

**EARLY WARNING REPORT
Form 62-103F1**

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation and number or principal amount of securities and the name and address of the head office of the reporting issuer.

This report relates to the acquisition of common shares of The Western Investment Company of Canada Limited (the "**Issuer**"). The Issuer's head office is located at:

6 West Coach Place S.W.
Calgary, Alberta, T3H 0M7, Canada

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

SM2 Holdings Ltd. ("**SM2**")
1050, 736 6th Avenue S.W.,
Calgary, Alberta, T2P 3T7, Canada

SM2 is a corporation existing under the laws of the Province of Alberta and its principal business is acting as an investment holding company for various investments in the diverse portfolio of assets.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On December 5, 2024 the Issuer announced the closing of its rights offering (the "**Rights Offering**") for aggregate gross proceeds of \$6,296,946. Following the completion of the Rights Offering, the Issuer had 71,144,043 common shares issued and outstanding. Subsequently on December 9, 2024, the Issuer announced, among other things, that it had substantially completed its previously announced unit offering via a private placement (the "**Unit Offering**"). Pursuant to the Unit Offering, the Issuer issued 72,250,000 Units for gross proceeds of \$28.9 million. \$1.1 million of the aggregate total of \$30 million remains outstanding and is expected to be closed on or before December 31, 2024.

As of the date of this report, the Issuer has 143,394,043 common shares issued and outstanding.

As of the date of this report, SM2 (along with its associates and affiliates) directly or indirectly, exercise control or direction over 12,520,000 common shares of the Issuer, which represents 8.73% of the outstanding common shares of the Issuer.

As a result of the completion of the Rights Offering and the Unit Offering, SM2's beneficial ownership of, or control or direction over, the outstanding common shares of the Issuer that was the subject of the most recent early warning report filed on October 1, 2024 has decreased to less than 10%. Therefore, this report is being filed to be in compliance with 5.1(3) of National Instrument 62-104 - *Take-over Bids and Issuer Bids* ("**NI 62-104**").

2.3 State the names of any joint actors.

Parkland Equity Corp. and 2352311 Alberta Inc. is an affiliate (as such term is defined under 1.3 of NI 62-104) of SM2. Rizvan Bharmal, Farin Ali and Jamil Ali are associates (as such term is defined under 1.3 of NI 62-104).

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

See item 2.2 and 3.4

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

See item 2.2 and 3.4

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the Transaction, SM2 did not own, directly or indirectly, or exercise control or direction over any securities of the Issuer.

As a result of the completion of the Rights Offering and the Unit Offering, SM2 (along with its associates and affiliates) directly or indirectly, exercise control or direction over 12,520,000 common shares of the Issuer, which represents 8.73% of the outstanding common shares of the Issuer.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See item 3.4 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

See item 3.4 above.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

See item 3.4 above.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

As previously disclosed in the most recent early warning report filed on October 1, 2024, SM2 agreed to sell an aggregate of 2,000,000 Class A common shares of Fortress Insurance Company in exchange for 13,000,000 common shares of the Issuer for a deemed price of \$0.40 per common share of the Issuer.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See item 4.1 above.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

See Items 2.2, 3.4, and 4.1 above.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**

(h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;

(i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

(j) a solicitation of proxies from securityholders;

(k) an action similar to any of those enumerated above.

See Items 2.2, 3.4, and 4.1 above.

The purpose of the Transaction was for SM2 to make an investment into the Issuer by exchanging its Class A common shares of Fortress Insurance Company for the common shares of the Issuer.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Pursuant to a share purchase agreement dated June 17, 2024 between SM2 and the Issuer, and the side letter agreement dated August 28, 2024 among SM2, the Issuer and Tevir Capital Corp., SM2 has agreed to sell an aggregate of 2,000,000 Class A common shares of Fortress Insurance Company in exchange for 13,000,000 common shares of the Issuer. The sale of the subject shares will occur in two phases:

- (a) effective October 1, 2024, SM2 sold 1,673,077 Class A common shares of Fortress Insurance Company to the Issuer in exchange for 10,875,000 common shares of the Issuer (the "**First Closing**"); and
- (b) on or prior to December 31, 2024, SM2 will sell the remaining 326,923 Class A common shares of Fortress Insurance Company to the Issuer in exchange for 2,125,000 common shares of the Issuer (the "**Second Closing**").

In addition, under the terms of the side letter agreement, from the date of the Second Closing, and for so long as SM2 holds at least five percent (5%) of the issued and outstanding common shares of the Issuer, the Issuer grants to SM2 the right to nominate one (1) director (the "**SM2 Nominee**") to the board of directors of the Issuer. The SM2 Nominee will be appointed as chair of the Issuer's Compensation and Governance Committee (or if the committees are reconstituted in the future, then the future corporate governance committee).

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

See items 2.2 and 2.3 above.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable

Item 9 – Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: December 11, 2024

SM2 HOLDINGS LTD.

Signed "Naim Ali"

Naim Ali, Chief Executive Officer