

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Corporation:

The Western Investment Company of Canada Limited (the "**Western**" or "**WICC**")
6 West Coach Place SW
Calgary, AB T3H 0M7

2. Date of Material Change:

December 4 and 6, 2024

3. News Release:

News releases relating to the material changes described herein were released on December 5 and 9, 2024 through the facilities of GlobeNewswire.

4. Summary of Material Change:

On December 5, 2024, Western announced the closing of its previously announced rights offering for aggregate gross proceeds of \$6,296,946.

On December 9, 2024, Western announced that all motions passed at its Annual General and Special Meeting of Shareholders that took place on December 6, 2024, and that the series of transactions announced on August 30, 2024 have been completed.

5. Full Description of Material Change:

5.1 Full Description of Material Change

Highlights

- On December 5, 2024, Western announced the closing of its previously announced rights offering (the "**Rights Offering**") for aggregate gross proceeds of \$6,296,946 and the issuance of 15,742,365 common shares in the capital of Western ("**Common Shares**") upon exercise of the rights.
- Western closed its previously announced private placement of units ("**Private Placement**") on December 6, 2024 for aggregate gross proceeds of \$28.9 million (with an additional \$1.1 million expected to close on or before December 31, 2024).
- Companies affiliated with Tevir Capital Corp. ("**Tevir**") and Paul Rivett, invested \$5 million as part of the Private Placement.
- All matters presented at Western's Annual General and Special Meeting held on December 6, 2024 were approved, including an update to Western's Board of Directors.
- Western's Board of Directors has appointed Paul Rivett as President and Chief Executive Officer.
- The acquisition by Western of the remaining shares in Fortress Insurance Company ("**Fortress**") not currently held by Western is expected to close on December 31, 2024.

Rights Offering

The Corporation received 14,757,565 initial subscriptions for Common Shares pursuant to the basic subscription privilege, and 984,800 additional subscriptions for Common Shares pursuant to the additional subscription privilege, issuing a total of 15,742,365 Common Shares at a price of \$0.40 per share under the Rights Offering.

To the knowledge of WICC, after reasonable inquiry, directors, officers and insiders of WICC purchased 785,500 Common Shares under their basic subscription privilege and 892,000 Common Shares under the additional subscription privilege for an aggregate of 1,677,500 Common Shares purchased under the Rights Offering, representing total subscription proceeds of \$671,000. To the knowledge of WICC, after reasonable inquiry, no person became a new shareholder holding more than 10% of the Shares upon closing of the Rights Offering.

The participation in the Rights Offering by certain "related parties" of WICC, namely, directors, officers and 10% shareholders of Corporation, constitutes a "related party transaction", as such terms are defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Corporation is relying on an exemption from the formal valuation and minority approval requirements of MI 61-101 as the fair market value of the participation in the Rights Offering does not exceed 25% of the market capitalization of WICC.

Neither Western, nor to the knowledge of Western after reasonable inquiry, a related party, has knowledge of any material information concerning Western or its securities that has not been generally disclosed.

Pursuant to the Rights Offering, (i) Scott Tannas purchased 40,000 Common Shares, pursuant to the exercise of rights which he had control or direction over under his basic subscription privilege, which brings his total percentage of ownership of the Common Shares to 1.08%, (ii) Jim Dinning purchased 100,000 Common Shares under his basic subscription privilege, which brings his total percentage of ownership of the Common Shares to 0.49%, (iii) Jennie Moushos purchased 37,500 Common Shares under her basic subscription privilege, which brings her total percentage of ownership of the Common Shares to 0.07%, and (iv) Bill Yuill purchased 608,000 Common Shares under his basic subscription privilege and 892,000 Common Shares under the additional subscription privilege for an aggregate of 1,500,000 Common Shares, which brings his total percentage of ownership of the Common Shares to 1.47%.

The Rights Offering was approved by the board of directors of Western, including all of the directors that did not exercise any rights.

Western did not file a material change report more than 21 days before the expected closing of the Rights Offering because the details of the participation therein by related parties of Western were not settled until shortly prior to the closing of the Rights Offering and Western wished to close on an expedited basis for business reasons.

The Rights Offering remains subject to the final acceptance of the TSX Venture Exchange.

Private Placement

On December 9, 2024, Western announced that it substantially completed the Private Placement, issuing 72,250,000 Units for gross proceeds of \$28.9 million. \$1.1 million of the aggregate total of \$30 million remains outstanding and will be closed on or before December 31, 2024.

Each Unit of the Private Placement consisted of one Common Share and one warrant to purchase a Common Share (each a "**Warrant**"), with each Warrant exercisable to purchase one additional Common Share for a period of five years from December 6, 2024 at an exercise price of \$0.47 per share. The Common Shares and Warrants issued in the Private Placement are subject to a 4-month hold period starting December 6, 2024. See also "*Legal Disclaimers regarding Private Placement*" below for further information.

Cormark Securities Inc. and Raymond James Ltd. acted as advisors in relation to the Private Placement.

The proceeds from the Private Placement and the Rights Offering are expected to be used towards: (i) the acquisitions of new portfolio companies in the insurance sector; (ii) general and administrative expenses; (iii) capital expenditures, including increasing its interest in Fortress Insurance Company to 100% as previously announced; and (iv) unallocated capital to be available for future growth.

Following the completion of the Rights Offering and the Private Placement, WICC has 143,394,043 Common Shares outstanding.

Board of Directors Update

Western's new Board of Directors consists of: Paul Rivett, Naim Ali, Robert Cihra, Dr. Kabir Jivraj, Greg Morrison, Kyle Pickens, Sharon Ranson and Scott Tannas (as Chairman).

Closing of Transaction with Tevir Capital

In conjunction with closing the Private Placement, Western completed its transaction with Tevir under the investment agreement between Tevir and Western dated August 29, 2024 (the "**Tevir Investment Agreement**"). In addition to the appointment of Paul Rivett as CEO and the investment of \$5 million in the Private Placement by affiliates of Tevir, Western entered into a number of agreements with Tevir, including an investment management agreement ("**Investment Management Agreement**"), a management services agreement ("**Management Services Agreement**") and an investor rights agreement entered into on August 29, 2024 and amended on September 26, 2024 ("**Investor Rights Agreement**").

Under the terms of the Investment Management Agreement, Tevir will provide certain investment management services to WICC and its subsidiaries. Under the terms of the Management Services Agreement, Tevir will provide WICC and its subsidiaries with access to legal, financial, business development, Toronto office space, and other expert and clerical assistance for a fixed fee of \$500,000 per year. Under the terms of the Investor Rights Agreement: (i) WICC will provide Tevir with certain investor rights from time to time to nominate up to three individuals to the Board of Directors of WICC; and (ii) WICC will provide Tevir with customary participation and registration rights in future Western financings, subject to certain terms and conditions, including

in each case that Tevir (and entities controlled by or affiliated with Tevir and/or Paul Rivett) holds a number of Common Shares equal to or greater than 50% of the number of Common Shares purchased by Tevir (and its affiliates) in the Private Placement.

Copies of the Tevir Investment Agreement (including the investment management agreement, management services agreement and investor rights agreement as schedules), Paul Rivett's employment agreement and the form of the Warrants issued in the Private Placement are available under Western's profile on SEDAR+ at www.sedarplus.ca.

Legal Disclaimers Regarding Private Placement

Insiders of Western subscribed for 625,000 Units issued under the Private Placement. The insider participation in the Private Placement is deemed to be a "related party transaction" as defined under MI 61-101.

Neither Western, nor to the knowledge of Western after reasonable inquiry, a related party, has knowledge of any material information concerning Western or its securities that has not been generally disclosed.

Pursuant to the Private Placement, Dr. Kabir Jivraj subscribed for 625,000 Units indirectly through a company wholly owned by him, for a subscription of \$250,000, which brings his total percentage of ownership of the Common Shares to 1.58% (2.00% on a diluted basis, assuming exercise of the 625,000 Warrants).

Western is relying on the exemptions from the formal valuation requirement and the minority shareholder approval requirement under sections 5.5(a) and 5.7(1)(a) of MI 61-101, on the basis that neither the fair market value of the subject matter of, nor the consideration for the Private Placement, insofar as it involves the investing insiders, exceeds 25 percent of Western's market capitalization. The Private Placement was approved by the board of directors of Western, including all of the directors that did not subscribe to the Private Placement.

Western did not file a material change report more than 21 days before the expected closing of the Private Placement because the details of the participation therein by related parties of Western were not settled until shortly prior to the closing of the Private Placement and Western wished to close on an expedited basis for business reasons.

The Private Placement remains subject to the final approval of the TSX Venture Exchange.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102 *Continuous Disclosure Obligations*:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer Knowledgeable of Material Change:

The following executive officer of the Corporation is knowledgeable about the material change and this Report:

Scott Tannas, Chairman
(403) 652-2663

9. Date of Report:

December 16, 2024

Forward-Looking Statements

This document contains forward-looking statements. More particularly, this document contains statements concerning: the anticipated use of proceeds of the Private Placement and Rights Offering, the anticipated timing for completing the purchase of the remaining shares of Fortress and the remaining \$1.1 million allocated under the Private Placement, and the future strategy and focus for Western. Readers are cautioned that the foregoing list of factors should not be construed as exhaustive.

The forward-looking statements are based on certain key expectations and assumptions made by Western, including expectations and assumptions concerning the ability of Western to successfully implement its strategic plans and initiatives.

Although Western believes that the expectations and assumptions on which the forward-looking statements made by Western are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be provided that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the ability of management to execute its business strategy, and the impact of general economic conditions in Canada and the United States. A description of additional assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in Western's disclosure documents on the SEDAR+ website at www.sedarplus.ca.

The forward-looking statements contained in this material change report are made as of the date hereof and Western undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.