763997 ALBERTA LTD.
(FORMERLY TARGET CAPITAL INC.)

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

Independent Auditor's Report

To the Shareholders of 763997 Alberta Ltd. (formerly Target Capital Inc.):

Opinion

We have audited the consolidated financial statements of 763997 Alberta Ltd. (formerly Target Capital Inc.) and its subsidiary (the "Corporation"), which comprise the consolidated statements of financial position as at March 31, 2024 and March 31, 2023, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Corporation had no revenue and used cash in operating activities during the year ended March 31, 2024 and, as of that date, the Corporation had an accumulated deficit. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Corporation’s ability to continue as a going concern. Note 2(b) also describes the reverse take over transaction that was completed subsequent to the year end. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rahim Rajan.

Calgary, Alberta

MNP LLP

July 15, 2024

Chartered Professional Accountants

763997 Alberta Ltd. (formerly Target Capital Inc.)
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

As at	Notes	**March 31, 2024**	March 31, 2023
ASSETS			
Current assets			
Cash		**326,162**	74,895
Accounts receivable		**-**	10,428
Secured Note receivable	4	**353,635**	-
Total current assets		**679,797**	85,323
Total assets		**679,797**	85,323
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**579,211**	411,684
Canadian Emergency Business Account ("CEBA") loan	7	**-**	51,706
Total current liabilities		**579,211**	463,390
Total liabilities		**579,211**	463,390
EQUITY			
Share capital	8	**5,130,024**	5,130,024
Warrants	8	**-**	1,844,165
Contributed surplus		**4,264,210**	2,420,045
Accumulated other comprehensive income		**15,093**	15,093
Accumulated deficit		**(9,308,646)**	(9,787,299)
Equity attributable to owners of the Corporation		**100,681**	(377,972)
Non-controlling interest		**(95)**	(95)
Total shareholders' equity (deficit)		**100,586**	(378,067)
Total liabilities and shareholders' equity (deficit)		**679,797**	85,323

Going concern (note 2b)
Subsequent events (note 16)

APPROVED BY THE BOARD OF DIRECTORS:

/s/ Richard Grafton
Director

/s/ Daniel Brown
Director

See accompanying notes to the consolidated financial statements

763997 Alberta Ltd. (formerly Target Capital Inc.)
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(expressed in Canadian dollars, except per share amounts)

		Years ended March 31,	
	Notes	**2024**	2023
EXPENSES			
General and administration	11	**414,397**	535,189
Provision for expected credit loss	12	**-**	125,000
Impairment		**-**	60
Impairment reversal	4	**(871,170)**	(361,991)
Accretion	7	**8,294**	9,303
		(448,479)	307,561
Other income	12	**(30,174)**	(249,025)
NET INCOME (LOSS)		**478,653**	(58,536)
OTHER COMPREHENSIVE INCOME (LOSS)			
Fair value change	4	**871,170**	361,931
Impairment	4	**(871,170)**	(361,931)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**478,653**	(58,536)
Net income (loss) per share - basic and diluted (post-consolidation)	13	**0.18**	(0.02)
Net income (loss) per share - basic and diluted (pre-consolidation)	13	**-**	-

See accompanying notes to the consolidated financial statements

763997 Alberta Ltd. (formerly Target Capital Inc.)
Consolidated Statements of Changes in Shareholders’ Equity (Deficit)
Years ended March 31, 2024 and 2023
(expressed in Canadian dollars)

	Notes	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	Total Shareholders' equity (deficit)
As at March 31, 2022		5,130,024	1,844,165	2,420,045	15,093	(9,728,858)	-	(319,531)
Revival of subsidiary		-	-	-	-	95	(95)	-
Net loss and comprehensive loss		-	-	-	-	(58,536)	-	(58,536)
As at March 31, 2023		5,130,024	1,844,165	2,420,045	15,093	(9,787,299)	(95)	(378,067)
As at March 31, 2023		5,130,024	1,844,165	2,420,045	15,093	(9,787,299)	(95)	(378,067)
Warrant expiry	8	-	(1,844,165)	1,844,165	-	-	-	-
Net income and comprehensive income		-	-	-	-	478,653	-	478,653
As at March 31, 2024		**5,130,024**	**-**	**4,264,210**	**15,093**	**(9,308,646)**	**(95)**	**100,586**

See accompanying notes to the consolidated financial statements

763997 Alberta Ltd. (formerly Target Capital Inc.)
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

	Notes	Years ended March 31, 2024	2023
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES			
Net income (loss)		**478,653**	(58,536)
Items not involving cash:			
Canadian Emergency Business Account loan forgiveness	7	**(20,000)**	-
Impairment		**-**	60
Impairment reversal	4	**(871,170)**	(361,991)
Legal fees on collection of secured note receivable	4	**186,850**	80,165
Accretion	7	**8,294**	9,303
Change in non-cash operating working capital	14	**177,955**	97,114
		(39,418)	(233,885)
CASH FLOW USED IN FINANCING ACTIVITIES			
Canadian Emergency Business Account loan repayment	7	**(40,000)**	-
		(40,000)	-
CASH FLOW FROM INVESTING ACTIVITIES			
Secured note receivable recovery, net	4	**330,685**	281,826
Redemption of investments in private companies		**-**	600
		330,685	282,426
Net increase in cash		**251,267**	48,541
Cash, beginning of year		**74,895**	26,354
Cash, end of year		**326,162**	74,895

See accompanying notes to the consolidated financial statements

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Target Capital Inc. (the "**Corporation**") was incorporated on June 8, 1993 under the *Business Corporations Act* (Alberta). On January 31, 2024, the Corporation changed its name to 763997 Alberta Ltd. 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 note 16. The Corporation continued the business of Grafton and 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 audited consolidated financial statements (the "**Financial Statements**"). 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 Corporation's board of directors (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 note 16, the Corporation completed an RTO on May 23, 2024 and the Resulting Issuer's shares are traded on the TSX Venture exchange (the "**TSXV**") under the symbol "WGT" effective June 11, 2024.

2. BASIS OF PRESENTATION

a) Basis of Accounting

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

These Financial Statements have been approved and authorized for issuance by the Board on July 15, 2024.

b) Going Concern

These Financial Statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

During the year ended March 31, 2024, the Corporation had no revenue and used cash of $39,418 in operating activities, and as at that date, the Corporation had accumulated deficit $9,308,646.

The continued operation of the Corporation is dependent on its ability to obtain additional financing and there is no assurance that the Corporation will be successful in sufficiently financing its ongoing business activities. The board and management are exploring various options that, if successful, are 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 liabilities as and when they fall due. These include but are not limited to the success of raising funds, the completion of a material transaction, the monetization of investments, the repayment of outstanding loan amounts, or an alternative transaction that improves the cash and working capital position of the Corporation.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

As disclosed in note 16, an RTO was completed in May 2024 and the Resulting Issuer was able to raise approximately $7.0 million.

These Financial Statements do not reflect the adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used and such adjustments could be material.

c) Basis of Measurement and Principles of Consolidation

These Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

These Financial Statements include the accounts of the Corporation and its 96.4% owned inactive subsidiary Industrial Avenue Development Corp.

d) Functional and Presentation Currency

These Financial Statements are presented in Canadian dollars, which is also the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

e) Use of Estimates and Judgement

In preparing these Financial Statements, management has made 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.

Critical judgements and estimates in applying accounting policies

The critical estimates, assumptions and judgements that have the most significant impact on the amounts recognized in the Financial Statements are as follows:

Fair values of the secured note receivable and investments in private companies

The Corporation determined that the fair value of these investments 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 in other comprehensive income. The amounts recognized as a fair value increase in the year is (i) the actual cash received during the year or receivable as at the year end; and (ii) an estimate of recoverable amounts of the underlying security (real asset in the case of the secured note receivable) based on an external third-party property appraisal report after deducting any debt that was obtained against the equity in the real property.

Fair values of convertible notes receivable

The Corporation determined that the fair value of these investments 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 in profit or loss. 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Corporation has consistently applied the following accounting policies to all periods presented in these Financial Statements.

The Corporation adopted Disclosure of Accounting Policies (Amendment to IAS 1) from April 1, 2023. The amendments require the disclosure of “material” rather than “significant” accounting policies. The accounting policies related to income taxes, foreign currency translation and share capital were determined to not be material and were removed from these Financial Statements. The amendments did not result in any changes to the accounting policies themselves or have any impact.

a) Subsidiaries

Subsidiaries are those entities which the Corporation controls by having the power to govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are deconsolidated from the date that control ceases. All intercompany transactions and balances are eliminated on consolidation.

b) Cash

Cash includes amounts held in a financial institution.

c) Financial instruments

Financial instruments are classified into one of five categories:

1) financial assets at amortized cost;
2) financial assets at fair value through other comprehensive income;
3) financial assets at fair value through profit or loss;
4) financial liabilities at amortized cost; or
5) financial liabilities at fair value through profit or loss.

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

Financial assets at amortized cost

Instruments can only be classified as financial assets at amortized cost if they are held with the objective to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses.

Financial assets at amortized cost are comprised of cash and accounts receivable.

Financial assets at fair value through other comprehensive income

Financial assets that are not held for trading can be irrevocably designated to have the change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through other comprehensive income are initially measured at fair value and subsequent changes therein are recognized in other comprehensive income.

Financial assets at fair value through other comprehensive income are comprised of the secured note receivable and investments in private companies.

Financial assets at fair value through profit or loss

All financial assets except for those placed into one of the above categories are recorded at fair value through profit or loss. Additionally, assets that meet the requirements for financial assets at amortized costs can optionally be designated as financial assets at fair value through profit or loss. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Financial asset at fair value though profit or loss is the convertible notes receivable.

Financial liabilities at amortized cost

All financial liabilities, except those designated as financial liabilities at fair value through profit or loss, are recorded at amortized cost. Financial liabilities at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost are comprised of accounts payable and accrued liabilities and the Canadian Emergency Business Account ("**CEBA**") loan.

Financial liabilities at fair value through profit or loss

Certain financial liabilities that:

1) contain embedded derivatives;
2) are part of a group of liabilities actively managed on a fair value basis; or
3) which would cause a measurement inconsistency if they were not accounted for at fair value.

can optionally be designated as financial instruments at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss. Such liabilities and the reason for the designation must be clearly disclosed in the financial statements.

The Corporation does not currently hold any financial liabilities at fair value through profit or loss.

d) Impairment of financial assets

The Corporation recognizes a provision of expected credit losses associated with its financial assets, other than financial assets measured at fair value through other comprehensive income and fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Corporation applies the simplified approach for accounts receivable and records a provision equal to the expected credit losses resulting from all possible default events over the assets contractual lifetime. The Corporation assesses whether a financial asset is credit-impaired at the reporting date and regular indicators of credit impairment include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts, such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Corporation continues to recognize a provision equal to lifetime expected credit losses. For financial assets measured at amortized cost, the provision for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Corporation has no reasonable expectations of recovering all or any portion thereof.

(In Canadian dollars)

e) Government assistance

The Corporation may receive subsidies or grants, assistance or compensation from the Canadian government or various government agencies.

Grants are recognized when the grant is received, or when there is reasonable assurance that the Corporation has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

f) Per share amounts

Basic per share amounts are computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted per share amounts reflect the potential dilution that would occur if dilutive instruments were exercised and common shares issued.

4. SECURED NOTE RECEIVABLE

As at	**March 31, 2024**	March 31, 2023
Balance, beginning of the year	-	-
Fair value change:		
Cash from sale of procured assets less recoverable expenses but before legal and other costs	446,170	361,991
Fair value of the Mortgage before legal and other costs	425,000	-
Legal fees and costs of collection	(186,850)	(80,165)
Net cash received	(330,685)	(281,826)
Balance, end of the year	353,635	-

In prior years, the Corporation advanced a total of approximately $2.3 million to Performance CBD Brands Corp. ("**Performance CBD**"), and the Corporation collected $0.1 million from Performance CBD, as partial repayment of the advanced funds.

Performance CBD operated under the name of Champions + Legends Corp., a premium sports supplements brand with 11 unique products that are custom formulated and manufactured using hemp-extracted cannabidiol ("**CBD**") as the primary ingredient. At the time of the advances, the former Chief Executive Officer ("**CEO**") and former Chief Financial Officer ("**CFO**") of the Corporation were also the CEO and CFO of Performance CBD, respectively. On April 16, 2021, the former CEO and former CFO resigned from the Corporation.

On June 16, 2021 the Corporation entered into a $2.2 million principal value secured note, bearing an interest rate of 8.0% per annum, with Performance CBD (the "**Secured Note**"). The Secured Note is repayable on demand at the sole discretion of the Corporation. The Secured Note is also convertible into common shares of Performance CBD at a 10% discount to the issue price of a future equity financing for Performance CBD of not less than $2.0 million, subject to the sole discretion of the Corporation. The Secured Note is a financial asset and the Corporation measures it at fair value through other comprehensive income. The Secured Note is secured through corporate, personal and limited recourse guarantees with Performance CBD, the subsidiaries of Performance CBD, and the CEO and CFO of Performance CBD.

In conjunction with the Secured Note, the Corporation was granted 369,555 Performance CBD common shares and 144,640 Performance CBD performance warrants, representing approximately 25% of the basic and fully diluted shares outstanding of Performance CBD. In addition, the Corporation is party to a shareholder rights agreement with Performance CBD that provides, among other covenants, corporate rights, board nomination rights, veto rights and negative covenants, in favour of the Corporation. Although the Corporation has a number of rights under the Secured Note, to date, it has not exercised such rights and has not had any influence over the business and operations of Performance CBD.

On July 18, 2022, the Corporation issued a formal demand for payment of principal and interest on the Secured Note for approximately $2.4 million. In addition to demanding repayment, the Corporation had commenced an action in the Court of Kings Bench of Alberta to recover the Secured Note and the related guarantees (the "**Action**"). The Action was commenced on August 4, 2022 and was served to the defendant on August 8, 2022.

On December 15, 2022, the Corporation entered into a settlement agreement (the "**Settlement**") related to the Secured Note that reduced the repayment amount to $1.85 million (the "**Settlement Amount**"), as follows: (a) $0.3 million cash payment received concurrent with signing the agreement; (b) monetization of assets procured by the Corporation with an estimated fair market value in excess of $1.0 million; (c) additional payments, as required, to reach an aggregate repayment of $1.45 million net of payments under (a) and (b), inclusive of the cash payment and proceeds from the sale of procured assets, on or before June 30, 2023. Additionally, the Corporation was provided with security of a $0.4 million secured asset collateral (residential property) on demand (the "**Mortgage**") that matured on December 31, 2023. Interest of 5% per annum is charged on the $0.4 million Mortgage.

The agreement provides for incremental recovery of up to an additional $0.9 million, in excess of the $1.85 million, related to the sale or refinancing of Performance CBD. The Corporation cautions that there are no assurances or guarantees that the anticipated recovery pursuant to the agreement will be realized and there is no guarantee that anticipated value will be realized upon the sale of the assets procured by the Corporation.

Pursuant to the Settlement, a lump sum payment equal to the difference between $1.45 million and the net recovery to date, with consideration of procured assets to be liquidated was due on June 30, 2023 (the "**Final Settlement Amount**"). The Final Settlement Amount was not received.

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.

For the year ended March 31, 2024, the Corporation collected $428,783, which was a gross amount of $454,494 less recoverable expenses of $25,711 (net cash of $330,685 after deducting legal fees and other costs of $98,098) and recorded a receivable of $13,635, which was a gross amount of $17,387 less legal fees and other costs of $3,752 that was collected on April 15, 2024. In addition, the Corporation has commenced the recovery of the Mortgage for an estimated gross amount of $425,000 including $25,000, which is 5% per annum interest up to March 31, 2024 ($340,000 net of estimated non-recoverable legal fees of $85,000).

For the year ended March 31, 2023, the Corporation collected $361,991, which was a gross amount of $405,582 less recoverable expenses of $43,591 (net cash of $281,826 after deducting legal fees and other costs of $80,165).

As at March 31, 2024, the outstanding Settlement Amount is $730,192 after the above-noted collections, including recoverable amounts, accrued interest and other adjustments. As of the date of filing the Financial Statements, the Corporation also holds procured assets, which management has estimated to have a monetized value, net of costs to market and sell of approximately $100,000, which has not been reflected in the fair value of the Secured Note due to the uncertainty of collection.

(In Canadian dollars)

Fair value change

As at March 31, 2021, the Corporation determined that the Secured Note was credit impaired as Performance CBD required additional financing to proceed with its business plan and recognized a fair value decrease of $2,173,440 to a fair value of $110,000 which was collected in 2021.

During the year ended March 31, 2024, the Corporation recorded a fair value increase of $871,170 (2023 - $361,991) that is made up of cash collected of $428,783 net of recoverable expenses (2023 - $361,991), a gross receivable of $17,387 as at March 31, 2024 (2023 - $NIL) and the fair value of the Mortgage of $425,000 (2023 - $NIL).

For the year ended March 31, 2024, $871,170 (2023 - $361,991) of the impairment has been reversed and as at March 31, 2024, $940,339 of the original fair value decrease continues to be impaired.

5. CONVERTIBLE NOTES RECEIVABLE

In 2018, the Corporation made a US$90,000 (CAD$117,513) investment in JAEB Designs, Inc. ("**JAEB**"). JAEB is a Denver-based, early-stage engineering company focused on designing and manufacturing cannabis accessories. The investment was structured as a convertible note maturing on May 31, 2020 and accruing interest at a rate of 8.0% per annum. On May 31, 2020, the convertible note, together with all accrued and unpaid interest was converted into 78,946 common shares of JAEB at $1.33 per share.

In 2019, the Corporation made a US$300,000 (CAD$395,880) investment in Intev Technologies, LLC ("**Intev**"). Intev is a Brooklyn-based hardware technology company focused on designing and manufacturing luxury personal vaporizing devices. The investment was structured as a convertible note which matured on September 9, 2021 and accruing interest at a rate of 7.0% per annum.

Fair value change

The Corporation determined that JAEB and Intev required additional financing to proceed with its business plan. The fair value change and impairment was fully recognized in the audited consolidated financial statements for the financial period ended March 31, 2020. As at March 31, 2024, the fair value of both investments continues to be $NIL and JAEB and Intev may no longer be active businesses.

6. INVESTMENTS IN PRIVATE COMPANIES

As at	**March 31, 2024**	March 31, 2023
Balance, beginning of the year	-	660
Redemption of investments	-	(600)
Fair value change	-	(60)
Balance, end of the year	-	-

In accordance with its previous principal activity, the Corporation held a majority of the voting shares in various private companies which enabled the debt securities of the private companies to be eligible for registered retirement savings plans, registered education savings plans, registered retirement income funds, locked-in retirement accounts or tax-free savings accounts. Subsequent to the delisting of the Corporation's shares on the TSXV and the Canadian Securities Exchange (“**CSE**”) in April 2021, the private company investees terminated its relationship with the Corporation. During the year ended March 31, 2023, the Corporation received $600 related to a private company redeeming its voting shares owned by the Corporation.

(In Canadian dollars)

Fair value change

As at March 31, 2024, the fair value of the investment in private companies continues to be $NIL.

7. CEBA LOAN

As at	**March 31, 2024**	March 31, 2023
Balance, beginning of the year	**51,706**	42,403
Accretion	**8,294**	-
Repayment	**(40,000)**	9,303
Debt forgiveness (note 12)	**(20,000)**	-
Balance, end of the year	**-**	51,706

In July 2021, the Corporation obtained a $60,000 bank loan with a chartered bank through the CEBA loan. The CEBA funding was provided by the Government of Canada. The loan had no interest or annual fee until December 31, 2023. The funds were used for eligible non-deferrable expenses in accordance with the Government of Canada CEBA program. Repayment of the balance of the loan on or before January 18, 2024 would result in a loan forgiveness of $20,000. On January 5, 2024, the Corporation repaid $40,000 of the outstanding CEBA loan and received the debt forgiveness for the remaining loan balance of $20,000, which was recorded within other income in the profit and loss.

8. SHARE CAPITAL AND WARRANTS

Share capital

Authorized:

Unlimited number of common voting shares.

Issued and outstanding common shares and warrants:

	Common shares	
	Number	**Amount**
As at March 31, 2023 and 2024 (post-consolidation)	**2,667,890**	**5,130,024**
As at March 31, 2023 and 2024 (pre-consolidation)	**106,715,629**	**5,130,024**

As disclosed in note 16, the Corporation completed the consolidation of its shares on a 40-for-1 basis and the number of post-consolidated shares is 2,667,891 (pre-consolidated shares of 106,715,629).

Prior year share amounts have been retrospectively adjusted to reflect the share consolidation which became effective on May 23, 2024 as disclosed in note 16.

(In Canadian dollars)

Warrants

A summary of the changes in the Corporation's share purchase warrants is as follows:

	Number	**Weighted Average Exercise Price**
As at March 31, 2022	59,159,504	0.10
Expired	(53,950,020)	0.10
As at March 31, 2023	5,209,484	0.10
Expired	(5,209,484)	0.10
As at March 31, 2024	**-**	**-**

Exercisable warrants of 53,950,020 expired unexercised on December 15, 2022 and 5,209,484 exercisable warrants expired unexercised on June 26, 2023.

9. RELATED PARTY TRANSACTIONS

Operating transactions

Key management compensation

Key management personnel are the individuals responsible for the planning, directing and controlling the activities of the Corporation and includes both executive and non-executive directors and executive officers. The Corporation considers all of its directors and executive officers to be key management personnel.

Key management personnel compensation during the years ended March 31, 2024 and 2023 are as follows:

	Years ended March 31,	
	2024	2023
Management fees	**332,031**	264,567
Management fees forgiven in compensation settlement agreement	**(206,750)**	-
	125,281	264,567

As at March 31, 2024 the Corporation had an amount payable of $300,000 (March 31, 2023 - $182,219) to executive officers and directors. As disclosed in note 16, the amount payable was settled pursuant to a compensation settlement agreement, which was comprised of 547,090 common shares and a cash payment of $43,274, which resulted in a reduction in management fees for the year ended March 31, 2024 of $206,750.

(In Canadian dollars)

10. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	Years ended March 31,	
	2024	2023
Net income (loss) before taxes	**478,653**	(58,536)
Income tax rates	**23.0%**	23.0%
Estimated recovery of income taxes	**110,090**	(13,463)
Increase (decrease) resulting from:		
Deferred income tax asset (utilized) not recognized	**(110,090)**	13,463
	-	-

Deferred taxes are a result of temporary differences that arise due to differences between the income tax values and the carrying amount of the assets and liabilities.

As at March 31, 2024 and 2023, deferred income tax assets have not been recognized for the following net deductible temporary differences because the realization of such amounts in the foreseeable future is not probable:

	Years ended March 31,	
	2024	2023
Non-capital losses carried forward	**2,876,243**	1,936,186
Capital losses carried forward	**159,250**	159,250
Investments	**1,572,304**	2,442,794
Property and equipment	**207,315**	207,315
Non-deductible reserves and other	**584,356**	370,744
Total deductible temporary differences	**5,399,468**	5,116,289

The Corporation's non-capital losses carried forward will expire as follows:

2038	606,791
2039	807,136
2040	119,837
2041	165,913
2042	309,450
2043	429,490
2044	437,626
	2,876,243

(In Canadian dollars)

11. GENERAL AND ADMINISTRATIVE

	Years ended March 31,	
	2024	2023
Management fees (note 9)	**125,281**	264,567
Audit and legal fees	**269,160**	245,642
Other [1]	**19,956**	24,980
Total general and administrative	**414,397**	535,189

1) includes costs such as stock exchange fees, transfer agent fees and other business expenses.

12. OTHER INCOME

For the year ended March 31, 2024, other income included the $20,000 debt forgiveness on the repayment of the CEBA loan as disclosed in note 7 and a $10,000 payment on extending the Mortgage to December 31, 2023 as disclosed in note 4.

For the year ended March 31, 2023, other income related to an RTO termination fee of $249,025 from a private technology company. While the private technology company recognized the existence and had the willingness to pay its liability to the Corporation, it was only able to pay $124,025 and did not have the funds available to settle the remaining liability. As such, the Corporation recognized a provision of an expected credit loss of $125,000 as at March 31, 2023.

13. NET INCOME (LOSS) PER SHARE

The calculation of net income (loss) per share are as follows:

For the years ended March 31,		**2024**			2023	
	Net income	**Weighted average common shares**	**Net income per share**	Net loss	Weighted average common shares	Net loss per share
Basic and diluted (post-consolidation)	478,653	2,667,890	0.18	(58,536)	2,667,890	(0.02)
Basic and diluted (pre-consolidation)	478,653	106,715,629	-	(58,536)	106,715,629	-

14. SUPPLEMENTARY CASH FLOW INFORMATION

The following table details the components of non-cash operating working capital:

	Years ended March 31,	
	2024	2023
Source (use) of cash:		
Accounts receivables	**10,428**	(10,428)
Accounts payable and accrued liabilities	**167,527**	107,542
Net change in non-cash operating working capital	**177,955**	97,114

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of cash, accounts receivable, the Secured Note receivable, convertible note receivable, investments in private companies, accounts payable and accrued liabilities and the CEBA loan.

The Board has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework. The Board reviews, with management, the risks faced by the Corporation and the systems that have been put in place to manage these risks.

Fair value

Financial assets and liabilities measured at fair value at the reporting date are categorized using a three-level hierarchy based on the inputs used in making their fair value measurements. Level 1 fair values are determined in reference to quoted prices in active markets for identical assets and liabilities. Level 2 fair values are based on inputs other than Level 1 quoted prices that are observable either directly as prices or indirectly as derived from prices. Level 3 fair values are not based on observable market data.

As at March 31, 2024, the Corporation's financial instruments consist of cash, the Secured Note receivable, and accounts payable and accrued liabilities. The carrying amount of these financial instruments approximate their fair values due to the relatively short period to maturity of these instruments or the terms and conditions of their repayment.

The Corporation is exposed to credit, liquidity and capital management risk as part of its normal course of business. As of the date hereof, the risk management policy is established by the Board and is monitored by management. Management identifies and analyzes the risks faced by the Corporation, sets appropriate risk limits and controls and monitors risks, market conditions and the Corporation's activities.

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 receivable and the convertible notes receivable. The carrying amount of cash, accounts receivable, the Secured Note receivable and the convertible notes receivable represents the maximum credit exposure.

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 and in the United States.

The Secured Note receivable of $353,635 is made up of $13,635 net of legal fees and costs as disclosed in note 4, which was collected on April 15, 2024 and the recognition of the fair value of the Mortgage plus interest net of legal fees pursuant to a third party appraisal of the secured property totalling $340,000.

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 current liabilities over current assets).

Capital risk management

The Corporation's current objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Corporation currently manages the capital structure and makes adjustments to it considering any changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation may issue new shares, new debt, or acquire or dispose of assets. The Corporation is not subject to externally imposed capital requirements. Management reviews its capital risk management approach on an ongoing basis and believes the approach is reasonable given the relative size of the Corporation.

16. SUBSEQUENT EVENTS

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 common 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 common shares in the capital of the Corporation ("**Resulting Issuer Shares**") and 0.34433507 Resulting Issuer Share purchase warrants, respectively;
- the Corporation issued 547,090 Resulting Issuer Shares and a cash payment of $43,274 to certain former directors and executive 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 would 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.

17. COMPARATIVE FIGURES

Prior year figures relating to the secured note repayments and related legal fees on collection in the statement of cash flows have been reclassified to conform to the current year presentation.