

763997 ALBERTA LTD.
(FORMERLY TARGET CAPITAL INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE THREE AND TWELVE MONTHS ENDED MARCH 31, 2024

July 15, 2024

The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and the results of operations of 763997 Alberta Ltd. (formerly Target Capital Inc.) (the "**Corporation**") should be read in conjunction with the Corporation's audited consolidated financial statements and related notes as at and for the year ended March 31, 2024. These audited consolidated financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts in the MD&A are presented in Canadian dollars unless otherwise noted. The MD&A has been prepared by management and approved by the Corporation's Board of Directors (the "**Board**") on July 15, 2024.

On May 23, 2024, the Corporation completed a business combination transaction with Grafton Ventures Energy Holdings Corp. ("**Grafton**") and combined their respective businesses in a reverse takeover transaction ("**RTO**") as disclosed in "*Major Events Subsequent to the Reporting Period*". The Corporation will continue the business of Grafton and has changed its name to Westgate Energy Inc. (the "**Resulting Issuer**"). In order to differentiate the results of the Resulting Issuer carrying on Grafton's oil and gas business after the RTO, the old name 763997 Alberta Ltd. is being used in these financial statements and MD&A.

Forward-Looking Statements

Certain statements contained in this MD&A may contain forward-looking statements and forward-looking information (collectively referred to herein as, "forward-looking statements") within the meaning of applicable Canadian securities laws. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions may be used to identify forward-looking statements. More particularly, and without limitation, this MD&A contains forward looking statements concerning the corporate strategy of the Corporation and the Secured Note and the Settlement (each as defined below), including the ability of the counterparty to repay such indebtedness. Those statements reflect the current views with respect to future events or conditions, including prospective results of operations, financial position and the predictions of future actions, plans or strategies. Certain material factors and assumptions were applied in drawing our conclusions and making those forward-looking statements. By their nature, those statements reflect management's current views, beliefs and assumptions and are subject to certain known and unknown risks and uncertainties. These factors include but are not limited to the risks, uncertainties, assumptions and other factors listed under "*Risk Factors*"; capital market activity; changes in government monetary, fiscal, and economic policies; changes in interest rates, inflation levels and general economic conditions; legislative and regulatory developments; competition; credit ratings; and scarcity of human resources. Further risk factors in relation to the Resulting Issuer are described in the filing statement dated May 15, 2024 in relation to the Transaction (as defined below), an electronic copy of which is available on the Corporation's SEDAR+ profile at www.sedarplus.com.

Corporation Overview

The Corporation was incorporated on June 8, 1993, under the Business Corporations Act of Alberta, Canada. The Corporation's registered office is located at Suite 4600, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

During the year ended March 31, 2024, the Corporation's principal activities continued to be investments in the securities of various private companies, subject to the availability of funds.

However, on an ongoing basis the Board and management were exploring various options that, if successful, were intended to enable the Corporation to have access to sufficient funds to commence commercial operations and generate operating cash flows to be able to settle its liabilities as and when they fall due. As disclosed in "Major Events Subsequent to the Reporting Period", the Corporation completed an RTO on May 23, 2024 and the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") are traded on the TSX Venture exchange (the "**TSXV**") under the symbol "WGT" effective June 11, 2024.

Major Events in the Reporting Period

During the March 31, 2024 financial year, the Corporation collected cash of \$428,783 net of recoverable expenses (net cash of \$330,685 after deducting legal fees and other costs of \$98,098) in relation to a \$2.2 million principal value secured note dated June 16, 2021 (the "**Secured Note**") and an associated settlement agreement dated December 15, 2023 (the "**Settlement**") that reduced the repayment amount to \$1.85 million. In addition, the Corporation recorded a receivable of \$13,635, which was collected on April 15, 2024 and the Corporation has commenced the recovery related to a mortgage ("**Mortgage**") on a residential property for an estimated gross amount of \$425,000 including 5% per annum interest up to March 31, 2024 (\$340,000 net of estimated non-recoverable legal fees of \$85,000) which was pursuant to a third party appraisal of the secured property. In aggregate, as of the date of the MD&A the Corporation has collected a total of \$808,161 net of recoverable expenses (net cash of \$626,147 after deducting legal fees and other costs of \$182,014) and has recorded a receivable on the Mortgage resulting in an outstanding balance of \$730,192 as at March 31, 2024, with respect to the Settlement including recoverable amounts, accrued interest and other adjustments. As of the date of filing the MD&A, the Corporation holds procured assets, which management has estimated to have a monetized value, net of costs to market and sell of approximately of \$100,000, which has not been reflected in the fair value of the Secured Note due to the uncertainty of collection.

On January 5, 2024, the Corporation repaid \$40,000 of the outstanding Canadian Emergency Business Account ("**CEBA**") loan and received a debt forgiveness for the remaining loan balance of \$20,000.

On January 19, 2024, the Corporation issued a demand letter for the payment of \$421,863 on or before January 31, 2024 related to the Mortgage inclusive of interest and has commenced steps to enforce its security under the Mortgage.

On March 14, 2024, the Corporation incorporated 2595456 Alberta Ltd., a wholly-owned subsidiary incorporated under the *Business Corporations Act* (Alberta) to facilitate the Transaction (as defined below).

Major Events Subsequent to the Reporting Period

On May 23, 2024, the Corporation completed its business combination and amalgamation transaction pursuant to which the Corporation and Grafton combined their respective businesses (the "**Transaction**") that resulted in the RTO of the Corporation by Grafton. In connection with the Transaction:

- the Corporation completed the consolidation of its consolidated shares (the "**Shares**") on a 40-for-1 basis;
- Grafton completed a non-brokered private placement of 22,566,702 (7,770,507 post-consolidation) units, comprised of 22,566,702 (7,770,507 post-consolidation) common shares in the capital of Grafton ("**Grafton Shares**") and 22,566,702 (7,770,507 post-consolidation) Grafton Share purchase warrants, for aggregate gross proceeds of \$3,385,005;
- each subscription receipt of Grafton issued pursuant to its brokered private placement comprised of 24,333,901 (8,379,016 post-consolidation) common shares in the capital of Grafton on March 15, 2024 for aggregate gross proceeds of \$3,650,085 was converted into one Grafton Share and one Grafton Share purchase warrant and the proceeds therefrom were released from escrow;

- each Grafton Share and Grafton Share purchase warrant was exchanged for 0.34433507 Resulting Issuer Shares and 0.34433507 Resulting Issuer Share purchase warrants, respectively;
- the Corporation issued 547,090 Resulting Issuer Shares to certain former directors and officers of the Corporation pursuant to compensation settlement agreements; and
- the Corporation, as the Resulting Issuer, continued the business of Grafton and changed its name from “763997 Alberta Ltd.” to “Westgate Energy Inc.”.

On June 7, 2024, the Corporation received final acceptance from the TSXV that the Resulting Issuer Shares will resume trading under the symbol “WGT” on June 11, 2024. The Transaction resulted in the issuance of 47,660,238 Resulting Issuer Shares at a deemed price per share of \$0.44.

The board of directors of Westgate consists of Richard Grafton, Daniel Brown, Kelly Ogle and Artan Agolli and the senior management team of Westgate consists of Daniel Brown, Nicholas Grafton and Jordan Kevol.

Financial and Operational Summary

The following tables set forth selected audited financial information of the Corporation for the years and quarters ended March 31, 2024 and 2023.

Financial position highlights (Amounts in \$000s)	March 31, 2024	March 31, 2023
Current assets	680	85
Non-current assets	-	-
Total assets	680	85
Current liabilities	579	463
Non-current liabilities	-	-
Equity	101	(378)
Total liabilities and equity	680	85
Excess of current assets over current liabilities	101	(378)

Operations highlights (amounts in \$000s, except per share amounts)	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Total expenses	(124)	(329)	(423)	(670)
Other income	20	-	30	249
Impairment expense/reversal	427	-	871	362
Net income (loss)	324	(329)	479	(59)
Net income (loss) per share (post-consolidation)	0.12	(0.12)	0.18	(0.02)
Net income (loss) per share (pre-consolidation)	-	-	-	-

Cash flow highlights (amounts in \$000s)	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Cash flow from (used in)				
Operating activities	(2)	(233)	(39)	(233)
Financing activities	(40)	-	(40)	-
Investing activities	(6)	-	330	282
Change in cash	(48)	(233)	251	49
Cash, beginning of period	374	308	75	26
Cash, end of period	326	75	326	75

Summary of Results

For the three months ended March 31, 2024, the Corporation has reported net income of \$323,963 as compared to a net loss of \$328,557 in the comparable prior period. The increase in net income is due primarily to the reduction in executive management fees of \$206,750 pursuant to compensation settlement agreements entered into in connection with the Transaction, increased impairment reversal related to the Settlement amount as discussed in “*Major Events in the Reporting Period*” and a provision for an expected credit loss in the comparable prior period related to unpaid break fees on the termination of a reverse takeover agreement with a private technology company.

For the twelve months ended March 31, 2024, the Corporation has reported net income of \$478,653 as compared to a net loss of \$58,536 in the comparable prior period. The increase in net income in the reporting period relates primarily to the reduction in executive management fees of \$206,750 pursuant to a compensation settlement agreement in the Transaction, increased impairment reversal related to the Settlement amount as discussed in “*Major Events in the Reporting Period*” partially offset by reimbursement fee revenue in the comparable prior period on the termination of a reverse takeover agreement with a private technology company less a provision for an expected credit loss related to the unpaid portion of the reimbursement fee.

Other Income

(\$000s)	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Other income	20	-	30	249

Interest and other income in the twelve month reporting period related to a \$10,000 fee to extend the Mortgage in relation to the Settlement and a \$20,000 debt forgiveness on repayment of the CEBA loan and the comparative prior period related to a reimbursement fee recorded on the termination of an RTO agreement with a private technology company.

General and Administrative ("G&A") Expenses

(\$000s)	Three months ended		Twelve months ended	
	March 31, 2024	2023	March 31, 2024	2023
Management fees	(44)	57	125	265
Audit and legal fees	158	131	269	246
Other	10	13	20	24
Total general and administrative	124	201	414	535

For the three and twelve months ended March 31, 2024, G&A costs were \$123,576 and \$414,397 respectively as compared to \$201,056 and \$535,189 in the comparable prior periods. Other G&A expenses consist primarily of stock exchange fees, transfer agent fees and other business expenses. The decrease in G&A is due primarily to the reduction in executive management fees of \$206,750 pursuant to compensation settlement agreements in the Transaction.

Accretion

(\$000s)	Three months ended		Twelve months ended	
	March 31, 2024	2023	March 31, 2024	2023
Accretion	-	3	8	9

The accretion charge relates to the repayable portion of the CEBA loan being accreted up to the \$60,000 repayable amount of the loan from the time the loan was received until December 31, 2023. On January 5, 2024, the Corporation repaid the outstanding CEBA loan and as such no further accretion was incurred in the three month reporting period.

Impairment Reversal

(\$000s)	Three months ended		Twelve months ended	
	March 31, 2024	2023	March 31, 2024	2023
Impairment reversal	(427)	-	(871)	(362)

The impairment reversal is due to the collection and collectability of amounts owing from the Settlement as at March 31, 2024. For the three and twelve months ended March 31, 2024, the Corporation recorded an impairment reversal of \$427,539 and \$871,170 respectively as compared to \$NIL and \$361,991 in the comparable prior period.

The Corporation impaired the full amount of the Secured Note in a prior period as collection was not probable, and the Corporation recognizes the reversal of the previously recognized impairment upon any increase in the fair value of the Secured Note.

Liquidity and Financial Resources

As at March 31, 2024, the Corporation had an excess of current assets over current liabilities of \$100,586 as compared to an excess of current liabilities over current assets of \$378,067 as at March 31, 2023.

On May 23, 2024, the Corporation completed the Transaction pursuant to which the Corporation and Grafton combined their respective businesses that resulted in the RTO of the Corporation by Grafton, as discussed in *"Major Events Subsequent to the Reporting Period"*. Prior to the closing of the

Transaction, Grafton completed a brokered private placement for aggregate gross proceeds of \$3.7 million and a non-brokered private placement for aggregate gross proceeds of \$3.4 million. Following completion of the Transaction the Corporation had combined available funds of approximately \$8.2 million.

Outstanding Share Data

As at March 31, 2024, the Corporation had 106,715,629 Shares outstanding and there were no stock options or warrants outstanding. As disclosed in "Major Events Subsequent to the Reporting Period", the Corporation completed a consolidation of its Shares on a 40-for-1 basis for a total of 2,667,890 post-consolidation Shares.

As of the date of this MD&A, the Corporation has 50,328,051 post consolidation Resulting Issuer Shares outstanding, 16,485,068 Resulting Issuer Share purchase warrants and no stock options outstanding.

Quarterly Results

The following table sets out the quarterly financial information for each of the last eight quarters:

Three Months Ended	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Jun-22
Financial Highlights (\$000s)								
Cash & short-term investments	326	374	272	289	75	310	39	91
Working capital	101	(224)	(149)	(87)	(378)	-	(142)	(88)
Shareholders' equity	101	(224)	(149)	(87)	(378)	(50)	(189)	(132)
Net income (loss)	324	(74)	(63)	291	(329)	139	(57)	187
Net income (loss) per share (post-consolidation)	0.12	(0.03)	(0.02)	0.11	(0.12)	0.05	(0.02)	0.07
Net income (loss) per share (pre-consolidation)	-	-	-	-	-	-	-	-

Net income (loss) have varied primarily as a result of changes in G&A expenditures and the impairment reversals related to the Settlement recoveries. The Corporation had no revenue in the last eight quarters.

Commitments

The Corporation had no lease agreements or commitments for capital expenditures as at March 31, 2024.

Related Party transactions

Key management personnel are the individuals responsible for planning, directing, and controlling the activities of the Corporation and includes both executive and non-executive directors and executive officers. For the year ended March 31, 2024, consulting fees of \$125,281 (March 31, 2023 - \$264,567) were incurred for the executive team and directors and are included in key management compensation. There was a reduction in executive management fees of \$206,750 pursuant to compensation settlement agreements entered into in connection with the Transaction.

As at March 31, 2024 the Corporation had an amount payable of \$300,000 (2023 - \$182,219) to management and directors, which was settled with the issuance of 547,090 Resulting Issuer Shares and a cash payment of \$43,274.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the Corporation to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Such judgements, estimates and

assumptions relate primarily to unsettled events and transactions as of the reporting date. The estimated fair value of financial assets and liabilities are subject to measurement uncertainty. Judgements, estimates, and assumptions are reviewed on a continuous basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As a result, actual results may differ materially as future confirming events occur.

The critical estimates, assumptions and judgments that have the most significant impact on the amounts recognized in the consolidated financial statements are as follows:

Fair values of the Settlement amount

The Corporation determined that the fair value of the Settlement amount is the original amount paid and if an indication of a change in fair value is identified, the Corporation shall estimate the fair value change and recognize such in other comprehensive income. The amounts recognized as a fair value increase in the year is the actual cash received during the year or receivable as at the year end.

Going concern

The determination of whether there are material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern involves judgements.

Risk Factors

Further risk factors in relation to the Resulting Issuer are described in the filing statement dated May 15, 2024 in relation to the Transaction, an electronic copy of which is available on the Corporation's SEDAR+ profile at www.sedarplus.com.

Reliance on key personnel

The Corporation is dependent on certain key personnel. The loss of the services of one or more of such key personnel may adversely affect the Corporation's business, financial condition, results of operations and prospects. The contributions of the management team to the Corporation's immediate and near term operations are likely to be of central importance. Competition for qualified personnel is intense and there can be no assurance that the Corporation will be able to attract and retain all personnel necessary for the development and operation of its business.

Regulation

The Corporation is subject to various laws and regulations and any changes to these statutes, or court decisions, regarding their application could negatively impact the Corporation.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its contractual obligations and arises principally from the Corporation's cash, accounts receivable, the Secured Note and the convertible notes receivable.

The credit risk is influenced mainly by the individual credit characteristics of each investment. Geographically, there is a concentration of risk in both the Province of Alberta.

As at March 31, 2024, the Corporation recognized \$353,635 in a Settlement amount receivable which is related to \$13,635 net of legal and other costs, which was collected on April 15, 2024 and the recognition of the value of the Mortgage plus interest of \$340,000 net of legal and other costs pursuant to a third party appraisal of the secured property.

The Corporation's cash is held at a major financial institution and it is management's view that the risk of loss is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation has in place a planning and forecasting process which helps determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operational requirements. The accounts payable and accrued liabilities are due within a year and the CEBA loan was repaid on January 5, 2024.

As at March 31, 2024, the Corporation had an excess of current assets over current liabilities of \$100,586 (2023 –\$378,067 excess of current liabilities over current assets).

Holders of the Shares are at risk for a substantial loss of capital

The investments made or to be made by the Corporation are speculative in nature and holders of the Shares could experience a loss of all or substantially all of their investment in the Corporation. There can be no assurance that the Corporation will be able to make and realize investments or generate positive returns. There can also be no assurance that the returns generated, if any, will be commensurate with the risks of investing in the types of investments contemplated by the Corporation's investment objectives. Therefore, an investment in the Corporation should only be considered by persons who can afford a loss of their entire investment.

Risks relating to the Corporation's prior operations and management

The Corporation has undergone multiple changes to its business and management. The Corporation engaged in operations that are inherently risky and may involve potential ongoing risks, obligations and liabilities. Due to changes to the Corporation's management, there may be ongoing risks, obligations and liabilities that the Corporation's current management is not aware of.

Conflicts of interest may arise between the Corporation and its directors and management

The directors and officers of the Corporation may be involved in other projects and certain of the directors of the Corporation following the Transaction will not be devoting all of their time to the affairs of the Corporation. Some of the directors and officers of the Corporation are directors and officers of other companies, some of which are in a similar business as the Corporation. The directors and officers of the Corporation are required by law to act in the best interests of the Corporation. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Corporation may result in a breach of their obligations to the other companies, and in certain circumstances, this could expose the Corporation to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Corporation. Such conflicting legal obligations may expose the Corporation to liability to others and impair its ability to achieve its business objectives.