 30, 2023 Western Investment’s unaudited interim financial statement

4 Economic Overview

GDP Growth

The Canadian economy is expected to slow for the remainder of 2023 and into 2024 due to higher interest rates weighing on consumer spending, notwithstanding the economy has demonstrated better results in the early quarters of 2023 than previously expected, according to RBC's Macroeconomic outlook⁸. Although interest rates are above central bank target rates, household COVID-19 pandemic savings are helping ease the full impact of tighter monetary policy.

Provincial Outlook⁹

Alberta has seen strong Q1 2023 economic results, which extends a similar performance from 2022. The energy industry continues to remain strong due to various macroeconomic factors, including long-term supply concerns through output curtailments implemented by OPEC, the war in Ukraine, and growing global oil demand. As a result, the burden of higher interest rates will have less impact on the Alberta economy than other provinces.

The economy of Ontario, Canada's most populous province has experienced a slowdown since Q1 2023. Higher interest rates affected the housing market and decreased consumer spending.

Consumers in British Columbia carry more debt when compared to other Canadians. The increase in interest rates has caused higher financial pressure on consumers which has caused a decrease in consumer spending. The province is also seeing large capital projects near completion, which is affecting the labor markets in the construction sector.

Figure 2: Canadian Economic Outlook¹⁰

Canadian Economic Outlook												
Indicator (%)	Annual Average							4th Quarter / 4th Quarter				
	22	23F	24F	25F	26F	27F	28F	22	23F	24F	25F	26F
Real GDP	3.4	1.6	0.5	1.3	1.8	1.7	1.7	2.1	1.3	0.6	1.7	1.8
Consumer Expenditure	4.8	2.4	0	0.6	1.3	1.6	1.7	3	1.8	-0.1	1	1.4
Exports	2.8	5.3	1.6	1.8	1.7	1.7	1.7	3.1	3.6	1.7	1.8	1.7
Imports	7.5	-1.2	1.3	1.8	1.7	1.7	1.7	3	0.2	1.7	1.8	1.7
Cons. Price Index (y/y)	6.8	3.8	2.7	2.1	2	2	2	6.6	3	2.4	2	2
BoC Inflation (y/y)	4.3	3.8	2.8	2.1	2	2	2	5.3	3.4	2.3	2	2

⁸ RBC, Macroeconomic Outlook, June 8, 2023

⁹ ibid

¹⁰ ibid

Canadian Interest Rates

According to a TD Economics report published in June 2023, the 10-year government bond yield, which was 3.0% in 2022, is expected to settle at 3.3% in 2023, 3.0% in 2024, and 2.9% in 2025, as summarized below. TD expects the Bank of Canada will raise rates in Q3 2023 but keep their policy rate at 5.0% through the first quarter of 2024. With a forecasted slowdown in the economy, it is expected for the Bank of Canada to start cutting policy rates in 2025.

Figure 3: Canadian Interest Rate Outlook¹¹

Interest Rates (%)	Annual Average					End of Period				
	22	23F	24F	25F	26F	22	23F	24F	25F	26F
CANADIAN FIXED INCOME										
Overnight Target Rate	2.4	4.8	4.3	2.5	2.3	4.3	5.0	3.5	2.3	2.3
3-mth T-Bill Rate	2.6	4.9	4.0	2.4	2.3	4.2	5.0	3.3	2.3	2.3
2-yr Govt. Bond Yield	3.3	4.3	3.5	2.5	2.4	4.1	4.3	3.1	2.4	2.4
5-yr Govt. Bond Yield	3.1	3.5	3.0	2.6	2.6	3.4	3.5	2.7	2.6	2.6
10-yr Govt. Bond Yield	3.0	3.3	3.0	2.9	2.9	3.3	3.3	2.9	2.9	2.9
10-yr-2-yr Govt. Spread	-0.3	-1.0	-0.5	0.4	0.5	-0.8	-1.0	-0.2	0.5	0.5

Inflation Rate

The Bank of Canada's latest inflation-control target for the five-year period renewed in 2021 is targeted to be between 1.0% and 3.0%, with a midpoint being 2.0%¹². TD forecasts the inflation rate to be within a 2.9% to 3.3% range¹³ in the next three years.

Import Balance

According to TD, imports to Canada decreased by 7.2% from 2022 to 2023 primarily due weakened consumer demand, the economic slowdown due to rising interest rates, and other factors. With a slightly improved economy, imports to Canada are expected to increase by 8.6% in 2024, and further increase to 9.0% in 2025.

Consumer Spending

The RBC *Consumer Spending Tracker* reports that consumer spending is losing momentum heading into Q3 2023. Canadians are spending less on retail and restaurants in Q3 compared to Q2, signaling consumers are beginning to reduce consumption¹⁴. The effects of higher interest rates will likely continue to accelerate this trend in the remainder of 2023.

¹¹ TD Economics, Long-term Economic Forecast, June 2023

¹² Bank of Canada website: <https://www.bankofcanada.ca/rates/indicators/key-variables/inflation-control-target/>

¹³ TD Economics, Long-term Economic Forecast, June 2023

¹⁴ RBC Consumer Spending Tracker, September 14, 2023

5 Description of the Debentures

5.1 Existing Debentures¹⁵

On May 9, 2019 the Company issued the Existing Debentures, raising \$4 million, with a principal value of \$1,000 each. Each Existing Debenture is convertible into common shares of Western Investment at a conversion price of \$0.55 per share at the holder's discretion. 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 Western's common shares on the TSX Venture Exchange is \$0.65 or greater for 20 consecutive trading days, Western Investment may, at its option, force the conversion of the Existing Debentures into common shares. Western Investment 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%.

5.2 Offered Debentures¹⁶

The Offered Debentures have a total offering amount of \$5 million, with a principal amount of \$1,000 per debenture. In consideration for issuance, the Company will receive cash or Existing Debentures exchanged at par. The Offered Debentures will bear interest at a rate of 9.60% per annum, payable semi-annually in arrears on April 1st and October 1st of each year. Each Offered Debenture will be convertible at the option of the holder at any time prior to the maturity date (December 31, 2025) into common shares of the Company at a conversion price of \$0.48 per share, with each share to be listed on the TSX Venture Exchange immediately upon issue.

The Company will also have the right to convert the outstanding Offered Debentures prior to the maturity date if the volume-weighted average price of the Company's common shares for the preceding 20 trading days is greater than \$0.65. The Offered Debentures do not include a redemption right for the Company.

5.3 The Transaction¹⁷

Western Investment is proposing a Transaction, whereby the Offered Debentures will raise cash and exchange at par the Existing Debentures. The Company intends to complete the Transaction to primarily refinancing the Existing Debentures and use the additional cash proceeds for general working capital purposes.

¹⁵ Disclosure in the Company's June 30, 2019 financial statements, and review of the Existing Debenture convertible debenture indenture, dated May 9, 2019.

¹⁶ Based on Private Placement Treasury Offering of Convertible Unsecured Subordinated Debentures, as provided by Management, which outlines the terms of the Offered Debenture .

¹⁷ *ibid*

6 Valuation Approach & Analysis

6.1 Valuation Approach

A convertible bond is a corporate debt instrument that has elements of both debt and equity. A convertible bond gives the holder the option to exchange the bond for a specified number of shares of the issuing company's stock. The number of shares of stock for which the bond can be exchanged is given by the conversion ratio calculated based on the conversion price detailed within the contractual terms. Additionally, convertible bonds often contain embedded call options, or early redemption rights, that provide the issuer the right to buy back the bond at a specified price.

6.2 Model Details

To perform the Valuation, we have used a model that is based on the paper by K. Tsiveriotis and C. Fernandes and implemented through the use of financial derivative software called FinCad. The model considers that a convertible bond consists of two components, an equity component and a debt component, and these components have different default risks. The equity component has no default risk since the issuer can always issue its own stock. Thus, the equity component should be discounted at the risk-free rate. Coupon and principal payments, and any put provisions depend on the issuer's timely access to the required cash and thus introduce credit risk. As a result, the debt component is discounted at the risk-free rate plus a credit spread. At issuance, the risk free rate plus the credit spread is higher than the coupon rate stated on debt component of the convertible debenture, as the issuer receives the ability to pay lower interest rates in exchange for providing the conversion option.

To split the convertible bond into its components, first, a traditional debt instrument is considered, also known as the cash-only part of the convertible bond. This hypothetical security is defined as follows: The holder of the straight debt component is entitled to all cash flows, and no equity flows, that an optimally behaving holder of the corresponding convertible bond would receive. Since the convertible bond is a derivative of the underlying equity, this debt component must also be a derivative on the underlying equity, and the value of both should follow the Black-Scholes equation. This results in a system of two coupled Black-Scholes equations for the value of the convertible bond and a system of coupled partial differential equations must be solved simultaneously.

6.3 Finite-Difference Method

The referenced system of coupled partial differential equations will be solved numerically using finite-difference methods. Specifically, the Crank-Nicolson scheme is used, which is unconditionally stable and has better convergence properties than either the fully explicit or fully implicit schemes. As with any finite-difference method, the Crank-Nicolson scheme involves discretizing the partial differential equations in the time and underlying directions and approximating the derivative terms.

Given that the value of the convertible bond and the cash-only part of the convertible bond at maturity is determined, the approach then proceeds backward in time from the maturity of the bond solving the coupled systems simultaneously. The matrices that result is tridiagonal, so there are efficient ways to solve the equations. If at a particular time step there are no options exercisable, a decomposition is used. When there are exercisable options present on a given time step, the

equations are solved iteratively, checking for the exercise of the option as the system is solved. In this case, the method used is successive over-relaxation.

6.4 Other Valuation Approaches Considered

In determining the methodology used to value the Existing Debenture and Offered Debenture, we considered other valuation methods, including:

- The market approach; and
- Other income approaches, including a cash flow approach on the debt-only component of the Debentures coupled with a Monte Carlo simulation on the conversion option within the Debenture.

A screen was performed to identify other convertible debentures with similar terms to the Existing Debenture and Offered Debenture that have publicly available pricing; however, we were unable to identify comparable debentures to provide comparisons or draw conclusions on the Fair Market Value of the Debentures. As such, we have not utilized the market approach to value the Debentures.

We considered bifurcating the valuation of the Debentures into the debt only component and the equity conversion component. The debt-only component would be valued using the contractual cash flows to maturity discounted by the market yield, and the equity conversion component would be valued using a Monte Carlo simulation, whereby the share price of Western Investment would be simulated, and the conversion activity would be modeled within each iteration of the simulation.

This bifurcated income approach, while similar to the selected approach, does not directly model the interaction between the cash flows of the debt component with the decision to convert; and as a result, may not capture all considerations in the Debentures. As a result, the selected approach, which is a common approach to value convertible debentures, was relied upon directly.

6.5 Specific Valuation Considerations

Within the Valuation of the Existing Debenture and Offered Debenture, the following considerations are included:

Accelerated Conversion / Redemption: Within the Existing Debenture, since Western Investment has certain rights to accelerate the redemption of the Existing Debentures, we have included this provision in the Valuation, whereby the issuer of the Existing Debenture has the option to call the Debenture according to the following calendar year schedule:

2021 – 107.5%, 2022 – 105.0%, 2023 – 102.5%, 2024 – 100.0%.

The redemption option is not available in the Offered Debenture.

Volatility: Within the Existing Debenture and Offered Debenture, we have calculated the actual daily historical volatility of Western Investment as at the Valuation Date matching the remaining time to maturity for each Debenture. We have selected daily volatility as the most indicative measure for the expectation of future volatility as the Company has a long trading history and reasonable daily volume to support a daily volatility selection.

We have applied the actual volatility of Western Investment as the shares have trading volume and liquidity on the TSX Venture Exchange, and therefore the historical volatility is a representative proxy for the expected volatility of the shares of the Company. We considered the volatilities of somewhat comparable companies to Western Investment; however, based on our review, the actual trading history of Western Investment equity was determined to be a more direct and reliable indication of volatility.

We have also considered the equity volatilities disclosed by the Company in their audited and unaudited financial statements related to the stock option plans. Refer to Schedule 4 for the volatility selected for the Existing Debenture and the Offered Debenture.

Market Yield on Debt: We have considered a number of market indications in determining the required market yield on the debt component of the Debenture, namely:

- The Company's current coupon rates on existing debt instruments; and
- The yield on CCC-rated corporate bonds across a variety of industries matching the industry of the Company and its investments. Refer to the Schedules for the selected yields.

To determine the total yield for each Debenture, we have selected a total yield from market indications and calculated the credit spread, which captures the incremental borrower risk in excess of the risk-free rate.

We have selected total market yields above the observed CCC-rated corporate bond rates, for the following reasons:

- The Company is not credit rated. Review of the audited financial statements of the Company as at December 31, 2022 indicates the interest coverage ratio, being the interest paid in the period (\$403,930¹⁸) is in excess of the cash flows provided by operating activities, which suggests potential stress in repayment of the Existing Debenture upon maturity;
- The Current Ratio of the Company as at June 30, 2023 is 0.114¹⁹, suggesting potential stress in repayment of the Existing Debenture upon maturity due to current liabilities exceeding current assets (which includes cash); and
- Disclosure in the Company's audited financial statements that as at December 31, 2022, the Company's ability to meet the obligation of the Existing Debenture at maturity depends on the successful issuance of replacement debentures (the Offered Debenture) or other corporate actions, including disposition of some or all of its investments²⁰.

Refer to Schedule 3 for determination of the market yield and credit spread.

¹⁸December 31, 2022 financial statements, *Statement of Cash Flows*

¹⁹June 30, 2023 unaudited financial statements. Current assets of 455,361, current liabilities of 4,008,802

²⁰ December 31, 2022 financial statements, Note 5, *Going concern assessment*

Other considerations: Based on our review of the Debenture agreement, we have modeled the following assumptions:

- At the maturity date, conversion of the Debentures is not forced, and the investor can receive repayment of the Debenture pursuant to the contractual terms.
- Upon a conversion of the Debentures, the holder receives any accrued interest under the terms of the debenture agreement.
- Upon early redemption of Existing Debenture, the holder receives any accrued interest under the terms of the debenture agreement.
- An adjustment for the dilution effect of conversion is not considered on the Existing Debenture or the Offered Debenture, as we have assumed investors in the common equity of Western Investment are informed of the fact the Company has the Debenture in its structure and have priced the equity accordingly.
- We have applied the Company’s option to call the Existing Debenture and Offered Debenture when the volume-weighted average price of the Company’s common shares for the preceding 20 trading days above \$0.65 before the Debenture maturity date.

7 Conclusion

Subject to the scope of our work, major assumptions and restrictions and qualifications as set out in the Report, we concluded that the Fair Market Value of the Existing Debenture and the Offered Debenture, on a per \$1,000 face value of Debenture basis, is as presented in the table below. The attached Schedules are an integral part the Report.

	Fair Market Value (Per \$1000 Debenture) ¹		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
Existing Debenture	\$961	\$1,011	\$1,062
Offered Debenture	\$1,091	\$1,149	\$1,206

Notes:

1. Range established +/- 5% around the point estimate to recognize variability in valuation assumptions.

Fair Market Value of Existing Debenture

(in \$CAD unless otherwise noted)

Debenture Terms			Valuation Results (CAD) - Per \$1,000 Face Amount of Debenture		
Valuation Date	Note 1	2023-09-15	Fair Market Value	\$ 1,011	Note 4
Issuance Date	Note 1	2019-05-09			
Maturity Date	Note 1	2024-03-31			
Remaining Duration (years)		0.54			
Principal (CAD)		\$1,000			
Coupon Rate	Note 1	7.5%			
Risk Free Rate	Note 2	5.102%			
Credit Spread	Note 3	12.40%			
Total Market Yield	Note 3	17.50%			
Underlying Share Price (CAD)	Note 6	\$0.420			
Volatility	Note 7	65.0%			
Conversion Price (CAD)		\$0.55			
Call Price (CAD)	Note 8	\$0.65			

Notes:**Market Information Source: S&P Capital IQ**

1. Based on the terms of the executed debenture contract.
2. Risk free rate based on the interpolated Bank of Canada benchmark bond yields matched to the remaining duration of the debenture.
3. Credit spread based on corporate bond yield spreads in the market. Refer to report for additional details.
4. Fair Value based on partial differential equation model to value convertible debentures that include call features. Refer to the report for further description.
6. Underlying share price being utilized is as at the market close on September 15, 2023.
7. Volatility of 65.0% selected based on review of Western Investment volatility. See Schedule 3.
8. Issuer has the right to call the debenture if the volume-weighted closing price of Western Investment shares exceed \$0.65 per share for 20 consecutive trading days on the TSX Venture Exchange.

Fair Market Value of Offered Debenture

(in \$CAD unless otherwise noted)

Debenture Terms			Valuation Results (CAD) - Per \$1,000 Face Amount of Debenture		
Valuation Date	Note 1	2023-09-15	Fair Market Value	\$ 1,149	Note 4
Issuance Date	Note 1	2023-09-15			
Maturity Date	Note 1	2025-12-31			
Remaining Duration (years)		2.29			
Principal (CAD)		\$1,000			
Coupon Rate	Note 1	9.6%			
Risk Free Rate	Note 2	4.655%			
Credit Spread	Note 3	11.85%			
Total Market Yield	Note 3	16.50%			
Underlying Share Price (CAD)	Note 6	\$0.420			
Volatility	Note 7	55.0%			
Conversion Price (CAD)		\$0.48			
Call Price (CAD)	Note 8	\$0.65			

Notes:**Market Information Source: S&P Capital IQ**

1. Based on the terms of the executed debenture contract.
2. Risk free rate based on the interpolated Bank of Canada benchmark bond yields matched to the remaining duration of the debenture.
3. Credit spread based on corporate bond yield spreads in the market. Refer to report for additional details.
4. Fair Value based on partial differential equation model to value convertible debentures that include call features. Refer to the report for further description.
6. Underlying share price being utilized is as at the market close on September 15, 2023.
7. Volatility of 55.0% selected based on review of Western Investment volatility. See Schedule 3.
8. Issuer has the right to call the debenture if the volume-weighted closing price of Western Investment shares exceed \$0.65 per share for 20 consecutive trading days on the TSX Venture Exchange.

	September 15, 2023				
	Existing Debenture		Offered Debenture		
	0.54 years		2.29 years		
<u>Risk Free Rates</u>	5.10%		4.65%		Note 1
<u>CCC Rated Corporate Bond Yields</u>	<u>6 months</u>	<u>9 months</u>	<u>2 year</u>	<u>3 year</u>	Note 2
All corporate	16.02%	15.99%	15.46%	14.79%	
Consumer discretionary	15.75%	15.72%	15.21%	14.56%	
Financials	16.39%	16.32%	15.62%	14.85%	
Health care	15.69%	15.66%	15.15%	14.51%	
Average	15.96%	15.92%	15.36%	14.68%	
Selected Total Yield	17.50%		16.50%		Note 3
Calculated Credit Spread	12.40%		11.85%		

Notes:

Market Information Source: S&P Capital IQ

1. Based on information disclosed on the Bank of Canada website for Treasury bill yields and Treasury bond yields as at the Valuation Date. Rates interpolated on a straight line basis to match the remaining duration of the Debenture.
2. CCC-rated corporate bonds with tenors above and below the remaining duration of the Debenture.
3. As Western Investment is not credit rated, we have selected a total yield between 1% and 2% higher than the indicated market rates.

		September 15, 2023		
		Existing Debenture	Offered Debenture	
Remaining Duration		0.54 years	2.29 years	
	Daily	94.0%	73.2%	
	Weekly	61.9%	47.6%	
	Monthly	56.4%	39.7%	
Reporting Period		Western Investment Disclosures		
	30-Jun-23		57.0%	Note 1
	31-Mar-23		50 - 70%	Note 2
	31-Dec-22		57.0%	Note 3
Selected		65.0%	55.0%	

Notes:

Market Information Source: S&P Capital IQ

1. As disclosed in the Company's unaudited June 30, 2023 financial statements for use in the Black Scholes model related to the stock option plan.
2. As disclosed in the Company's unaudited March 31, 2023 financial statements for use in the Black Scholes model related to the stock option plan.
3. As disclosed in the Company's audited December 31, 2022 financial statements for use in the Black Scholes model related to the stock option plan.

SCHEDULE B
2025 DEBENTURE INDENTURE
(Attached)

THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED

- and -

ODYSSEY TRUST COMPANY

CONVERTIBLE DEBENTURE INDENTURE

Providing for the Issue of
Convertible Debentures

October 24, 2023

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Schedule A – Form of Debenture

Schedule B – Form of Transfer

Schedule C – Conversion Form

Schedule D – Form of Declaration for Removal of Legend

CONVERTIBLE DEBENTURE INDENTURE

This Indenture is made as of October 24, 2023, between:

THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED, a company incorporated under the laws of the Province of Alberta and having its head office in the City of Calgary, in the Province of Alberta (the “**Company**”)

AND

ODYSSEY TRUST COMPANY, a trust company continued under the laws of Canada (the “**Trustee**”)

RECITALS

A. The Company wishes to create and issue the Debentures (as herein defined) in the manner and subject to the terms and conditions of this Indenture;

B. The foregoing recitals are made as representations and statements of fact by the Company and not by the Trustee;

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

- (a) “**this Indenture**”, “**hereto**”, “**herein**”, “**hereby**”, “**hereunder**”, “**hereof**” and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;
- (b) “**Adjustment Period**” means the period commencing on the date of issue of the Debentures and ending at the Time of Expiry;
- (c) “**Applicable Securities Legislation**” means applicable securities laws (including rules, regulations, policies and instruments) in each of the provinces and territories of Canada;
- (d) “**Auditors of the Company**” means an independent firm of chartered professional accountants duly appointed as auditors of the Company;
- (e) “**Authenticated**” means: (i) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Company and certified by manual signature of an authorized officer of the Trustee; (ii) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.4 are entered in the register of holders of Debentures, “**Authenticate**” and “**Authentication**” have the appropriate correlative meanings;

- (f) **“Beneficial Holder”** means any person who holds a beneficial interest in a Debenture that is represented by a Debenture Certificate or an Uncertificated Debenture registered in the name of CDS or its nominee, for the purposes of being held by or on behalf of CDS as custodian for Participants;
- (g) **“Board of Directors”** means the board of directors of the Company or any committee thereof;
- (h) **“Business Day”** means any day other than a Saturday, Sunday or any other day that the Trustee in Calgary, Alberta is not generally open for business;
- (i) **“Common Shares”** means the common shares in the capital of the Company, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, redivision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.4, “Common Shares” shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;
- (j) **“Common Share Bid Request”** means a request for bids to purchase Common Shares (to be issued by the Company on the Common Share Delivery Date) made by the Company in accordance with the Common Share Interest Payment Election Notice and which shall make the acceptance of any bid conditional upon the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Common Shares which, together with the cash payments by the Company in lieu of fractional Common Shares, if any, equal the Interest Obligation;
- (k) **“Common Share Delivery Date”** means a date, not more than 90 days and not less than one Business Day prior to the applicable Interest Payment Date, upon which Common Shares are issued by the Company and delivered to the Trustee pursuant to Common Share Purchase Agreements;
- (l) **“Common Share Interest Payment Election”** means an election to satisfy an Interest Obligation on the applicable Interest Payment Date by the issuance of Common Shares in the manner described in the Common Share Interest Payment Election Notice;
- (m) **“Common Share Interest Payment Election Amount”** means the sum of the amount of the aggregate proceeds resulting from the sale of Common Shares on the Common Share Delivery Date pursuant to acceptable bids obtained pursuant to the Common Share Bid Requests, together with any amount paid by the Company in respect of fractional Common Shares pursuant to Section 6.5, that is equal to the aggregate amount of the Interest Obligation in respect of which the Common Share Interest Payment Election Notice was delivered;
- (n) **“Common Share Interest Payment Election Notice”** means a written notice made by the Company to the Trustee specifying:
- (i) the Interest Obligation to which the election relates;
 - (ii) the Common Shares Interest Payment Election Amount;

- (iii) the investment banks, brokers or dealers through which the Company shall seek bids to purchase the Common Shares and the conditions of such bids, which may include the minimum number of Common Shares, minimum price per Common Shares, timing for closing for bids and such other matters as the Company may specify; and
- (iv) that the Company shall accept and the Trustee shall settle through the investment banks, brokers or dealers selected by the Company only those bids which comply with such notice;
- (o) **“Common Share Proceeds Investment”** has the meaning ascribed thereto in Section Article 9(h);
- (p) **“Common Share Purchase Agreement”** means an agreement in customary form among the Company and the Persons making acceptable bids pursuant to a Common Share Bid Request, which complies with all applicable laws, including the Applicable Securities Legislation and the rules and regulations of any stock exchange on which the Debentures or Common Shares are then listed;
- (q) **“Conversion Price”** means the Original Conversion Price, as may be adjusted in accordance with the terms and conditions of this Indenture;
- (r) **“Company”** means The Western Investment Company of Canada Limited and includes any successor to or of the Company which shall have complied with the provisions of Article 11;
- (s) **“Counsel”** means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Company and reasonably acceptable to the Trustee;
- (t) **“Current Market Price”** of the Common Shares at any date means the 20 day VWAP ending on the fifth trading day before such date; provided further that if the Common Shares are not then listed or traded on any Stock Exchange, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Company;
- (u) **“Date of Conversion”** has the meaning ascribed thereto in subsection 6.3(g);
- (v) **“Debenture Certificate”** means a certificate evidencing Debentures substantially in the form attached as Schedule A hereto;
- (w) **“Debentureholders”** or **“holders”** means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;
- (x) **“Debentures”** means the unsecured convertible debentures issued and Authenticated hereunder, or deemed to be issued an Authenticated hereunder, and described in Section 2.1 and for the time being outstanding, whether in definitive, uncertificated or interim form;
- (y) **“Debenture Shares”** means the Common Shares issuable upon conversion of the Debentures at the Conversion Price in accordance with Article 6;
- (z) **“Defeased Debentures”** has the meaning ascribed thereto in subsection 10.6(b);
- (aa) **“Depository”** or **“CDS”** means CDS Clearing and Depository Services Inc. and its successors in interest;
- (bb) **“Event of Default”** has the meaning ascribed thereto in Section 8.1;
- (cc) **“Extraordinary Resolution”** has the meaning ascribed thereto in Section 13.12;

- (dd) **“Fully Registered Debentures”** means Debentures registered as to both principal and interest;
- (ee) **“Government Obligations”** means securities issued or guaranteed by the Government of Canada or any province of Canada;
- (ff) **“Guarantees”** means any guarantee, undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;
- (gg) **“IFRS”** means International Financial Reporting Standards issued by the International Accounting Standards Board;
- (hh) **“Interest Obligation”** means the obligation of the Company to pay interest on the Debentures, as and when the same becomes due;
- (ii) **“Interest Payment Date”** means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;
- (jj) **“Interest Record Date”** has the meaning ascribed thereto in Section 2.1(d);
- (kk) **“Internal Procedures”** means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register of Debentureholders at any time (including without limitation original issuance or registration of transfer of ownership) the minimum number of the Trustee’s internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Trustee, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;
- (ll) **“Issue Date”** means the date on which any given Debenture is issued pursuant to and in accordance with this Indenture;
- (mm) **“Legended Securities”** has the meaning ascribed thereto in Section 2.12(a);
- (nn) **“Lien”** means with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other security party to or of such Person under any conditional sale or other title retention agreement, upon or with respect to any property of such Person;
- (oo) **“Maturity Account”** means an account or accounts required to be established by the Company (and which shall be maintained by and subject to the control of the Trustee) for the Debentures issued pursuant to and in accordance with this Indenture;
- (pp) **“Maturity Date”** means December 31, 2025;
- (qq) **“Maturity Date Payment”** has the meaning ascribed thereto in Section 2.1(c);
- (rr) **“NI 62-104”** means National Instrument 62-104 *Take-Over Bids and Issuer Bids*;
- (ss) **“Offeror’s Notice”** has the meaning ascribed thereto in Section 12.3;
- (tt) **“Officer’s Certificate”** means a certificate of the Company signed by any authorized officer or director of the Company, in their capacity as an officer or director of the Company, and not in their personal capacity;

- (uu) **“Original Conversion Price”** means a conversion price of \$0.48 per Common Share;
- (vv) **“Participant”** means a Person recognized by CDS as a participant in the non-certificated inventory system administered by CDS;
- (ww) **“Person”** includes an individual, Company, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof or other entity;
- (xx) **“Qualified Institutional Buyer”** means a “qualified institutional buyer” as such term is defined in Rule 144A under the U.S. Securities Act, that is also a U.S. Accredited Investor;
- (yy) **“Regulation S”** means Regulation S adopted by the SEC under the U.S. Securities Act;
- (zz) **“Restricted Debenture”** means a definitive Debenture Certificate that bears the U.S. Legend;
- (aaa) **“SEC”** has the meaning ascribed thereto in Section 7.12;
- (bbb) **“Senior Creditor”** means a holder or holders of Senior Indebtedness and includes any representative or representatives, agent or agents or trustee or trustees of any such holder or holders;
- (ccc) **“Senior Facility Credit Agreement”** means the committed revolving facility dated October 13, 2022 between the Company and ATB Financial for \$2,000,000, as may subsequently be amended, or such other amount as considered appropriate by the Company in its sole discretion;
- (ddd) **“Senior Indebtedness”** means all obligations, liabilities and indebtedness of the Company and its Subsidiaries, whether outstanding on the date of this Indenture or thereafter created, incurred, assumed or guaranteed which would, in accordance with IFRS, be classified upon a consolidated statement of financial position of the Company as liabilities of the Company and its Subsidiaries and, whether or not so classified, includes (without duplication): (a) indebtedness of the Company or its Subsidiaries for borrowed money (including pursuant to the Senior Facility Credit Agreement); (b) obligations of the Company or its Subsidiaries evidenced by bonds, debentures, commercial paper, notes or other similar instruments; (c) obligations of the Company or its Subsidiaries arising pursuant or in relation to bankers' acceptances, letters of credit and letters of guarantee, financial leases, performance bonds and surety bonds (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (d) obligations of the Company or its Subsidiaries under any swap, hedging or other similar contracts or arrangements; (e) obligations of the Company or its Subsidiaries under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (f) all indebtedness of the Company or its Subsidiaries representing the deferred purchase price of any property or assets including, without limitation, purchase money mortgages; (g) indebtedness to trade creditors; (h) all renewals, extensions, restructurings, refundings and refinancings of any of the foregoing; (i) all accrued and unpaid interest, fees and other amounts in respect of any of the foregoing; and (j) all costs and expenses incurred by or on behalf of any Senior Creditor in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same, provided that **“Senior Indebtedness”** shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures;
- (eee) **“Senior Security”** means all mortgages, liens, pledges, charges (whether fixed or floating), security interests, hypothecs or other encumbrances of any kind, contingent or absolute, held by or on behalf

of any Senior Creditor and in any manner securing any Senior Indebtedness. Solely for the purposes of determining whether a Senior Security exists for the purposes of this Indenture, a Person shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale or capital lease or other title retention agreement and any lease in the nature thereof (excluding, for the avoidance of doubt, operating leases) and such retention of title by another Person shall constitute a Senior Security;

- (fff) **“Stock Exchange”** means: (i) the TSX-V; (ii) if the Common Shares are not then listed on the TSX-V, such other Canadian stock exchange as may be selected by the directors of the Company for such purpose; or (iii) if the Common Shares are not then listed on any Canadian stock exchange, the over-the-counter market;
- (ggg) **“Subsidiary”** has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (hhh) **“Tax Act”** means the *Income Tax Act* (Canada), as amended;
- (iii) **“Time of Expiry”** has the meaning ascribed thereto in subsection 2.1(e);
- (jjj) **“trading day”** means, with respect to the Stock Exchange, any day on which such exchange or market is open for trading or quotation;
- (kkk) **“Transaction Instruction”** means a written order signed by the holder or the Depository entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Trustee, requesting one or more such actions to be taken in respect of an Uncertificated Debenture;
- (lll) **“Trustee”** means Odyssey Trust Company, or its successor or successors for the time being as trustee hereunder;
- (mmm) **“TSX-V”** means the TSX Venture Exchange;
- (nnn) **“Uncertificated Debenture”** means any Debenture which is not evidenced by a Debenture Certificate;
- (ooo) **“United States”** or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (ppp) **“Unrestricted Debentures”** means collectively Unrestricted Physical Debentures and Unrestricted Uncertificated Debentures;
- (qqq) **“Unrestricted Physical Debenture”** means a definitive Debenture Certificate that does not bear the U.S. Legend;
- (rrr) **“Unrestricted Uncertificated Debenture”** means an Uncertificated Debenture that is not marked to bear the U.S. Legend;
- (sss) **“United States”** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (ttt) **“U.S. Accredited Investor”** means an “accredited investor” as such term is defined in Rule 501(a) of Regulation D promulgated under the U.S. Securities Act;
- (uuu) **“U.S. Legend”** has the meaning ascribed thereto in Section 2.12;

- (vvv) **“U.S. Person”** has the meaning set forth in Rule 902(k) of Regulation S;
- (www) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
- (xxx) **“U.S. Exchange Act”** means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
- (yyy) **“VWAP”** means the per share volume weighted average trading price of the Common Shares for the applicable consecutive day period (which must be calculated utilizing days in which the Common Shares actually trade) on the Stock Exchange;
- (zzz) **“Withholding Taxes”** has the meaning ascribed to it in Section 7.11; and
- (aaaa) **“Written Direction of the Company”** means an instrument in writing signed by any one officer or director of the Company.

1.2 Meaning of “Outstanding”

Every Debenture Authenticated and delivered or electronically deposited by the Trustee shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee for cancellation, conversion or redemption for monies and/or Debenture Shares, as the case may be, or the payment thereof shall have been set aside under Section 10.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Company or any of its Subsidiaries shall be disregarded except that:
 - (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Trustee knows are so owned shall be so disregarded; and
 - (ii) Debentures so owned which have been pledged in good faith other than to the Company shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee’s right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Company or a Subsidiary of the Company.

1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections refer, unless otherwise specified, to Sections, subsections or clauses of this Indenture;
- (d) words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

1.4 Headings, etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

1.5 Time of Essence

Time shall be of the essence of this Indenture.

1.6 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.7 Invalidity, etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule A, be drawn up in the English language only.

1.9 Successors and Assigns

All covenants and agreements of the Company in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

1.10 Severability

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

1.11 Entire Agreement

This Indenture and all supplemental indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, and the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.13 Applicable Law and Attornment

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as Alberta contracts and with respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Company, the Trustee and each holder irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

1.14 Currency of Payment

Unless otherwise indicated in a supplemental indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a supplemental indenture shall be made in Canadian dollars.

1.15 Non-Business Days

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Company.

1.16 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with IFRS. For greater certainty, IFRS shall include any accounting standards that may from time to time be approved for general application by the Canadian Institute of Chartered Accountants.

1.17 Calculations

The Company shall be responsible for making all calculations called for hereunder including, without limitation, calculations of the Conversion Price and the Current Market Price. The Company shall make such calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on holders and the Trustee. The Company will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

1.18 Schedules

- (a) The following Schedules are incorporated into and form part of this Indenture:

Schedule A – Form of Debenture

Schedule B – Form of Transfer

Schedule C – Form of Notice of Conversion

Schedule D – Form of Declaration for Removal of Legend

- (b) In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

ARTICLE 2 - THE DEBENTURES

2.1 Form and Terms of Debentures

- (a) The Debentures authorized for issue and which may be Authenticated and delivered under this Indenture are limited to an aggregate principal amount of up to \$5,000,000, may only be issued upon and subject to the conditions and limitations herein set forth and shall be designated as "9.6% Unsecured Convertible Debentures".
- (b) By Written Direction of the Company, from time to time, the Company shall issue and the Trustee shall countersign Debentures representing each Debentureholder's relevant interest in such Debentures. The Debentures shall be issued in such denominations as the Company may determine, in its sole discretion. Each Debenture and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A, with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the authorized signatory of the Company executing such Debenture in accordance with Section 2.3, as conclusively evidenced by their execution of a Debenture. Each Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the

foregoing, a Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors, including as Uncertificated Debentures in accordance with Section 2.2, or as specified in a Written Direction of the Company.

The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Debentures shall be issued in the form of definitive Debenture Certificates or as Uncertificated Debentures (unless a U.S. Legend applies), and shall bear the U.S. Legend, if applicable.

- (c) The Debentures shall be dated as of their Issue Date and shall mature on the Maturity Date. Subject to the terms and conditions hereof, the outstanding principal amount of the Debentures shall be repaid by the Company to the Debentureholders on the Maturity Date with a payment equal to the outstanding principal amount, together with all accrued and unpaid interest on the outstanding principal (the “**Maturity Date Payment**”). All accrued and unpaid interest shall be paid in lawful money of Canada, which the Company may elect to raise pursuant to a Common Share Interest Payment Election as provided for in Article 9.
- (d) The Debentures shall bear interest from and including their Issue Date at the rate of 9.6% per annum (based on a year of 365 days), payable in arrears in equal semi-annual instalments on March 31 and September 30 in each year provided that: (i) the first interest payment for a Debenture will include interest accrued from its Issue Date to, but excluding, the first Interest Payment Date of such Debenture; and (ii) the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Debentures) shall fall due on the Maturity Date (instead of March 31, 2026), payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Debentures will be March 15 and September 15 in each year (or the first Business Day after such date if not a Business Day) (the “**Interest Record Date**”).
- (e) In accordance with and subject to the provisions and conditions of Article 6 and Section 3.7, the holder of each Debenture shall have the right at such holder’s option, at any time following the Issue Date of the Debenture and prior to 5:00 p.m. (Eastern time) on the earlier of: (i) the Business Day immediately preceding the Maturity Date; and (ii) if subject to repurchase or redemption in accordance with the terms of this Indenture, on the Business Day immediately preceding the payment date (the earlier of which, the “**Time of Expiry**”), subject to the satisfaction of certain conditions set forth herein, to convert all or any portion, being at a minimum \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Debenture Shares at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Debentures shall be equal to \$0.48 such that 2,083 Debenture Shares shall be issued for each \$1,000.00 principal amount of Debentures so converted. Except as provided in Section 6.4, no adjustment in the number of Debenture Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 6. No fractional Common Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion (provided, however, that the Company shall not be required to make any

payment of less than \$10.00). The Conversion Price is subject to adjustment pursuant to the provisions of Section 6.4.

Debentureholders converting their Debentures will receive, in addition to the applicable number of Debenture Shares, accrued and unpaid interest (less any taxes required to be deducted from such interest and any deemed interest) in respect of the Debentures surrendered for conversion up to but excluding the Date of Conversion from, and including, the most recent Interest Payment Date in accordance with Section 6.3(j). For clarity, payment of such interest may, at the option of the Company, be paid on the next regularly scheduled Interest Payment Date following the Date of Conversion.

Holders of Debentures surrendered for conversion during the period from the close of business on any Interest Record Date to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the period between the Record Date and the Interest Payment Date, the Person or Persons entitled to receive Debenture Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of the Common Shares forming part of such Debenture Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant Interest Record Date.

The Company shall have the right to automatically convert the Debentures as further described in this Indenture.

- (f) Upon and subject to the provisions of Article 9, the Company may elect, from time to time, to satisfy its Interest Obligation on the Debentures on any Interest Payment Date by delivering: (i) cash; (ii) a combination of cash and Common Shares to the Trustee pursuant to the Common Share Interest Payment Election.

2.2 Non-Certificated Deposit

- (a) Subject to the provisions hereof, at the Company's option, Debentures may be issued and registered in the name of CDS or its nominee and:
 - (i) the deposit of which may be confirmed electronically by the Trustee to a particular Participant through CDS; and
 - (ii) shall be identified by a specific CUSIP/ISIN as requested by the Company from CDS to identify each specific series of Debentures.
- (b) If the Company issues Debentures in a non-certificated format, Beneficial Holders of such Debentures registered and deposited with CDS shall not receive Debenture Certificates in definitive form and shall not be considered owners or holders thereof under this Indenture or any supplemental indenture. Beneficial interests in Debentures registered and deposited with CDS will be represented only through the non-certificated inventory system administered by CDS. Transfers of Debentures registered and

deposited with CDS between Participants shall occur in accordance with the rules and procedures of CDS. Neither the Company nor the Trustee shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS or its nominee, on account of the beneficial interests in Debentures registered and deposited with CDS. Nothing herein shall prevent the Beneficial Holders of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.

- (c) All references herein to actions by, notices given or payments made to Debentureholders shall, where the Debentures are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the Participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or the direction of the Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Holders acting through CDS and the Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Holder whose Debentures are held in CDS through Participants shall be established by law and agreements between such holders and CDS and the Participants upon instructions from the Participants. Each of the Trustee and the Company may deal with CDS for all purposes (including the making of payments for principal or interest) as the authorized representative of the respective Debentures and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.
- (d) For so long as the Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee will give such notices and communications to CDS in accordance with Section 14.2.
- (e) If CDS resigns or is removed from its responsibility as Depository and the Trustee is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee with instructions for registration of the Debentures in the names and in the amounts specified by CDS and the Company shall issue and the Trustee shall Authenticate and deliver the aggregate number of Debentures then outstanding in the form of definitive Debentures Certificates representing such Debentures.
- (f) The rights of Beneficial Holders who hold securities entitlements in respect of the Debentures through non-certificated inventory system administered by CDS shall be limited to those established by applicable law and agreements between the Depository and the Participants and between such Participants and the Beneficial Holders who hold securities entitlements in respect of the Debentures through the non-certificated inventory system administered by CDS, and such rights must be exercised through a Participant in accordance with the rules and procedures of the Depository.
- (g) Notwithstanding anything herein to the contrary, none of the Company nor the Trustee nor any agent thereof shall have any responsibility or liability for:
 - (i) the electronic records maintained by the Depository relating to any ownership interests or other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any Person in any Debenture represented by an electronic position in the non-certificated inventory system administered by CDS (other than the Depository or its nominee);
 - (ii) for maintaining, supervising or reviewing any records of the Depository or any Participant relating to any such interest; or

- (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Participant.

2.3 Execution of Debentures

All Debentures shall be signed (either manually, by printing thereon, or by facsimile or other electronic signature) by any one authorized director or officer of the Company holding office at the time of signing. A printed, facsimile or electronic signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding the foregoing, if any Person whose signature, either manual, printed or in facsimile or electronic form, appears on a Debenture as a director or officer no longer holds such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon and enforceable against the Company and entitled to the benefits of this Indenture.

2.4 Authentication

- (a) No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Trustee substantially in the form set out in this Indenture, in a relevant supplemental indenture, or in some other form approved by the Trustee. Such Authentication on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid and binding obligation of the Company enforceable against the Company and the holder is entitled to the benefits hereof.
- (b) The Authentication of the Trustee of the Debentures, or interim Debentures hereinafter mentioned, shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The Authentication of the Trustee on the Debentures or interim Debentures shall, however, be a representation and warranty by the Trustee that the Debentures or interim Debentures have been duly Authenticated by or on behalf of the Trustee pursuant to the provisions of this Indenture.
- (c) The Trustee shall Authenticate Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer or otherwise) by completing its Internal Procedures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Trustee to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Debentures are binding on the Company.

2.5 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Trustee, the Company may issue and the Trustee may Authenticate in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Company may execute and the Trustee may Authenticate a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder and deliver the same to the Trustee and thereupon the Trustee may issue

its own interim certificates in such form and in such amounts, not exceeding in the aggregate the principal amount of the temporary Debenture so delivered to it, as the Company and the Trustee may approve entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and may Authenticated, such interim or temporary Debentures or interim certificates shall, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates shall be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Company shall have delivered the definitive Debentures to the Trustee, the Trustee shall cancel such temporary Debentures, if any, and shall call in for exchange all interim Debentures or certificates that shall have been issued and forthwith after such exchange shall cancel the same. No charge shall be made by the Company or the Trustee to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof.

2.6 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Company, in its discretion, may issue, and thereupon the Trustee shall Authenticate and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Company and to the Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.7 Concerning Interest

- (a) Except as may otherwise be provided in this Indenture or in a Written Direction of the Company and subject to Section 2.1(d) with respect to the calculation of interest in respect of the initial interest payment to be paid on the Debentures, all Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their Issue Date, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures, whichever shall be the later, in all cases, to and excluding the next Interest Payment Date.
- (b) Unless otherwise specifically provided in the terms of the Debentures, interest shall be computed on the basis of a year of 365 days. With respect to any series of Debentures, whenever interest is computed on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2.8 Debentures to Rank Pari Passu

The Debentures will be direct unsecured subordinated obligations of the Company. Each Debenture will rank *pari passu* with each other Debenture and subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Company, other than

Senior Indebtedness, to the extent that such other existing and future subordinated unsecured indebtedness of the Company is subordinated on the same terms.

2.9 Payments of Amounts Due on Maturity

Subject to Article 10, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Company will establish and maintain with the Trustee a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Company will deliver to the Trustee a certified cheque or wire transfer for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the Maturity Date Payment together with any accrued and unpaid interest thereon less any tax required by law to be deducted), provided the Company may elect to satisfy this requirement by providing the Trustee with a certified cheque for such amounts required under this Section 2.9 post-dated to the applicable Maturity Date. The Trustee, on behalf of the Company, will pay to each holder entitled to receive payment of the principal and the interest (if any) on the Debenture, upon surrender of the Debenture at any branch of the Trustee designated for such purpose from time to time by the Company and the Trustee. The delivery of such funds to the Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Company for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

2.10 Payment of Interest

Subject to the provisions of Section 2.1(f), as interest becomes due on each Debenture (except, subject to certain exceptions set forth herein including conversion, when interest may at the option of the Company be paid upon surrender of such Debenture), the Company, either directly or through the Trustee or any agent of the Trustee, shall send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee at the close of business on the Record Date prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by cheque, such cheque shall be forwarded at least three days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the Interest Payment Date. The Trustee shall only mail in advance of any Interest Payment Date if it is already in clear receipt of the funds which it is forwarding. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Company will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Company is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Company may make payment of such interest or

make such interest available for payment in any other manner acceptable to the Trustee with the same effect as though payment had been made in the manner provided above.

In respect of Uncertificated Debentures, all payments of cash interest shall be made by wire funds transfers or certified cheque made payable: (i) to the Depository or its nominee, unless the Company and CDS otherwise agree; or (ii) if the Company wishes to have the Trustee act as interest paying agent, to the Trustee by no later than the Business Day prior to the Interest Payment Date for subsequent payment to Beneficial Holders of the applicable Uncertificated Debenture. None of the Company, the Trustee or any agent of the Trustee for any Debenture issued as an Uncertificated Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Uncertificated Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

For greater certainty, it is acknowledged and agreed that under no circumstances will the Trustee be responsible for any tax withholding which may be required in connection with the Debentures. It is further acknowledged and agreed that any tax withholding in connection with the Debentures will be done by CDS, in accordance with its customary practices and procedures.

2.11 Canadian Legend

The certificates or other instruments representing the Debentures and the certificates or other instruments representing any Common Shares issued upon conversion of such Debentures (and any replacement certificate or other instrument issued prior to the expiration of the applicable hold periods), if any, may, if required under Applicable Securities Legislation, bear the following legend in accordance with Applicable Securities Legislation:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS AND A DAY FOLLOWING THE ISSUE DATE OF THE DEBENTURE].”

And, if required by the policies of the TSX-V, the certificates or other instruments representing the Debentures and the certificates or other instruments representing any Common Shares issued upon conversion of such Debentures (and any replacement certificate or other instrument issued prior to the expiration of the applicable hold periods), if any, will bear a legend substantially in the following form:

“WITHOUT THE PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [THE DATE THAT IS FOUR MONTHS AND A DAY FOLLOWING THE ISSUE DATE OF THE DEBENTURE].”

2.12 U.S. Legend

- (a) The Debentures and the Common Shares issuable upon conversion thereof have not been and will not be registered under the U.S. Securities Act or any state securities laws. To the extent that Debentures are issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person (who are not Qualified Institutional Buyers), the certificates or other

instruments representing such Debentures and all Common Shares issuable on conversion thereof (together, the “**Legended Securities**”), and all certificates or other instruments issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend (the “**U.S. Legend**”) until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or state securities laws:

“THE SECURITIES REPRESENTED HEREBY [IN THE CASE OF UNDERLYING SECURITIES: AND THE SECURITIES ISSUABLE UPON CONVERSION OR EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED (THE “CORPORATION”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY: (1) RULE 144 THEREUNDER, IF AVAILABLE; OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN BOTH CASES, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR SUCH OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

provided, that if such Legended Securities are being transferred in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and subject to the expiry of any hold or restricted period under Canadian securities laws, the above legend may be removed by providing a declaration to the transfer agent for the applicable securities to the following effect (or as the Company may prescribe from time to time) (together with any other evidence required by the transfer agent for the applicable securities, which may, without limitation, include an opinion of counsel of recognized standing reasonably satisfactory to the Company, to the effect that such legend is no longer required under the applicable requirements of the U.S. Securities Act):

“The undersigned (a) acknowledges that the sale of _____ of The Western Investment Company of Canada Limited (the “**Corporation**”) to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (b) certifies that (1) the undersigned is not an “affiliate” (as that term is defined in Rule 405 under the U.S. Securities Act) of the Corporation, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the seller nor any person

acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace such securities with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.”

- (b) The parties hereto hereby acknowledge and agree that the Legended Securities may not be reoffered, or resold, pledged or otherwise transferred except: (i) to the Company; (ii) outside the United States in accordance with Rule 904 of Regulation S and in compliance with applicable local laws and regulations; (iii) in compliance with the exemption from registration under the U.S. Securities Act provided by (A) Rule 144 under the U.S. Securities Act, if available or (B) Rule 144A under the U.S. Securities Act, if available, and, in each case, in accordance with applicable state securities laws; or (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws.
- (c) The parties hereby acknowledge and agree that the Debentures issued to, or for the account or benefit of, a person in the United States or a U.S. Person that is a Qualified Institutional Buyers, and the Common Shares underlying those Debentures, have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and such Debentures are, such Common Shares will be, “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and that each such holder was required to execute certain subscription documents in which it agrees on its own behalf and on behalf of any investor account for which it is purchasing the Subscription Receipts and in order to induce the Company to issue such Debentures and the Common Shares without a U.S. restrictive legend: (i) that such Debentures and such Common Shares may not be re-offered, resold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company, (B) outside the United States in compliance with Rule 904 of Regulation S under the U.S. Securities Act or (C) pursuant to an effective registration statement under the U.S. Securities Act, and in compliance with any applicable local laws and regulations; (ii) that for so long as such Debentures and such Common Shares constitute “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will not deposit any of such securities in the facilities of The Depository Trust Company, or a successor depository within the United States, or arrange for the registration of any of the such securities with Cede & Co. or any successor thereto; and (iii) that such holder will cause any CDS Participant holding the such securities on its behalf, and any beneficial purchaser of such securities, to comply with the foregoing restrictions.
- (d) If required by the U.S. Securities Act or any applicable state securities laws, certificates representing Debentures issued pursuant to transfers of Debentures shall bear the legend set forth in above and the Company will provide direction to the Trustee to affix such legends to the applicable Debenture Certificates.

ARTICLE 3- REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

- (a) With respect to Debentures issuable as Fully Registered Debentures, the Company shall cause to be kept by and at the principal offices of the Trustee in Calgary, Alberta and by the Trustee or such other registrar as the Company, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Company may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.
- (b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in subsection 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, or unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.

3.2 Transfer and Exchange of Restricted Debentures

- (a) A Restricted Debenture may be exchanged by the holder thereof for an Unrestricted Physical Debenture or transferred to a Person who takes delivery thereof in the form of an Unrestricted Physical Debenture if the Trustee receives a certificate from such holder in the form of Schedule B – Form of Transfer, and, in the case of the certifications in item (2) or (3) thereof, an opinion of counsel (or, if applicable, other evidence of exemption) in form reasonably satisfactory to the Company which provides for the removal of the U.S. Legend.
- (b) A Restricted Debenture may be exchanged by the holder thereof for a Restricted Debenture or transferred to a Person who takes delivery thereof in the form of a Restricted Debenture if the Trustee receives a certificate from such holder in the form of Schedule B – Form of Transfer including the certification in item (3) thereof, and an opinion of counsel or other evidence of exemption in form reasonably satisfactory to the Company which does not provide for the removal of the U.S. Legend.

3.3 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Company and the transferor or any previous holder of such Debenture, save in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction. Upon surrender for registration of transfer of Debentures, the Company shall issue and thereupon the Trustee shall Authenticate and deliver a new Debenture Certificate or confirm the electronic deposit of Uncertificated Debentures of like tenor in the name of the designated transferee and register such transfer in accordance with Section 3.1(b). If less than all the Debentures evidenced by the Debenture Certificate(s) or Uncertificated Debentures so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate or electronically deposited Uncertificated Debentures registered in his name evidencing the Debentures not transferred.

3.4 No Notice of Trusts

Neither the Company nor the Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

3.5 Registers Open for Inspection

The register referred to in Section 3.1 shall at all reasonable times be open for inspection by the Company, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Company, in writing, furnish the Company with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee shall be entitled to charge a reasonable fee to the Company to provide such a list.

3.6 Exchanges of Debentures

- (a) Subject to Sections 3.1 and 3.7, Debentures in any authorized form or denomination, other than Uncertificated Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (b) In respect of exchanges of Debentures permitted by subsection 3.6(a), Debentures of any series may be exchanged only at the principal offices of the Trustee in the city of Calgary, Alberta or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Company with the approval of the Trustee. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Company shall execute and the Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.7 Closing of Registers

- (a) Neither the Company nor the Trustee nor any registrar shall be required to:
 - (i) make transfers or exchanges or convert any Fully Registered Debentures on any Interest Payment Date for such Debentures or during the period between the Record Date and the Interest Payment Date;
 - (ii) make transfers or exchanges or, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the five preceding Business Days; or
 - (iii) make transfers, exchanges, or conversions of any Debentures on the Maturity Date.
- (b) Subject to any restriction herein provided, the Company with the approval of the Trustee may at any time close the register of Debentures, other than those kept at the principal offices of the Trustee in Calgary, Alberta, and transfer the registration of any Debentures registered thereon to

another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge to the Company for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and the Company), and payment of such charges and reimbursement of the Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to the Debentureholders hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures;
- (b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.5 for a definitive Debenture; or
- (c) for any exchange of an Uncertificated Debenture as contemplated in Section 3.1.

3.9 Ownership of Debentures

- (a) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal and/or the interest (if any) thereon shall be made to such registered holder.
- (b) The registered holder for the time being of any registered Debenture shall be entitled to the principal and/or the interest (if any) evidenced by such instruments, respectively, free from all equities or rights of setoff or counterclaim between the Company and the original or any intermediate holder thereof and all Persons may act accordingly and the receipt of any such registered holder for any such principal and/or the interest (if any) shall be a good discharge to the Trustee, any registrar and to the Company for the same and none shall be bound to inquire into the title of any such registered holder.
- (c) Where Debentures are registered in more than one name, the principal and/or the interest (if any) from time to time payable in respect thereof may, upon the delivery of such reasonable requirements as the Trustee may prescribe, be paid to the order of any one of such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge, to the Trustee, any registrar and to the Company.
- (d) In the case of the death of one or more joint holders of any Debenture the principal and/or the interest (if any) payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Trustee and any registrar and to the Company.

ARTICLE 4- FORCED CONVERSION AND PURCHASE OF DEBENTURES

4.1 Forced Conversion of Debentures by Company

- (a) The Company shall have the right to automatically convert the outstanding Debentures, at any time, at the Conversion Price, upon five (5) Business Days' notice, commencing on and from their Issue Date prior to the Maturity Date, after such time as the VWAP of the Common Shares for the preceding 20 trading days on the Stock Exchange is greater than \$0.65 (the "**Forced Conversion Right**").
- (b) The Company may exercise the Forced Conversion Right by delivering notice to the Debentureholders and to the Trustee in the manner set forth in Sections 14.2 and 14.3 of this Indenture.
- (c) Sections 6.1(c), 6.1(d), 6.4, 6.5 and 6.8 of this Indenture shall also be applicable with respect to any conversion of Debentures into Debenture Shares pursuant to this Section.

4.2 Purchase of Debentures by the Company

- (a) Subject to regulatory approval, unless otherwise specifically provided with respect to a particular series of Debentures, the Company may, if it is not at the time in default hereunder and provided that no Event of Default has occurred and is continuing, at any time and from time to time, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by contract, at any price. All Debentures so purchased will be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.
- (b) If, upon an invitation for tenders, more Debentures are tendered at the same lowest price than the Company is prepared to accept, the Debentures to be purchased by the Company shall be selected by the Trustee on a pro rata basis from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee shall Authenticate and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to an Uncertificated Debenture, the Depository shall electronically deposit the unpurchased part so surrendered.

4.3 Deposit of Maturity Monies

Subject to Section 10.2, payment on maturity of Debentures shall be provided for by the Company depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Maturity Date such sums of money as may be sufficient to pay the cash amount payable in respect of such Debentures (including the Maturity Date Payment together with any accrued and unpaid interest thereon up to but excluding the Maturity Date less any tax required by law to be deducted), provided the Company may elect to satisfy this requirement by providing the Trustee with a certified cheque or wire transfer for such amounts required under this Section 4.3 post-dated to the Maturity Date. The Company shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection therewith. Every such

deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures, upon surrender of such Debentures, the principal and interest to which they are respectively entitled on the Maturity Date.

ARTICLE 5- SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness, liabilities and obligations of the Company hereunder (except as provided in Section 15.15) or under the Debentures, whether on account of principal, premium, if any, interest or otherwise, but excluding the issuance of Common Shares upon any conversion pursuant to Article 6, or at maturity pursuant to Article 4 (collectively, the “**Debenture Liabilities**”), shall be subordinated and postponed and subject in right of payment, to the extent and in the manner hereinafter set forth in the following Sections of this Article 5, to the full and final payment of all Senior Indebtedness, and each holder of any such Debenture by his acceptance thereof agrees to and shall be bound by the provisions of this Article 5.

5.2 Order of Payment

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Company, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or voluntary winding-up of the Company, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Company:

- (a) all Senior Indebtedness shall first be paid in full, or provision made for such payment, before any payment is made on account of Debenture Liabilities;
- (b) any payment or distribution of assets of the Company, whether in cash, property or securities, to which the holders of the Debentures or the Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness;
- (c) the Senior Creditors or a receiver or a receiver-manager of the Company or of all or part of its assets or any other enforcement agent may sell, mortgage or otherwise dispose of the Company's assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the Debentureholders or the Trustee or any requirement to account to the Trustee or the Debentureholders; and
- (d) the rights and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by:
 - (i) whether or not the Senior Indebtedness is secured;

- (ii) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of the Senior Security;
- (iii) the time or order of the attachment, perfection or crystallization of any security constituted by the Senior Security;
- (iv) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Security;
- (v) the date of obtaining of any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditors, or any of them or the Debentureholders or any of them to any money or property of the Company;
- (vi) the failure to exercise any power or remedy reserved to the Senior Creditors under the Senior Security or to insist upon a strict compliance with any terms thereof;
- (vii) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;
- (viii) the date of giving or failing to give notice to or making demand upon the Company; or
- (ix) any other matter whatsoever.

5.3 Subrogation to Rights of Holders of Senior Indebtedness

Subject to the prior payment in full of all Senior Indebtedness, the holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Company to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the holders of Debentures, be deemed to be a payment by the Company to the holders of the Senior Indebtedness or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

The Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to the Company or any property and assets subject to any Senior Security or in any other manner to require the orderly disposition of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness, and

the holders of the Debentures, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the holders of Senior Indebtedness.

5.5 No Payment if Senior Indebtedness in Default

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, or any other enforcement of any Senior Indebtedness, then, except as provided in Section 5.8, all such Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of the Debenture Liabilities.

In case of a circumstance constituting a default or event of default with respect to any Senior Indebtedness permitting (whether at that time or upon notice, lapse of time, or satisfaction of any other condition precedent) a Senior Creditor to demand payment or accelerate the maturity thereof where the notice of such default or event of default has been given by or on behalf of the holders of Senior Indebtedness to the Company or the Company otherwise has knowledge thereof, unless and until such default or event of default shall have been cured or waived or shall have ceased to exist, no payment (by purchase of Debentures or otherwise) shall be made by the Company (except as provided in Section 5.8) with respect to the Debenture Liabilities and neither the Trustee nor the holders of Debentures shall be entitled to demand, institute proceedings for the collection of (which shall, for certainty include proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of the Company and other similar creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default or event of default (except as provided in Section 5.8), and unless and until such default or event of default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the holders of the Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing an amount of the Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

The fact that any payment hereunder is prohibited by this Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Company to make, or prevent the Company from making, at any time except as prohibited by Sections 5.2 or 5.5, any payment of principal of or, premium, if any, or interest on the Debentures. The fact that any such payment is prohibited by Sections 5.2 or 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the conversion of the Debentures or, except as prohibited by Sections 5.2 or 5.5, the application by the Trustee of any monies deposited with the Trustee hereunder for the purpose, to the payment of or on account of the Debenture Liabilities.

5.7 Confirmation of Subordination

Each holder of Debentures by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Trustee his attorney-in-fact for any and all such purposes. Upon request of the Company, and upon being furnished an Officers' Certificate stating that one or more named persons are Senior Creditors and specifying the amount and nature of the Senior Indebtedness of such Senior Creditor, the Trustee shall enter into a written agreement or agreements with the Company and the person or persons named in such Officers' Certificate providing that such person or persons are entitled to all the rights and benefits of this Article 5 as a Senior Creditor and for such other matters, such as an agreement not to amend the provisions of this Article 5 and the definitions herein without the consent of such Senior Creditor, as the Senior Creditor may reasonably request. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein shall impair the rights of any Senior Creditor who has not entered into such an agreement.

5.8 Knowledge of Trustee

Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures contained, the Trustee will not be charged with knowledge of any Senior Indebtedness or of any default in the payment thereof, or of the existence of any Event of Default or any other fact that would prohibit the making of any payment of monies to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee has received written notice thereof from the Company, any Debentureholder or any Senior Creditor.

5.9 Trustee May Hold Senior Indebtedness

The Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Trustee of any of its rights as such holder.

5.10 Rights of Holders of Senior Indebtedness Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The holders of the Senior Indebtedness have the right to extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and to release, sell or exchange such security and otherwise to deal freely with the Company, all without notice to or consent of the Debentureholders or the Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders.

5.12 Additional Indebtedness

This Indenture does not restrict the Company from incurring additional indebtedness for borrowed money or other obligations or liabilities (including Senior Indebtedness) or mortgaging, pledging or charging its properties to secure any indebtedness or obligations or liabilities.

5.13 Right of Debentureholder to Convert Not Impaired

The subordination of the Debentures to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

5.14 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article 5 shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

5.15 Contesting Security

The Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Indebtedness, the Senior Security, or the relative priority of the Senior Security.

ARTICLE 6- CONVERSION OF DEBENTURES

6.1 Applicability of Article

- (a) Any Debentures issued hereunder will be convertible into Debenture Shares, at the Conversion Price in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including subsection 2.1(e) and Section 3.7 hereof), in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.
- (b) Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Subsection 6.1(c).
- (c) The Company shall not be required to issue fractional Common Shares upon the conversion of Debentures into Debenture Shares pursuant to this Article. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Company shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price, provided, however, that the Company shall not be required to make any payment of less than \$10.00.
- (d) The Company covenants with the Trustee that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of Debentures as in this Article provided, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Company covenants with the Trustee that all

Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

6.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures shall be given by or on behalf of the Company, not more than 60 days and not less than 30 days prior to the Maturity Date, in the manner provided in Section 14.2.

6.3 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Debenture Shares shall surrender such Debenture to the Trustee at its principal office in the City of Calgary, Alberta together with the conversion notice in the form of Schedule C or any other written notice in a form satisfactory to the Trustee, duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Company as at the Date of Conversion (or such later date as is specified in subsection 6.3(g)) as the holder of the number of the Debenture Shares into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Company shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares or deposit such Common Shares through the Depository's non-certificated system and make or cause to be made any payment of interest to which such holder is entitled in accordance with subsection 6.3(j).
- (b) A Beneficial Holder may exercise the right evidenced by a Debenture to receive Common Shares by causing a Participant to deliver to the Depository on behalf of the Beneficial Owner, a notice of such Beneficial Owner's intention to convert the Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Trustee a Transaction Instruction confirming its intention to convert Debentures in a manner acceptable to the Trustee, including by electronic means through the non-certificated inventory system.
- (c) A notice in form acceptable to the Participant from such Beneficial Owner should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver notice to the Depository and for the Depository in turn to deliver notice to the Trustee prior to the Time of Expiry. The Depository will initiate the exercise by way of the Transaction Instruction and the Trustee will execute the exercise by issuing to the Depository through the non-certificated inventory system the Common Shares to which the exercising Debentureholder is entitled pursuant to the conversion.
- (d) By causing a Participant to deliver notice to the Depository, a Debentureholder shall be deemed to have irrevocably surrendered his or her Debentures so exercised and appointed such Participant to act as his or her exclusive settlement agent with respect to the conversion and the receipt of the Common Shares in connection with the obligations arising from such conversion.
- (e) Any notice which the Depository determines to be incomplete, not in proper form, or not duly-executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered

for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Debentureholder's instructions will not give rise to any obligations or liability on the part of the Company or Trustee to the Participant or the Debentureholder.

- (f) Any Transaction Instruction referred to in this Section 6.3 shall be signed by the registered Debentureholder, or its executors or administrators or other legal representatives or an attorney of the registered Debentureholder, duly appointed by an instrument in writing satisfactory to the Trustee but such exercise form need not be executed by the Depository.
- (g) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the "**Date of Conversion**") on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article or, in the case of an Uncertificated Debenture which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by mail or other means of transmission, on the date on which it is received by the Trustee at one of its offices specified in subsection 6.3(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the Person or Persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened.
- (h) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 or an integral multiple thereof, may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (i) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with subsection 6.3(a), and the Trustee shall cancel the same and shall without charge to the Debentureholder forthwith Authenticate and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system.
- (j) The holder of a Debenture surrendered for conversion in accordance with this Section 6.3 shall be entitled to receive accrued and unpaid interest in respect thereof, in cash, up to but excluding the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to subsection 6.3(a), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

6.4 Adjustment of Conversion Price

Subject to the requirements of the Stock Exchange, the Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time during the Adjustment Period, the Company shall:
 - (i) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or otherwise;

- (ii) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable or exercisable for or convertible into Common Shares;
- (iii) subdivide, re-divide or change its then outstanding Common Shares into a greater number of Common Shares; or
- (iv) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in Sections 6.4(a)(i), 6.4(a) (ii), 6.4(a) (iii) and 6.4(a) (iv) above being herein called a "**Common Share Reorganization**"), then the Conversion Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Conversion Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- (ii) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable or exercisable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged or exercised for or converted into Common Shares on such date).

To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 6.4(a) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable or exercisable for or convertible into Common Shares, the Conversion Price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (b) If at any time during the Adjustment Period, the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "Rights Period"), to subscribe for or purchase Common Shares or securities exchangeable or exercisable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable or exercisable for or convertible into Common Shares, at an exchange, exercise or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being called a "**Rights Offering**"), the Conversion Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Conversion Price in effect on such record date by a fraction:
 - (i) the numerator of which shall be the aggregate of

- (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
- (2) the quotient determined by dividing
 - (A) either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange, exercise or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged, exercised or converted, as the case may be, by
 - (B) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable or exercisable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged, exercised or converted).

If by the terms of the rights, options, or warrants referred to in this Section 6.4(b), there is more than one purchase, exchange, exercise or conversion price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate exchange, exercise or conversion price of the exchangeable, exercisable or convertible securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, exchange, exercise or conversion price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 6.4(b) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 6.4(b), the Conversion Price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. To the extent that such Rights Offering is not ultimately so made, the Conversion Price shall then be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed.

- (c) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
 - (i) shares of the Company of any class other than Common Shares;
 - (ii) rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable or exercisable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable or exercisable for or convertible into Common Shares at an exchange, exercise or conversion price per share) on the record date

for the issue of such securities to the holder of at least 95% of the Current Market Price of the Common Shares on such record date);

- (iii) evidences of indebtedness of the Company; or
- (iv) any property or other assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "Special Distribution"), the Conversion Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Conversion Price by a fraction:

- (1) the numerator of which shall be the difference between
 - (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - (B) the fair value, as determined by the directors of the Company and subject to approval by the TSX-V, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 6.4(c) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares referred to in this Section 6.4(c), the Conversion Price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (d) If at any time during the Adjustment Period there shall occur:
 - (i) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (ii) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities; or
 - (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being called a "Capital Reorganization"), after the effective date of the Capital Reorganization the Debentureholder shall be entitled to receive, and shall accept, for the same

aggregate consideration, upon exercise of the Debentures, in lieu of the number of Debenture Shares to which the Debentureholder was theretofore entitled upon the exercise of the Debentures, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Debentureholder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Debentureholder had been the registered holder of the number of Debenture Shares which the Debentureholders was theretofore entitled to purchase or receive upon the exercise of the Debentures. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Indenture with respect to the rights and interests thereafter of the Debentureholder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Debentures.

- (e) If at any time during the Adjustment Period the Company shall fix a record date for the payment of a cash dividend or distribution to the holders of all or substantially all of the outstanding Common Shares (other than dividends paid in the ordinary course, once initiated under a dividend policy approved by the board of directors), the Conversion Price shall be adjusted immediately after such record date so that it shall be equal to the price determined by multiplying the Conversion Price in effect on such record date by a fraction:
- (i) the numerator of which shall be the difference between
 - (1) the Current Market Price on such record date, and
 - (2) the amount in cash per Common Share distributed to holders of Common Shares, and
 - (ii) the denominator of which shall be the Current Market Price on such record date.

Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such cash dividend or distribution is not paid, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed.

6.5 Rules Regarding Calculation of Adjustment

For the purposes of Article 6:

- (a) Subject to this Section 6.5, any adjustment made pursuant to Section 6.4 hereof shall be made successively whenever an event referred to therein shall occur.
- (b) If more than one subsection of Section 6.4 is applicable to a single event, the subsection shall be applied that produces the adjustment most favourable to Debentureholders and no single event shall cause an adjustment under more than one subsection of Section 6.4 so as to result in duplication;
- (c) No adjustment in the Conversion Price shall be required unless such adjustment would result in a change of at least one per cent in the Conversion Price and no adjustment shall be made in the number of Common Shares obtainable upon the exercise of the Debentures unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 6.5(c) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 6.5 hereof, no adjustment pursuant to Section 6.4

shall be made which would result in an increase in the Conversion Price or a decrease in the number of Common Shares issuable upon the exercise of the Debentures (except in respect of the Common Share Reorganization described in Section 6.4(a) hereof or a Capital Reorganization described in Section 6.4(d)(ii) hereof).

- (d) Subject to the Company receiving approval from the TSX-V, no adjustment in the Conversion Price or in the number or kind of securities obtainable upon the exercise of the Debentures shall be made in respect of any event described in Section 6.4 hereof if the Debentureholder is entitled to participate in such event on the same terms mutatis mutandis as if the Debentureholder had exercised the Debentures prior to or on the record date or effective date, as the case may be, of such event.
- (e) No adjustment in the Conversion Price or in the number of Debenture Shares obtainable upon the exercise of the Debentures shall be made pursuant to Section 6.4 hereof in respect of (i) the issue from time to time of Common Shares pursuant to this Indenture or (ii) the issue from time to time of Common Shares pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Company and/or any subsidiary of the Company, and any such event shall not be deemed to be a Common Share Reorganization, a Rights Offering nor any other event described in Section 6.4 hereof.
- (f) If at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 6.4 hereof, which in the opinion of the directors of the Company would have a material adverse effect upon the rights of Debentureholders, either the Conversion Price or the number of Debenture Shares obtainable upon conversion of the Debentures shall be adjusted in such manner and at such time by action by the directors of the Company, in their sole discretion, as may be equitable in the circumstances. Failure of the taking of action by the directors of the Company so as to provide for an adjustment prior to the effective date of any action by the Company affecting the Common Shares shall be deemed to be conclusive evidence that the directors of the Company have determined that it is equitable to make no adjustment in the circumstances.
- (g) If the Company shall set a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Conversion Price shall be required by reason of the setting of such record date.
- (h) In any case in which this Indenture shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 6.4 hereof, the Company may defer, until the occurrence of such event:
 - (i) issuing to the Debentureholder, to the extent that the Debentures are converted after such record date and before the occurrence of such event, the additional Debenture Shares or other securities issuable upon such conversion by reason of the adjustment required by such event; and
 - (ii) delivering to the Debentureholder any distribution declared with respect to such additional Debenture Shares or other securities after such record date and before such event;

provided, however, that the Company shall deliver to the Debentureholder an appropriate instrument evidencing the right of the Debentureholder upon the occurrence of the event requiring the adjustment, to an adjustment in the Conversion Price.

- (i) In the absence of a resolution of the directors of the Company fixing a record date for a Rights Offering, the Company shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.
- (j) If a dispute shall at any time arise with respect to adjustments of the Conversion Price or the number of Debenture Shares obtainable upon the conversion of the Debentures, such disputes shall be conclusively determined by the auditors of the Company or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to Section 6.4 hereof and shall be binding upon the Company and the Debentureholder.
- (k) As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 6.4 hereof, including the Conversion Price and the number or class of Debenture Shares or other securities which are to be received upon the conversion thereof, the Company shall take any action which may, in the opinion of counsel to the Company, be necessary in order that the Company may validly and legally issue as fully paid and non-assessable shares all of the Common Shares, or other securities which the Debentureholder is entitled to receive in accordance with the provisions of this Indenture.
- (l) If the Company shall take any action affecting the Common Shares and the holders thereof, and, in the opinion of the directors of the Company acting reasonably, the adjustment provisions of Section 6.4 are not strictly applicable or, if strictly applicable, would not fairly protect the rights of the Holder or the Company in accordance with the intent and purpose of Section 6.4, the provisions of Section 6.4 shall be adjusted in such manner, if any, and at such time, by action by the directors of the Company which the directors of the Company, in their discretion, may reasonably determine to be equitable in the circumstances but subject in all cases to any necessary regulatory approval, including approval of the TSX-V (or such other stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable). Failure of the taking of action by the directors of the Company so as to provide for an adjustment on or prior to the effective date of any action by the Company affecting the Common Shares will be conclusive evidence that the board of directors of the Company has determined that it is equitable to make no adjustment in the circumstances.

6.6 Notice of Adjustment

- (a) At least 14 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 6.4, the Company shall:
 - (i) file with the Trustee a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Company's Auditors verifying such calculation; and

- (ii) give notice to the Debentureholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.
- (b) In case any adjustment for which a notice in Section 6.6(a) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:
 - (i) file with the Trustee a computation of such adjustment; and
 - (ii) give notice to the Debentureholders of the adjustment.
- (c) The Trustee may and shall be protected in so doing, absent manifest error, act and rely upon certificates of the Company, the Company's Auditor and other documents filed by the Company pursuant to this Section 6.6 for all purposes of the adjustment.

6.7 No Action after Notice

The Company covenants with the Trustee that it will not close its books nor take any other corporate action which might deprive a Debentureholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of 14 days after the giving of the notice set forth in paragraph (ii) of Sections 6.6(a) and 6.6(b).

6.8 Protection of Trustee

The Trustee shall not:

- (a) at any time be under any duty or responsibility to any registered holder of Debentures to determine whether any facts exist that may require any adjustment contemplated by this Article 6, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;
- (b) be accountable with respect to the validity or value or the kind or amount of any Debenture Shares or of any other securities or property that may at any time be issued or delivered upon the conversion of the Debentures;
- (c) be responsible for any failure of the Company to make any cash payment, to issue, transfer or deliver Debenture Shares or certificates upon the surrender of any Debentures for the purpose of the conversion of such rights or to comply with any of the covenants contained in Article 7; or
- (d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

ARTICLE 7- COVENANTS OF THE COMPANY

The Company hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

7.1 To Pay Principal and Interest

The Company will duly and punctually pay or cause to be paid to every Debentureholder the principal of and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

7.2 To Pay Trustee's Remuneration

The Company will pay the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies which shall have been paid by the Trustee in connection with the execution of the trusts hereby created and such monies including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee in priority to payment of any principal of the Debentures or interest thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

7.3 To Give Notice of Default

The Company shall notify the Trustee immediately upon obtaining knowledge of any default or Event of Default hereunder. CDS shall also receive notice of the default or Event of Default in accordance with Section 8.2 and Section 14.2, within 30 days of the Trustee receiving written notification of the Event of Default hereunder.

7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Company will carry on and conduct its activities and carry on and conduct their businesses, in a business-like manner and in accordance with good business practices; and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

7.5 Keeping of Books

The Company will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company in accordance with generally accepted accounting principles.

7.6 Annual Certificate of Compliance

The Company shall deliver to the Trustee, within 120 days after the end of each calendar year, (and at any reasonable time upon demand by the Trustee) an Officer's Certificate as to the knowledge of such officers of the Company who execute the Officer's Certificate of the Company's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Company has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

7.7 Performance of Covenants

If the Company shall fail to perform any of its covenants contained in this Indenture, the Trustee may notify the Debentureholders of such failure on the part of the Company or may itself perform any of

the covenants capable of being performed by it, but shall be under no obligation to do so. All sums so expended or advanced by the Trustee shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Company of any default hereunder.

7.8 Maintain Listing

The Company will use reasonable commercial efforts to maintain the listing of the Common Shares on the TSX-V, and to maintain the Company's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation.

7.9 Insurance

The Company shall maintain insurance with respect to its properties and business against such casualties and contingencies, of such types, on such terms and in such amounts as is customary in the case of entities engaged in the same or a similar business and similarly situated.

7.10 No Dividends or Distributions

The Company shall not declare or pay any dividend to the holders of its issued and outstanding Common Shares or other shares in the capital of the Company after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

7.11 Withholding Matters

All payments made by or on behalf of the Company under or with respect to the Debentures (including, without limitation, any penalties, interest and other liabilities related thereto) will be made free and clear of and without withholding, or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related hereto) imposed or levied by or on behalf of the Government of Canada or the United States or elsewhere, or of any province or territory thereof or by any authority or agency therein or thereof having power to tax ("**Withholding Taxes**"), unless the Company is required by law or the interpretation or administration thereof, to withhold or deduct any amounts for, or on account of Withholding Taxes. If the Company is so required to withhold or deduct any amount for, or on account of, Withholding Taxes from any payment made under or with respect to the Debentures, the Company shall deduct and withhold such Withholding Taxes from any payment to be made or with respect to the Debentures and, provided that the Company forthwith remits such amount to the relevant governmental authority or agency, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Company's obligations under the Debentures. There is no obligation on the Company to gross-up or pay additional amounts to a holder of Debentures in respect of such deductions or withholdings. For greater certainty, if any amount is required to be deducted or withheld in respect of Withholding Taxes upon a conversion of a Debenture, the Company shall be entitled to liquidate such number of Common Shares (or other securities) issuable as a result of such conversion as shall be necessary in order to satisfy such requirement. The Company shall provide the Trustee with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of any forms received from such government authority or agency promptly after receipt thereof.

7.12 SEC Reporting Status

- (a) The Company confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the U.S. Exchange Act or have a reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act.

- (b) The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the U.S. Exchange Act or such Company shall incur a reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by such Company in accordance with the U.S. Exchange Act, such Company shall promptly deliver to the Trustee an Officers' Certificate notifying the Trustee of such registration or termination and such other information as the Trustee may, acting and relying on Counsel, require at the time. The Company acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain United States Securities and Exchange Commission (the "SEC") obligations with respect to those clients who are filing with the SEC.

ARTICLE 8- DEFAULT

8.1 Events of Default

- (a) Each of the following events constitutes, and is herein referred to as, an "Event of Default":
- (i) failure for 15 days to pay interest on the Debentures when due;
 - (ii) failure to pay principal and other amounts owing, if any, when due on the Debentures whether on the Maturity Date, by declaration or otherwise (whether such payment is due in cash, Common Shares or other securities or property or a combination thereof);
 - (iii) default in the delivery, when due, of any Common Shares or other consideration, payable on conversion with respect to the Debentures, which default continues for 30 days;
 - (iv) default in the observance or performance of any covenant or condition of the Indenture by the Company and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures to the Company specifying such default and requiring the Company to rectify such default or obtain a waiver for same;
 - (v) if a decree or order of a Court having jurisdiction is entered adjudging the Company a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Company, or appointing a receiver of, or of any substantial part of, the property of the Company or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
 - (vi) if the Company institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Company or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
 - (vii) if a resolution is passed for the winding-up or liquidation of the Company except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed;

- (viii) if, after the date of this Indenture, any proceedings with respect to the Company are taken with respect to a compromise or arrangement, with respect to creditors of the Company generally, under the applicable legislation of any jurisdiction; or
- (ix) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money of the Company and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of \$500,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness;

then: (i) in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this Section, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of Section 8.3, by notice in writing to the Company declare the principal and the interest, on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable (or, if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then the Trustee may declare due and payable the principal and/or the interest, only with respect to such Debentures in respect of which there is an Event of Default) to the Trustee, and (ii) on the occurrence of an Event of Default under clauses 8.1(a)(v), 8.1(a)(vi), or 8.1(a)(vii), the principal and the interest, on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee or any Debentureholder become immediately due and payable to the Trustee and, in either case, upon such amounts becoming due and payable in either (i) or (ii) above, the Company shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal and accrued and unpaid interest on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal and interest and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Company's obligations hereunder and any monies so received by the Trustee shall be applied in the manner provided in Section 8.6.

- (b) For greater certainty, for the purposes of this Section 8.1, a series of Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal and/or the interest (if any) on the Debentures of such series in which case references to Debentures in this Section 8.1 refer to Debentures of that particular series.
- (c) For purposes of this Article 8, where the Event of Default refers to an Event of Default with respect to a particular series of Debentures as described in this Section 8.1, then this Article 8 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 8 to the Debentures shall mean Debentures of the particular series and references to the Debentureholders shall refer to the Debentureholders of the particular series, as applicable.

8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Company in writing. When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Debentureholders within 15 days after the Trustee receives written notice that the Event of Default has been cured.

8.3 Waiver of Default

- (a) Upon the happening of any Event of Default hereunder:
- (i) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Company of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and
 - (ii) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.
- (b) No such act or omission either of the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Trustee

- (a) Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Company shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and interest on all the Debentures then outstanding together with any other amounts due hereunder by such

proceedings authorized by this Indenture or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

- (b) The Trustee shall be entitled and empowered, either in its own name or as Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Company or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, which may include acting and relying on Counsel, in order to have the respective claims of the Trustee and of the holders of the Debentures against the Company or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.
- (c) The Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.
- (d) All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Company wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least

25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

8.6 Application of Monies by Trustee

(a) Except as herein otherwise expressly provided, any monies received by the Trustee from the Company pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Company, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:

- (i) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
- (ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal of and accrued and unpaid interest on and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then accrued but unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal and interest as may be directed by such resolution; and
- (iii) third, in payment of the surplus, if any, of such monies to the Company or its assigns;

provided, however, that no payment shall be made pursuant to clause (b) above in respect of the principal and/or the interest on any Debenture held, directly or indirectly, by or for the benefit of the Company or any Subsidiary (other than any Debenture pledged for value and in good faith to a Person other than the Company or any Subsidiary but only to the extent of such Person's interest therein) except subject to the prior payment in full of the principal and interest on all Debentures which are not so held.

(b) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in subsection 8.1(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

8.7 Notice of Payment by Trustee

Not less than 15 days' notice shall be given in the manner provided in Section 14.2 by the Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Trustee May Demand Production of Debentures

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal or interest required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it as the Trustee shall deem sufficient.

8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.10 Judgment Against the Company

The Company covenants and agrees with the Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and the interest thereon and any other monies owing hereunder.

ARTICLE 9 – COMMON SHARE INTEREST PAYMENT ELECTION

- (a) Provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory and stock exchange approvals have been obtained (including any required approval of any stock exchange on which the Debentures or Common Shares are then listed), the Company shall have the right, from time to time (including upon conversion or at the time of maturity), to make a Common Share Interest Payment Election in respect of any Interest Obligation and, if the Company wishes to make such an election, the Company can only do so by delivering a Common Share Interest Payment Election Notice to the Trustee by no later than the earlier of:
- (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Common Shares are then listed; and
 - (ii) the day which is at least 15 Business Days prior to the Interest Payment Date to which the Common Share Interest Payment Election relates;

and each such Common Share Interest Payment Election Notice so delivered by the Company to the Trustee shall be accompanied by:

- (iii) copies of completed Common Share Bid Requests addressed to the investment banks, brokers or dealers identified by the Company, in its absolute discretion, in such Common Share Interest Payment Election Notice; and the Company hereby agrees that:
 - (A) the Company shall send such completed Common Share Bid Requests to the respective addressees thereof concurrently with its sending such Common Share Interest Payment Election Notice to the Trustee (or as soon thereafter as may be reasonably practicable having regard to all then prevailing circumstances); and
 - (B) the Company shall make with each investment bank, broker or dealer to which a Common Share Bid Request is so sent all such customary arrangements regarding such Common Share Bid Request and the acceptance of the bids made in response thereto and the completion of the transaction resulting from such acceptance as shall be necessary in accordance with customary commercial practices; and
 - (iv) an Officers' Certificate certifying to the Trustee that: (A) no Event of Default has occurred and is then continuing; and (B) that all applicable regulatory approvals (including any required approval of any stock exchange on which the Debentures or Common Shares are then listed) required for the Common Share Interest Payment Election to which such Common Share Interest Payment Election Notice pertains have been obtained.
- (b) In connection with a Common Share Interest Payment Election in respect of which the Trustee has received a Common Share Interest Payment Election Notice, the Trustee shall, have the power to:
- (i) accept delivery of the Common Shares from the Company and process the Common Shares in accordance with the Common Share Interest Payment Election Notice;
 - (ii) facilitate settlement of sales of, such Common Shares, as the Company shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Company in the Common Share Interest Payment Election Notice;
 - (iii) invest all proceeds to be received by the Trustee, as contemplated in Section (h), at the direction of the Company in Government Obligations which mature at least 3 business days prior to the applicable Interest Payment Date and use the proceeds received from such investment in Government Obligations to pay the Interest Obligation in respect of which the Common Share Interest Payment Election was made; and:
 - (A) any such Written Direction of the Company which is received by the Trustee either after 9:00 a.m. (Calgary time) on a Business Day or at any time on a non-Business Day shall be deemed to have been received prior to 9:00 a.m. (Calgary time) on the next immediately following Business Day; and
 - (B) the Trustee is hereby authorized to execute purchases and sales of Government Obligations through the facilities of its own trading or capital markets operations or those of any affiliated entity and the Trustee or any of its affiliates may receive reasonable compensation with respect to any such purchases and sales of Government Obligations directed hereunder (including without limitation charging an agency fee in connection with each transaction); and the parties hereto recognize and agree that the Trustee will not provide supervision, recommendations or advice relating to any such purchases and sales of Government Obligations and the Trustee shall not have any liability for any loss sustained as a result of any such purchases

and sales of Government Obligations or as a result of any liquidation of any such Government Obligations prior to their maturity or for the failure of the Company to give the Trustee instructions to regarding any such purchases and sales of Government Obligations; and

- (iv) perform any other action necessarily incidental thereto that is within the Trustee's capacity and as the Company, acting reasonably, may request by a Written Direction of the Company.

Each Common Share Bid Request shall provide that the acceptance of any bid made in response thereto (each a “**Response Bid**”) is conditional on the acceptance of sufficient Response Bids to result in aggregate proceeds from the issuance and sale of Common Shares to the Persons which gave accepted Response Bids which, together with the cash payments by the Company (including any cash in lieu of fractional Common Shares (if any)), is equal in amount to the Interest Obligation on the Common Share Delivery Date.

- (c) Each Common Share Interest Payment Election Notice shall provide for, and all Response Bids shall be subject to, the right of the Company, by delivering written notice to the Trustee and each Person which gave a Response Bid (which notice must be given at any time prior to the consummation of such delivery and sale of the Common Shares on the Common Share Delivery Date), to withdraw the Common Share Interest Payment Election (which shall have the effect of withdrawing each related Common Share Bid Request and cancelling each Response Bid made in response thereto), whereupon the Company shall be obliged to pay in cash the Interest Obligation in respect of which the Common Share Interest Payment Election Notice has been delivered.
- (d) Any sale of Common Shares pursuant to this Article 9 may be made to one or more Persons to which a Common Share Bid Request was given, but all such sales with respect to a particular Common Share Interest Payment Election shall take place concurrently on the Common Share Delivery Date.
- (e) The amount received by a holder of a Debenture in respect of the Interest Obligation or the entitlement thereto will not be affected by whether or not the Company elects to satisfy the Interest Obligation, in whole or in part, pursuant to a Common Share Interest Payment Election.
- (f) The Company shall determine (in its absolute discretion) which bid or bids for Common Shares solicited pursuant to the Common Share Bid Requests are to be accepted. The Company and each bidder whose Response Bid was accepted by the Company shall, by not later than the Common Share Delivery Date, enter into a Common Share Purchase Agreement and shall comply with all Applicable Securities Legislation (including the securities rules and regulations of any stock exchange on which the Debentures or Common Shares are then listed). The Company shall pay all fees and expenses in connection with the Common Share Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the fees of the Trustee.
- (g) Provided that:
 - (i) all conditions specified in each Common Share Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Common Shares to be sold thereunder against payment of the purchase price thereof; and
 - (ii) the purchasers under each Common Share Purchase Agreement shall be ready, willing and able to perform thereunder, in each case on the Common Share Delivery Date,

the Company shall, on the Common Share Delivery Date, deliver (or cause to be delivered) to the Trustee the following:

- (iii) certificates representing the Common Shares to be sold on such date, which certificates shall be fully completed and in the form required to be delivered to the respective purchasers thereof;
- (iv) an amount in cash equal to the amount specified as the Common Share Interest Payment Election Amount in the applicable Common Share Interest Payment Election Notice and the value of any fractional Common Shares; and
- (v) an Officers' Certificate to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Common Share Purchase Agreement, have been satisfied.

Upon such deliveries, the Trustee shall facilitate the settlement of such sales, on such Common Share Delivery Date, deliver (or cause to be delivered) such certificates representing Common Shares to the applicable purchasers against payment to the Trustee in immediately available funds of the purchase price therefor in an aggregate amount equal to the Common Share Interest Payment Election Amount (less any amount attributable to cash), whereupon the sole right of a holder of Debentures to receive such holder's portion of the Common Share Interest Payment Election Amount will be to receive same from the Trustee out of the proceeds of such sales of Common Shares plus any amount received by the Trustee from the Company in cash (including any amount attributable to any fractional Common Shares) in full satisfaction of the Interest Obligation and the holder will have no further recourse to either the Company or the Trustee in respect of the Interest Obligation.

- (h) The Trustee shall, on the Common Share Delivery Date, use the sale proceeds of the Common Shares received by the Trustee (together with any cash received by the Trustee from the Company (including any amount in lieu of any fractional Common Shares)) to purchase, as specified in a Written Direction of the Company (which direction shall be given by the Company on or prior to such Common Share Delivery Date), Government Obligations which mature prior to the applicable Interest Payment Date and which the Trustee shall hold until maturity (the “**Common Share Proceeds Investment**”) and the Trustee shall, on such date, deposit the balance (if any) of such sale proceeds in an account established by the Company (and which shall be maintained by and subject to the control of the Trustee) (the “**Interest Account**”) for such Debentures. The Trustee shall hold such Common Share Proceeds Investment (but not income earned thereon) under its exclusive control in trust for the benefit of the holders of the Debentures. At least one Business Day prior to the Interest Payment Date, the Trustee shall deposit amounts from the proceeds of the Common Share Proceeds Investment in the Interest Account to bring the balance of the Interest Account up to the Common Share Interest Payment Election Amount. On the Interest Payment Date, the Trustee shall pay funds held in the Interest Account to the holders entitled to payment thereof on the Interest Payment Date (less the tax required to be deducted (if any)) and, provided that there is no Event of Default, shall remit amounts (if any) in respect of income earned on the Common Share Proceeds Investment or otherwise in excess of the Common Share Interest Payment Election Amount to the Company.
- (i) Neither the making of a Common Share Interest Payment Election nor the facilitation of settlement of sales of Common Shares on a Common Share Delivery Date shall: (1) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an

aggregate amount equal to the Interest Obligation payable on such date; or (ii) entitle such holders to receive any Common Shares in satisfaction of such Interest Obligation.

- (j) No fractional Common Shares will be issued in satisfaction of interest but in lieu thereof the Company will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest (less the tax required to be deducted (if any)).
- (k) The Company shall at all times fully assist the Trustee in the doing of all of the acts and things provided for in this Article 9 and all such further and other acts and things as may be necessary in connection therewith or ancillary thereto or as the Trustee may request.
- (l) Notwithstanding the foregoing or any other section in this Indenture, the Trustee will not be expected to do anything which may violate Applicable Securities Legislation, securities industry standards or any applicable law. The Trustee will facilitate the sale of the Common Shares only in accordance with their Internal Procedures, with commercially reasonable effort.

ARTICLE 10 – SATISFACTION AND DISCHARGE

10.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee and, if required by the Company, the Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

10.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of or interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require:

- (a) the Company shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies or Common Shares in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Company shall be entitled to direct the Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Common Shares, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of or interest thereon payable on or represented by each Debenture in respect whereof such monies or Common Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Common Shares, if applicable, so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 10.3.

10.3 Repayment of Unclaimed Monies

Subject to applicable law, any monies set aside under Section 10.2 and not claimed by and paid to holders of Debentures as provided in Section 10.2 within four years after the date of such setting aside shall be repaid and delivered to the Company by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies and thereafter the holders of the Debentures in respect of which such monies were so repaid to the Company shall have no rights in respect thereof except to obtain payment and delivery of the monies from the Company subject to any limitation provided by the laws of the Province of Alberta.

10.4 Discharge

The Trustee shall at the written request and expense of the Company release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Company from its covenants herein contained (other than the provisions relating to the indemnification of the Trustee), upon proof being given to the reasonable satisfaction of the Trustee that the principal of and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption in the occurrence of a Change in Control, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

10.5 Satisfaction

- (a) The Company shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures and the Trustee, at the expense of the Company, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures:
 - (i) the Company has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of the principal and interest to maturity, or any repayment date, or upon conversion or otherwise as the case may be, of such Debentures;
 - (ii) the Company has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:
 - (A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Common Shares, if applicable; or
 - (B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Common Shares, if applicable;

as will be sufficient to pay and discharge the entire amount of the principal of and accrued and unpaid interest to the Maturity Date or any repayment date, as the case may be, of all such Debentures; or

- (iii) all Debentures Authenticated and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.6 and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Company as provided in Section 10.3) have been delivered to the Trustee for cancellation;

so long as in any such event:

- (A) the Company has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable with respect to all of such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and
- (B) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Trustee referred to in this Section 10.5 shall be irrevocable, subject to Section 10.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal and/or the interest (if any) on the Debentures being satisfied.

Upon the satisfaction of the conditions set forth in this Section 10.5 with respect to all the outstanding Debentures, or all the outstanding Debentures of any series, as applicable, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2 and Article 4 and the provisions of Article 1 pertaining to Article 2 and Article 4) shall no longer be binding upon or applicable to the Company.

Any funds or obligations deposited with the Trustee pursuant to this Section 10.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.

If the Trustee is unable to apply any money or securities in accordance with this Section 10.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 10.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 10.5, provided that if the Company has made any payment in respect of the principal and/or the interest (if any) on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee.

10.6 Continuance of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 10.5, the holders of Debentures and the Company shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4, and Article 5.

- (b) Subject to the provisions of Section 10.6(a), in the event that, after the deposit of trust funds or trust property pursuant to Section 10.5 in respect of a series of Debentures (the “**Defeased Debentures**”), any holder of any of the Defeased Debentures from time to time converts its Debentures to Debenture Shares or other securities of the Company in accordance with Article 6 or any other provision of this Indenture, the Trustee shall upon receipt of a Written Direction of the Company return to the Company from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee pursuant to Section 10.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 11- SUCCESSORS

11.1 Company may Consolidate, etc., Only on Certain Terms

- (a) The Company may not, without the consent of the holders of the Debentures, consolidate with any Person, become a party to any Merger Event or sell, convey, transfer or lease all or substantially all of the properties and assets of the Company to another Person (other than a directly or indirectly wholly-owned Subsidiary of the Company) unless:
- (i) the Person formed by such consolidation or into which the Company is amalgamated or merged, or the Person which acquires by sale, conveyance, transfer or lease all or substantially all of the properties and assets of the Company is a Company, organized and existing under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof and such Company (if other than the Company or the continuing Company resulting from the amalgamation of the Company with another Company under the laws of Canada or any province or territory thereof) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form and substance satisfactory to the Trustee, the obligations of the Company under the Debentures and this Indenture and the performance or observance of every covenant and provision of this Indenture and the Debentures required on the part of the Company to be performed or observed and the conversion rights shall be provided for in accordance with Article 5, by supplemental indenture satisfactory in form and substance to the Trustee, executed and delivered to the Trustee, by the Person (if other than the Company or the continuing Company resulting from the amalgamation of the Company with another Company under the laws of Canada or any province or territory thereof) formed by such consolidation or into which the Company shall have been merged or by the Person which shall have acquired the Company’s assets;
 - (ii) after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and
 - (iii) if the Company or the continuing Company resulting from the amalgamation or merger of the Company with another Person under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof will not be the resulting, continuing or surviving Company, the Company shall have, at or prior to the effective date of such consolidation, amalgamation, merger or sale, conveyance, transfer or lease, delivered to the Trustee an Officer’s Certificate and an opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Article and, if a supplemental indenture

is required in connection with such transaction, such supplemental indenture complies with this Article, and that all conditions precedent herein provided for relating to such transaction have been complied with.

- (b) For purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Subsidiaries of the Company (other than to the Company or another wholly-owned Subsidiary of the Company), which, if such properties or assets were directly owned by the Company, would constitute all or substantially all of the properties and assets of the Company and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company.

11.2 Successor Substituted

Upon any consolidation of the Company with, or amalgamation or merger of the Company into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company, in accordance with Section 11.1, the successor Person formed by such consolidation or into which the Company is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein.

ARTICLE 12- COMPULSORY ACQUISITION

12.1 Definitions in this Article:

- (a) “**Affiliate**” and “**Associate**” shall have their respective meanings set forth in the *Securities Act* (Alberta);
- (b) “**Dissenting Debentureholders**” means a Debentureholder who does not accept an Offer referred to in Section 12.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;
- (c) “**Offer**” means an offer to acquire outstanding Debentures, which is a takeover bid for Debentures within the meaning ascribed thereto in NI 62-104, whereas of the date of the offer to acquire, the Debentures that are subject to the offer to then acquire, together with the Offeror’s Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;
- (d) “**offer to acquire**” includes an acceptance of an offer to sell;
- (e) “**Offeror**” means a Person, or two or more Persons acting jointly or in concert, who make an Offer to acquire Debentures;
- (f) “**Offeror’s Debentures**” means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any Person or company acting jointly or in concert with the Offeror; and
- (g) “**Offeror’s Notice**” means the notice described in Section 12.3.

12.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than Debentures held by or on behalf of the Offeror or an Affiliate or Associate of the Offeror) is made and:

- (a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer;
- (c) the Offeror complies with Sections 12.3 and 12.5; and
- (d) the Offer complies with applicable securities laws;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholders for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

12.3 Offeror's Notice to Dissenting Shareholders

An Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture certificate(s) to the Trustee within 21 days after the date of the sending of the Offeror's Notice.

12.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 12.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture certificate(s) to the Trustee duly endorsed for transfer.

12.5 Payment of Consideration to Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.3, the Offeror shall pay or transfer to the Trustee, or to such other Person as the Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.3. The acquisition by

the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

12.6 Consideration to be held in Trust

The Trustee, or the Person directed by the Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Trustee, or such Persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Company, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

12.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 12.3, the Trustee, if the Offeror has complied with Section 12.5, shall:

- (a) do all acts and things and execute and at the expense of the Company cause to be executed all instruments as in the Trustee's opinion, acting and relying on Counsel, may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
- (b) send to each Dissenting Debentureholder who has complied with Section 12.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 12; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 12.4 a notice stating that:
 - (i) his or her Debentures have been transferred to the Offeror;
 - (ii) the Trustee or some other Person designated in such notice are holding in trust the consideration for such Debentures; and
 - (iii) the Trustee, or such other Person, will send the applicable consideration for the Debentures of the Dissenting Debentureholders to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture certificate(s) or such other documents as the Trustee or such other Person may require in lieu thereof;

and the Trustee is hereby appointed the agent and attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions.

12.8 Communication of Offer to the Company

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Company.

ARTICLE 13- MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Trustee or the Company may at any time and from time to time, and the Trustee shall, on receipt of a Written Direction of the Company or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its

reasonable satisfaction by the Company or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Company or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Calgary or at such other place as may be approved or determined by the Trustee. Any meeting held pursuant to this Article 13 may be done through a virtual or electronic meeting platform, subject to the Trustees capabilities at the time.

13.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
- (b) Subject to Section 13.2(c), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Trustee and the Company for all purposes hereof.
- (c) A proposal:
 - (i) to extend the maturity or date of payment of interest of Debentures of any particular series or to reduce the principal amount thereof, or to impair or change any conversion right thereof;
 - (ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
 - (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Sections 13.4, 13.12 and 13.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

13.3 Chairman

Some Person, who need not be a Debentureholder, nominated in writing by the Trustee shall be chairman of the meeting and if no Person is so nominated, or if the Person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in Person or by proxy shall choose some Person present to be chairman.

13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in Person or by proxy and representing at least 25% in principal amount of the outstanding Debentures. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place to the extent possible and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in Person or by proxy shall, subject to the provisions of Section 13.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

13.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in Person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder (with, for the purposes of such calculation, principal amounts being rounded to the nearest integral multiple of \$1,000 in the case of Debentures with a principal amount that is not an integral multiple of \$1,000). In the

case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest \$100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in Person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in Person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Company (in case it convenes the meeting) or the Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any Person signing on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxies at such place as the Trustee, the Company or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Company or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only Persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and Persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

13.10 Persons Entitled to Attend Meetings

The Company and the Trustee, by their respective officers and directors, the Auditors of the Company and the legal advisors of the Company, the Trustee or any Debentureholder (and their legal advisors) may attend any meeting of the Debentureholders, but shall have no vote as such.

13.11 Powers Exercisable by Extraordinary Resolution

- (a) In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution (subject, in the case of subsections (i), (ii), (iii), (iv), (vi), (xii), (xiii)

and (xiv), to applicable securities laws and regulatory requirements including the prior approval of the TSX-V, if required):

- (i) power to authorize the Trustee to grant extensions of time for payment of any the principal and/or the interest on the Debentures, whether or not the principal and/or the interest, the payment of which is extended, is at the time due or overdue;
- (ii) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee (subject to the prior consent of the Trustee, such consent not to be unreasonably withheld) against the Company, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise;
- (iii) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Company and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
- (iv) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Company or for the consolidation, amalgamation, arrangement, combination or merger of the Company with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Company or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 11.1 shall have been complied with;
- (v) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (vi) power to waive, and direct the Trustee to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (vii) power, subject to Section 8.5, to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal and/or the interest on the Debentures, or for the execution of any trust or power hereunder;
- (viii) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (ix) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Company;
- (x) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide

for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of Persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings and the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (xi) power to remove the Trustee from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;
- (xii) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Company or of any other Person formed or to be formed;
- (xiii) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of subsection 13.11(a)(xii); and
- (xiv) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to clause 13.11(a)(x).

13.12 Meaning of “Extraordinary Resolution”

- (a) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, are present in Person or by proxy and passed by the favourable votes of the holders of not less than 66 2/3% of the principal amount of the Debentures present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding are not present in Person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days’ notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in Person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in Person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 2/3% of the principal amount of the Debentures present or represented by proxy at the meeting and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of

not less than 25% in principal amount of the Debentures then outstanding, are not present in Person or by proxy at such adjourned meeting.

- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

13.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

13.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Company, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

13.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised: (i) in the case of an Extraordinary Resolution, by the holders of 66 2/3% of the principal amount of all the outstanding Debentures, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed; and (ii) in the case of any other resolution, by the holder of a majority of the principal amount of all outstanding Debentures, by an instrument in writing signed in one or more counterparts.

13.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder, the Company and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.17 Evidence of Rights Of Debentureholders

- (a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (b) The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

ARTICLE 14 - NOTICES

14.1 Notice to Company

Any notice to the Company under the provisions of this Indenture shall be valid and effective if delivered or emailed to the Company at: 1010 24 Street SE, High River, Alberta T1V 2A7, Attention: Shafeen Mawani, Email: smawani@winc.ca; or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Company may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Company for all purposes of this Indenture.

14.2 Notice to Debentureholders

- (a) All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Company to give or mail any notice due to anything beyond the reasonable control of the Company shall not invalidate any action or proceeding founded thereon.
- (b) If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Company shall give such notice by publication at least once in the City of Calgary, Alberta (or in such of those cities as, in the opinion of the Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.
- (c) Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.
- (d) All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any Persons interested in such Debenture.

14.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered, receipt confirmed, to the Trustee at its office in the City of Calgary, Alberta, at 1230 – 300 5th Ave SW, Calgary, Alberta T2P 3C4, Attention: Corporate Trust, Email: corptrust@odysseytrust.com; and shall be deemed to have been effectively given as at the date of such receipt confirmation or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have

been given pursuant to Section 14.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15 - CONCERNING THE TRUSTEE

15.1 No Conflict of Interest

The Trustee represents to the Company that to the best of its knowledge at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2. The Trustee also serves as the transfer agent for the Common Shares.

15.2 Replacement of Trustee

- (a) The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Company 90 days' notice in writing or such shorter notice as the Company may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 15.2. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Company, the retiring Trustee or any Debentureholder may apply to a Judge of the Alberta Court of Queen's Bench, on such notice as such Judge may direct at the Company's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 15.2 shall be a Company authorized to carry on the business of a trust company in one or more of the Provinces and Territories of Canada. On any new appointment the new Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.
- (b) Any company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, or any company which shall purchase all or substantially all of the corporate trust book of business of the Trustee, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Company, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and, upon receipt by the Trustee of payment in full for any outstanding charges due to it, shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Company be required by any new Trustee for more fully

and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Company.

15.3 Duties of Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, act and rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may act and rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Company.

15.5 Evidence and Authority to Trustee, Opinions, etc.

- (a) The Company shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Company or the Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Company, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee in accordance with the terms of this Section 15.5, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Company written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.
- (b) Such evidence shall consist of:
 - (i) a certificate made by any two officers or directors of the Company, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
 - (ii) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
 - (iii) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Company whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

- (c) Whenever such evidence relates to a matter other than the certification and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a trustee, officer or employer of the Company it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.
- (d) Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the Person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the Person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such Person the conditions precedent in question have been complied with or satisfied.
- (e) The Company shall furnish or cause to be furnished to the Trustee at any time if the Trustee reasonably so requires, its certificate that the Company has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Company shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee as to any action or step required or permitted to be taken by the Company or as a result of any obligation imposed by this Indenture.

15.6 Officer's Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may act and rely upon an Officer's Certificate.

15.7 Experts, Advisers and Agents

The Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Company, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and shall not be responsible for any misconduct on the part of any of them and may pay proper compensation for all such legal and other advice or assistance as aforesaid. The costs of such services shall be added to and become part of the Trustee's remuneration hereunder; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay remuneration for all services performed for it (and shall be entitled to receive full remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of

its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Company.

15.8 Trustee May Deal in Debentures

Subject to Sections 15.1 and 15.3, the Trustee may, in its Personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Company or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Trustee

- (a) Unless otherwise provided in this Indenture, any monies held by the Trustee, which, under this Indenture, may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested in the name or under the control of the Trustee in securities accounts, notes certificates and deposits, provided that such securities are expressed to mature within 90 days after their purchase by the Trustee or such shorter period as required or selected by the Company to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall so invest such monies at the Written Direction of the Company given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee in any chartered bank of Canada or, with the consent of the Company, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits.
- (b) Unless and until the Trustee shall have declared the principal of the Debentures to be due and payable, the Trustee, upon written request, shall pay over to the Company all interest received by the Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

15.10 Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 15.3, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Company of any of the obligations herein imposed upon the Company or of the covenants on the part of the Company herein contained, nor in any way to supervise or interfere with the conduct of the Company's business, unless the Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 13, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

The Trustee is not required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Trustee and, in the absence of any such notice, the Trustee may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, debentures, covenants, agreements, or conditions contained herein.

15.11 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Trustee Not Bound to Act on the Company's Request

Except as otherwise specifically provided in this Indenture, the Trustee shall not be bound to act in accordance with any direction or request of the Company until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be Authenticated and believed by the Trustee to be genuine.

15.13 Conditions Precedent to Trustee's Obligations to Act Hereunder

- (a) The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee, its officers, directors, employees and agents, against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.
- (b) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- (c) The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

15.14 Authority to Carry on Business

The Trustee represents to the Company that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in the Provinces of Alberta and British Columbia but if, notwithstanding the provisions of this Section 15.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces of Canada, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.15 Compensation and Indemnity

- (a) The Company shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Company and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed. Any fees and expenses of the trustee in connection herewith shall be paid by the Company within 30 days of issuance of an invoice therefor and, if not so paid, shall bear interest at a rate per annum to the then-current rate of interest charged by

the Trustee to its corporate clients. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

- (b) The Company hereby indemnifies and holds the Trustee and its affiliates, their successors and assigns, as well as its and their respective directors, officers, employees and agents, harmless from and against any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses, damages, costs and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis, arising from or in connection with any actions or omissions that the Trustee or they take pursuant to this Indenture, provided that any such action or omission is without gross negligence, bad faith, wilful misconduct or fraud, or is taken on advice and instructions given to the Trustee or them by the Company, or the Company's representatives, including the Company's legal counsel, or counsel consulted by the Trustee or them. This indemnity shall survive the resignation or removal of the Trustee and the termination or discharge of this Indenture.

15.16 Acceptance of Trust

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

15.17 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "representing party") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

15.18 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Company provided that (i) the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

15.19 Privacy Laws

- (a) The parties acknowledge that the Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (i) to provide the services required under this Indenture and other services that may be requested from time to time;
 - (ii) to help the Trustee manage its servicing relationships with such individuals;
 - (iii) to meet the Trustee's legal and regulatory requirements; and
 - (iv) if Social Insurance Numbers are collected by the Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.
- (b) Each party acknowledges and agrees that the Trustee may receive, collect, use and disclose Personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Trustee shall make available on its website or upon request, including revisions thereto. The Trustee may transfer Personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

15.20 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 15.20.

ARTICLE 16- SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

- (a) Subject to regulatory approvals, from time to time the Trustee and, when authorized by a resolution of the directors of Company, the Company, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:
- (i) adding to the covenants of the Company herein contained for the protection of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;
 - (ii) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;
 - (iii) evidencing the succession, or successive successions, of others to the Company and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
 - (iv) giving effect to any Extraordinary Resolution passed as provided in Article 13; and

- (v) for any other purpose not inconsistent with the terms of this Indenture.
- (b) Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Company and the Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders. Further, the Company and the Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Company providing for the issue of Debentures, provided that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 17- EXECUTION AND FORMAL DATE

17.1 Execution

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of October 24, 2023 irrespective of the actual date of execution hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

**THE WESTERN INVESTMENT
COMPANY OF CANADA LIMITED**

By: (signed) "Shafeen Mawani"
Authorized Signing Officer

ODYSSEY TRUST COMPANY

By: (signed) "Authorized Signing Officer"
Authorized Signing Officer

By: (signed) "Authorized Signing Officer"
Authorized Signing Officer

Countersigned this 24th day of October, 2023

SCHEDULE A – FORM OF DEBENTURE

[DEBENTURES LEGEND]

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS AND A DAY FOLLOWING THE ISSUE DATE OF THE DEBENTURE].

[Note: If required by Section 2.11, this certificate will have the following legend added hereto:

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [THE DATE THAT IS FOUR MONTHS AND A DAY FOLLOWING THE ISSUE DATE OF THE DEBENTURE].]

[Note: If Debentures are issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person (other than Qualified Institutional Buyers), or are otherwise required to bear a U.S. restrictive legend, this certificate will have the following legend added hereto:

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION OR EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED (THE “CORPORATION”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN BOTH CASES, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR SUCH OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.]

CUSIP ●
ISIN ●

No. ●

\$●

THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED**(A corporation existing under the laws of the Province of Alberta)****9.6% UNSECURED CONVERTIBLE DEBENTURE****DUE DECEMBER 31, 2025**

THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Convertible Debenture Indenture (the "**Indenture**") dated as of October 24, 2023 between the Corporation and **ODYSSEY TRUST COMPANY** (the "**Trustee**"), promises to pay to _____, the registered holder hereof on December 31, 2025 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the "**Maturity Date**") the principal sum of ● Dollars (\$●) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in Calgary, Alberta in accordance with and subject to the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from, and including, the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 9.6% per annum (based on a year of 365 days), in like money, in arrears in equal (with the exception of the first interest payment which will include interest from the Issuer Date of this Debenture as set forth below) semi-annual instalments (less any tax required by law to be deducted) on March 31 and September 30 in each year commencing on the first Interest Payment Date following the Issue Date of this Debenture and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date) to fall due on the Maturity Date (instead of March 31, 2026) and, should the Corporation at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For certainty, the first interest payment will include interest accrued from the Issue Date of this Debenture to the first Interest Payment Date following the Issue Date of this Debenture.

This Debenture is one of the 9.6% Unsecured Convertible Debentures (referred to herein as the "**Debentures**") of the Corporation issued or issuable in one or more series under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

Subject to the terms and conditions of the Indenture, the outstanding principal amount of the Debentures shall be repaid by the Company to the Debentureholders on the Maturity Date.

Subject to any regulatory approval (including any approvals that may be required by the TSX-V or the

Company's shareholders) and upon and subject to the provisions of Article 9 of the Indenture, the Company may elect, from time to time, to satisfy its Interest Obligation on the Debentures on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity) by delivering: (i) cash; or (ii) a combination of cash and Common Shares to the Trustee pursuant to the Common Share Interest Payment Election.

Any part, being \$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000 is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Calgary, Alberta, at any time prior to the close of business on the Business Day preceding the Maturity Date into common shares of the Corporation ("**Debenture Shares**") (without adjustment, except as otherwise described in the Indenture) at a conversion price of \$0.48 per Debenture Share (the "**Conversion Price**"), being a rate of approximately 2,083 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the period between the Interest Record Date and each of March 31 and September 30 in each year, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion, and holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion (provided, however, that the Company shall not be required to make any payment of less than \$10.00). If a Debenture is surrendered for conversion on an Interest Payment Date or during the period between the Interest Record Date and the Interest Payment Date, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.

The Corporation may also force the automatic conversion of the outstanding Debentures into Debenture Shares upon five (5) Business Days' notice on the conditions set forth in the Indenture (relating to the VWAP of the Common Shares on the TSX Venture Exchange being \$0.65 or greater for 20 consecutive trading days, at any time after their Issue Date).

If an offer is made for the Debentures which is a take-over bid for the Debentures within the meaning of applicable Canadian securities laws and 90% or more of the principal amount of all the Debentures (other than Debentures held at the date of the offer by or on behalf of the Offeror, associates or affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Trustee in the City of Calgary and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

These Debentures and the Common Shares underlying these Debentures have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States. Such securities may not be offered, sold, pledged or otherwise transferred in the United States or to U.S. Persons except in limited circumstances contemplated in the Indenture. If the certificate representing these Debentures contains a U.S. restrictive legend, then the certificates representing the Common Shares underlying these Debentures shall bear the same U.S. restrictive legend on such certificates.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. In the event of any inconsistency between the terms of this Debenture and the Indenture, the terms of the Indenture shall govern.

IN WITNESS WHEREOF THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED
has caused this Debenture to be signed by its authorized representatives as of ●, 202●.

**THE WESTERN INVESTMENT COMPANY OF
CANADA LIMITED**

By: _____

Name:

Title:

TRUSTEE'S CERTIFICATE

This Debenture is one of the 9.6% Unsecured Convertible Debentures due December 31, 2025 referred to in the Indenture within mentioned.

Dated: ●, 202●.

ODYSSEY TRUST COMPANY

By: _____

Name:

Title:

SCHEDULE B - FORM OF TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ principal amount hereof^{*}) of **THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED** (the “**Corporation**”) standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof) to be transferred.

1. In the case of Restricted Physical Debentures, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):
 - (A) the transfer is being made to the Corporation;
 - (B) the transfer is being made outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with any applicable local securities laws and regulations, and the holder has provided herewith a certificate in the form of Schedule D to the Indenture, including the certifications in item 1 thereof,
 - (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Exchange Act provided by (i) Rule 144 under the U.S. Securities Act, if available, or (ii) Rule 144A under the U.S. Securities Act, if available, and in accordance with applicable state securities laws, or
 - (D) the transfer is being made in another transaction that does not require registration under the U.S. Exchange Act or any applicable state securities laws.
2. In the case of a transfer in accordance with (C)(i) or (D) above, the Trustee and the Corporation shall first have received an opinion of counsel of recognized standing or other evidence in form and substance reasonably satisfactory to the Corporation and the Trustee to such effect.
3. The registered holder of these Debentures is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of these Debentures.
4. In the case of Unrestricted Debentures, if the proposed transfer is to, or for the account or benefit of a U.S. Person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of such securities is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Corporation and the Trustee an opinion of counsel

of recognized standing or other evidence in form and substance reasonably satisfactory to the Corporation and the Trustee to such effect. If such Debenture is transferred to, or for the account of benefit of, a U.S. Person or a person in the United States, the certificate representing these Debentures will bear a U.S. restrictive legend restricting the transfer of such securities under applicable U.S. federal and state securities laws.

If transfer is to a U.S. Person or a person in the United states, check this box.

DATED this ____ day of _____, 20____.

SPACE FOR GUARANTEES OF)
SIGNATURES (BELOW))
) _____
) Signature of Transferor
)
) _____
) Name of Transferor
)

Guarantor's Signature/Stamp

REASON FOR TRANSFER – For US Citizens or Residents only (where the individual(s) or corporation receiving the securities is a US citizen or resident). Please select only one (see instructions below).

Gift Estate Private Sale Other (or no change in ownership)

Date of Event (Date of gift, death or sale):

Value per Debenture on the date of event:

____/____/____

\$ _____ CAD OR USD

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then-current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with

the correct prefix covering the face value of the certificate.

- **Canada:** A Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer with a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER – FOR US CITIZENS OR RESIDENTS ONLY

Consistent with U.S. IRS regulations, Odyssey Trust Company is required to request cost basis information from U.S. securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized but, rather, the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE C - CONVERSION FORM

TO: THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED
c/o Odyssey Trust Company
Stock Exchange Tower
1230 – 300 5th Ave SW
Calgary, Alberta, T2P 3C4

The undersigned holder of the within Debentures hereby irrevocably elects to convert his or her Debentures of The Western Investment Company of Canada Limited (the "**Company**") (or \$_____ principal amount thereof*) into Common Shares of the Company at the Conversion Price referred to in the attached Debenture Certificate on the terms and conditions set forth in such certificate and the Debenture Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of City of Calgary, Alberta to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

If the certificate representing these Debentures contains a U.S. restrictive legend, then the certificates representing the Common Shares underlying these Debentures shall bear the same U.S. restrictive legend on such certificates.

Once completed and executed, this Exercise Form must be mailed or delivered to **The Western Investment Company of Canada Limited c/o Odyssey Trust Company, 1230 – 300 5th Ave SW, Calgary, Alberta T2P 3C4, Attention: Corporate Trust.**

DATED this _____ day of _____, _____.

)
)
_____) _____
Witness) (Signature of Debentureholder, to be same as
) appears on the face of this Debenture Certificate
)
) _____
) Name of Registered Debentureholder

[] Please check this box if the securities are to be delivered at the office where these Debentures are surrendered, failing which the securities will be mailed.

SCHEDULE D – FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED
c/o Odyssey Trust Company
Stock Exchange Tower
1230 – 300 5th Ave SW
Calgary, Alberta, T2P 3C4

The undersigned (a) acknowledges that the sale of _____ of The Western Investment Company of Canada Limited (the “**Corporation**”) to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (b) certifies that (1) the undersigned is not an “affiliate” (as that term is defined in Rule 405 under the U.S. Securities Act) of the Corporation, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace such securities with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated:

By: _____
Name:
Title:

The Depositary is:

Odyssey Trust Company
Trader's Bank Building
702 – 67 Yonge Street
Toronto, ON M5E 1J8

Attention: Corporate Actions

Inquiries: 1(587) 885-0960
Toll Free (North America): 1(888) 290-1175
Email: corp.actions@odysseytrust.com

Any questions and requests for assistance or additional copies of the Offer and Circular and the Letter of Transmittal may be directed by the Debentureholders to the Depositary at address, telephone number and email set out above. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance.