Changes to SaskWorks Resulting from the Disposition of its Steel Reef Investment

SRIC Holdings Inc. - FAQs

REGULATORY BACKGROUND & TIMING

1. What is the Proposed Steel Reef Transaction?

The Proposed Steel Reef Transaction involves the following steps:

1. Transfer of the Steel Reef Interest: SaskWorks will transfer the Steel Reef Interest to SRIC Holdings Inc. in exchange for 130,000,000 Class B Non-voting Shares of SRIC Holdings Inc. (the "**Class B Non-voting Shares**") and a promissory note.
2. Dividend-in-kind: SaskWorks will declare and pay a dividend-in-kind to holders of record on October 30, 2026, of its Class A Shares and Class R Shares, distributing the SRIC Holdings Inc. Class B Non-voting Shares to those shareholders on a pro rata basis. Holders of Class B Non-voting Shares will not have the right to redeem such shares.

2. What are the regulations causing this to occur?

Section 10(1)(c) of *The Labour-sponsored Venture Capital Corporations Regulations* (Saskatchewan) (the "**LSVCC Regulations**"), made under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the "**LSVCC Act**"), provides that an investment in any corporation with capitalization exceeding $500,000,000 is a prohibited investment for a Labour-sponsored Venture Capital Corporation such as SaskWorks Venture Fund Inc. "SaskWorks" or the "Fund").

Section 10(3.1) of the LSVCC Regulations further provides that if a corporation in which a Type A corporation has invested becomes a prohibited investment, the Type A corporation must dispose of such investment within 60 months after the last day of the labour-sponsored fund's fiscal year in which the corporation's capitalization first exceeded $500,000,000.

SaskWorks made its initial investment in Steel Reef Infrastructure Corp. ("**Steel Reef**") in March 2013. At the time of SaskWorks' initial investment, Steel Reef was a start-up and an eligible investment under the LSVCC Act and the LSVCC Regulations.

During the fiscal year ended August 31, 2020, Steel Reef's capitalization exceeded $500,000,000, making SaskWorks' investment a prohibited investment pursuant to section 10(1)(c) of the LSVCC Regulations. As a result, SaskWorks was required to dispose of its Steel Reef investment (the "**Steel Reef Interest**") by no later than August 31, 2025. The Provincial Government granted SaskWorks a six-month extension allowing the investment to be held until February 28th, 2026.

On February 17, 2026, SaskWorks announced that, following constructive engagement with applicable regulators, it had received a short administrative accommodation to evaluate an alternative path that could achieve an orderly disposition by SaskWorks of its Steel Reef investment without the complexity and cost of the proposed restructuring (described in Question 1). Unfortunately, that alternative path did not materialize, and SaskWorks is required to take the actions approved by shareholders at the annual and special meeting held on December 12, 2025.

3. When is the transaction expected to occur?

SaskWorks and SRIC Holdings Inc. expect to complete the transaction described in Question 1 (the "**Proposed Steel Reef Transaction**") on October 30, 2026.

4. What is included in the Steel Reef Interest?

The Steel Reef Interest consists of: (i) 27,135,920 common shares in the capital of Steel Reef, currently owned by SaskWorks; and (ii) SaskWorks' beneficial interest in 183,453 stock options, 26,517 dividend warrants and 108,994 deferred stock units of Steel Reef, all of which are held by Rob Duguid, as bare trustee, for the sole use and benefit of SaskWorks. As part of the Proposed Steel Reef Transaction, the common shares will be transferred, and SaskWorks' interest under the bare trust will be assigned, to SRIC Holdings Inc.

TRANSACTION OVERVIEW

5. Has this occurred previously?

It is unusual for a start-up investment of a labour-sponsored venture capital corporation to reach a capitalization of $500,000,000 while remaining privately held. This situation is unusual. In fiscal 2026, SaskWorks disposed of another very successful investment due to the same regulatory requirement. However, in that case, SaskWorks had the ability to liquidate and achieve strong shareholder return through a secondary market. SaskWorks has never had to pursue a transaction similar to the Proposed Steel Reef Transaction.

6. Who approved this transaction?

SaskWorks shareholders approved the Proposed Steel Reef Transaction by ordinary resolution at their annual and special meeting held on December 12, 2025. The Independent Review Committee of SaskWorks approved the transaction on January 27, 2026, after receiving an independent fairness opinion. The transaction also required and received approval and exemptive relief from the Financial and Consumer Affairs Authority of Saskatchewan (the "**FCAA**") under applicable securities laws. SRIC Holdings Inc. filed a non-offering prospectus with the FCAA and received a final receipt from the FCAA for such prospectus.

7. Why is this transaction occurring?

SaskWorks holds an ownership interest of approximately 11% in Steel Reef and therefore does not have a controlling interest. Additionally, there is no readily available market to sell SaskWorks' Steel Reef Interest. The structure was designed to balance several important objectives:

a. Compliance: The transaction enables SaskWorks to return to compliance with the divestiture requirements under the LSVCC Act and the LSVCC Regulations;
b. Preservation of Value: The transaction structure allows for the disposition of the Steel Reef investment over time, avoiding a forced sale that could result in proceeds that are materially less than fair market value;
c. Tax Efficiency: Approximately 94% of SaskWorks shareholders hold their shares in registered accounts (such as RRSPs) and are not expected to experience immediate tax consequences (see Question 17);

d. Continuity of Oversight: PFM Venture Capital Operations Inc., the manager of SaskWorks, will continue to oversee the Steel Reef investment;
e. Flexibility: The structure provides flexibility to time the disposition of the Steel Reef Interest with market conditions and strategic opportunities, while ensuring SaskWorks shareholders participate in any future appreciation in value.

IMPACT ON SASKWORKS SHAREHOLDERS

8. How will the transaction affect SaskWorks shareholders?

SaskWorks will distribute the Class B Non-voting Shares to holders of its Class A shares and Class R shares of record on October 30, 2026. As a result, the net asset value (the "**NAV**") of SaskWorks will decrease by approximately 26%, reflecting the value of the Steel Reef Interest net of the promissory note. The decrease for an individual shareholder will depend on the NAV attributable to the Steel Reef Interest within that shareholder's class and series of shares.

Aggregate shareholder value is therefore preserved, but reallocated. Value that previously resided in the Steel Reef Interest within SaskWorks will move from SaskWorks to SRIC Holdings Inc., whose Class B Non-voting Shares will be held by SaskWorks shareholders of record on October 30, 2026. The value of the Class B Non-voting Shares will depend on the value of the Steel Reef Interest over time. This transfer will occur automatically, and a shareholder will be able to view it in their portfolio.

9. How will this transaction affect a future-dated rollover that is currently pending?

Any future-dated rollover already in pending reserve will be processed as usual. The transaction will be completed using the SaskWorks NAV applicable for the week in which the Rollover occurs. If the rollover is expected to occur after October 30, 2026, the NAV will be approximately 26% less than the current NAV.

10. Why did SaskWorks' NAV and the value of my holding decrease?

SaskWorks' investment in Steel Reef has been transferred from SaskWorks to SRIC Holdings Inc. As a result, the value previously reflected in your SaskWorks holding is now reflected separately through your ownership in SRIC Holdings Inc. While the value of your SaskWorks holding has decreased, the aggregate value of your holdings is preserved through this reallocation.

11. How will SRIC Holdings Inc. appear in my account?

The Class B Non-voting Shares of SRIC Holdings Inc. will appear in shareholder accounts upon close of the Proposed Steel Reef Transaction under fund code CCP 300.

12. Can SRIC Holdings Inc. shares be purchased or redeemed?

No. The Class B Non-voting Shares cannot be purchased. They are not being offered for sale, are not listed on any stock exchange, and SRIC Holdings Inc. does not intend to list them. Holders also have no right to redeem the Class B Non-voting Shares at any time, including after the Steel Reef Interest is sold.

Instead, after the sale of the entire Steel Reef Interest, it is intended that holders will exchange their Class B Non-voting Shares for new Class C shares of SaskWorks, on terms subject to shareholder approval (see Question 13).

SRIC HOLDINGS & FUTURE MONETIZATION

13. What happens when the Steel Reef investment is sold?

SRIC Holdings Inc. will invest any proceeds from a partial sale in permitted investments until it has sold all of the Steel Reef Interest. Any sale of all or substantially all of the Steel Reef Interest will require the special approval of the holders of the Class B Non-voting Shares. Once all of the Steel Reef Interest is sold, SaskWorks and SRIC Holdings Inc. intend to complete a transaction under which holders will exchange their Class B Non-voting Shares for new Class C shares of SaskWorks. SRIC Holdings Inc. must be liquidated and dissolved by January 12, 2030, unless its shareholders approve an extension.

14. When can CCP 300 shares be redeemed?

CCP 300, being the Class B Non-voting Share, cannot be redeemed. After the exchange described in Question 13, holders will hold Class C shares of SaskWorks, which may be redeemed in accordance with their terms.

The maturity date of Class C shares will mirror the original maturity of the shareholders' SaskWorks shares.

15. What happens if CCP 300 shares reach their original maturity date?

The Class B Non-voting Shares do not have a maturity date and cannot be redeemed. Once the exchange for SaskWorks Class C shares is complete, Class C shares whose corresponding maturity date has passed may be redeemed in accordance with their terms.

16. How often are SRIC Holdings Inc. shares priced?

Shares of SRIC Holdings Inc. are priced quarterly. The current share price is available on the SRIC Holdings website.

TAX & REGISTERED ACCOUNT CONSIDERATIONS

The information provided in this section is for general informational purposes only and should not be considered tax advice. Tax implications may vary based on individual circumstances. Shareholders are encouraged to consult with their own qualified tax advisor regarding their specific situation.

17. Will there be tax implications as a result of the transaction?

The Class B Non-voting Shares will qualify as eligible investments for registered plans because their distribution has been qualified by prospectus and an election will be made for SRIC Holdings Inc. to be treated as a “public corporation” for purposes of the Income Tax Act (Canada). Accordingly, approximately 94% of Fund shareholders who hold their Fund shares in registered accounts, such as RRSPs, will be able to retain the Class B Non-voting Shares in those accounts without immediate tax consequences.

For the tax year ended December 31, 2026, regardless of the account type, shareholders will not have a tax implication. The adjusted cost base of an individual shareholder's SaskWorks shares will decrease and will be offset by an increase in adjusted cost base for the new SRIC Holdings Inc. shares.

As a result of the SRIC transaction, it is expected that SaskWorks will have taxable income for the fiscal year ending August 31, 2027. Consistent with SaskWorks' policy on minimizing cash taxes, SaskWorks intends to capitalize the capital gains related to the Steel Reef transfer to SRIC Holdings Inc. Such capitalization will increase the stated capital of SaskWorks, and a deemed capital gains dividend will be received by individual shareholders.

A deemed capital gains dividend has the following impact on the accounts -

It is expected that for the tax year ending December 31, 2027, SaskWorks will declare a capital gains dividend which increases the adjusted cost base for SaskWorks shareholders.

a. Registered Accounts: There will be no tax implications for registered accounts.
b. Non-Registered Accounts: The deemed dividend will increase the adjusted cost base of the SaskWorks shares and will be subject to the treatment generally applicable to dividends or capital gains dividends. The income impact will be included on a T5 for non-registered accounts, issued before February 28, 2028.

18. What happens if a shareholder passes away while holding CCP 300 shares?

Depending on the type of account the shares are held in (non-registered vs. registered), actions may vary:

Registered Account Example: If CCP 300 shares are held in a deceased shareholder's RRSP, the shares will be transferred to the beneficiary; the distribution and taxation depend on who is named a beneficiary:

a. Spouse or Common-Law Partner: You may transfer the mature (non-redeemable) shares directly into the partner's RRSP or RIFF, with no taxation measures on the transfer of the CCP 300 shares.
b. Other Beneficiaries (Adult Children, Friends, Charities): The account will be deregistered and set up as a non-registered account in the beneficiary's name, holding only the non-redeemable CCP 300 shares.
c. No Designated Beneficiary: SaskWorks and CCP 300 (non-redeemable) shares will flow into the estate of the deceased and follow the Will. Subject to probate fees.

Non-Registered Account Example: If shares are held within a non-registered account upon death, the shares will generally be subject to a deemed disposition.

a. If it is a joint account, the shares will be transferred to the joint owner at cost.
b. The shares will be transferred according to the Will to either: (1) the spouse at original cost or (2) the designated beneficiary at market value, and gain or loss will be realized for any change in value.

19. What happens if a shareholder turns 71 while holding CCP 300 shares in an RRSP Account?

If a client holds CCP 300 in an RRSP account, their shares will be transferred to a RRIF account when the client turns 71.

If the client does not have sufficient funds to meet the minimum annual withdrawal amount and needs to withdraw CCP 300, the client will transfer CCP 300 to a non-registered account to

satisfy the RRIF withdrawal while retaining CCP 300. A T4RIF will be issued for an in-kind transfer from CCP 300 to a non-registered account.

STATEMENTS, RECEIPTS & ACCOUNT ADMINISTRATION

20. Will CCP 300 generate a T2C receipt?

No, CCP 300 will not generate a T2C.

21. When will CCP 300 appear on my account statement?

SRIC Holdings Inc. will appear on the SW Annual Account Statement at year-end under fund code CCP 300.

22. Will CCP 300 appear on the SaskWorks Advisor and Shareholder Portal?

Yes, CCP 300 shares will be included on the SaskWorks Portal for each shareholder and advisor. If you have not accessed the portal before, you can create your account here.

SaskWorks Shareholder Portal Login SaskWorks Advisor Portal Login

23. Can CCP 300 shares be transferred between accounts or financial institutions?

Yes, CCP 300 shares can be transferred in-kind to another dealer or rep., but cannot be transferred out in cash.

24. What happens if I close my account while holding CCP 300 shares?

CCP 300 shares cannot be redeemed and must remain in an open account.

For more information, please contact SaskWorks Venture Fund Inc. at 306-791-4855 or saskworks@saskworks.ca.