

763997 ALBERTA LTD. (FORMERLY TARGET CAPITAL INC.) AND GRAFTON VENTURES ENERGY HOLDINGS CORP. ANNOUNCE CLOSING OF BROKERED PRIVATE PLACEMENT

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CALGARY, AB, March 15, 2024 /CNW/ - 763997 Alberta Ltd. (formerly Target Capital Inc.) ("**TCI**") (NEX: TCI.H) and Grafton Ventures Energy Holdings Corp. ("**Grafton**") are pleased to announce the closing of a brokered private placement of 24,333,901 subscription receipts of Grafton (the "**Subscription Receipts**") for gross proceeds of \$3,650,085 (the "Private Placement") in accordance with the terms of an agency agreement dated the date hereof among Grafton, Eight Capital (the "**Lead Agent**"), Haywood Securities Inc., ATB Securities Inc., Canaccord Genuity Corp., and Raymond James Ltd. (together with the Lead Agent, the "**Agents**") (the "**Agency Agreement**").

Private Placement Highlights

- Following the successful close of the brokered private placement and the non-brokered private placement (the "**Non-Brokered Private Placement**") for a gross total of \$7.0 million, Westgate expects to have cash on hand of approximately \$9.0 million
- Strong participation from Grafton management team and Board of Directors in the Non-Brokered Private Placement, contributing over \$3.1 million
- Proceeds used to advance the 'Westgate Strategy', which includes accelerating drilling on existing lands and pursuing strategic acquisition opportunities
- Public trading is anticipated to occur in late-April or early-May, subject to TSX Venture Exchange approvals

The proceeds of the Private Placement will be held in escrow until the satisfaction of certain conditions (the "**Escrow Release Conditions**") related to the three-cornered amalgamation among TCI, Grafton and 2595456 Alberta Ltd., a wholly-owned subsidiary of TCI (the "**Transaction**"). Upon completion of the Transaction, TCI will carry on the oil and gas exploration and production business of Grafton under the name "Westgate Energy Inc." (the "**Resulting Issuer**" or "**Westgate**").

Each Subscription Receipt will be automatically converted, without additional consideration or any further action on the part of the holder thereof, into one unit of Grafton with each unit consisting of one common share in the capital of Grafton (a "**Grafton Share**") and one Grafton Share purchase warrant (a "**Grafton Warrant**") upon the satisfaction of the Escrow Release Conditions. Each Grafton Warrant is exercisable for one Grafton Share at a price of \$0.20 for a period of 24 months from the satisfaction of the Escrow Release Conditions. Upon completion of the Transaction, each Grafton Share will be exchanged for common shares in the capital of the Resulting Issuer (the "**Resulting Issuer Share**") on the basis of 0.3443 Resulting Issuer Shares for each Grafton Share held and each Grafton Warrant will be exchanged for Resulting Issuer purchase warrants (the "**Resulting Issuer Warrants**") on the basis of 0.3443 Resulting Issuer Warrants for each Grafton Warrant held. Each Resulting Issuer Warrant will entitle the holder to acquire one Resulting Issuer Share at a price of \$0.58 for a period of 24 months from the from the satisfaction of the Escrow Release Conditions.

If: (i) the Escrow Release Conditions are not satisfied on or before 4:30 p.m. (Calgary time) on May 31, 2024 (or such other date as agreed to by Grafton and the Lead Agent); (ii) the amalgamation agreement governing the Transaction is terminated at an earlier time; or (iii) Grafton has advised the Lead Agent or announced to the public that it does not intend to proceed with the Transaction, each Subscription Receipt shall be terminated and the holders of Subscription Receipts will receive a cash payment equal to the offering price of the Subscription Receipts and any interest that was earned thereon during the term of the escrow.

Pursuant to the terms of the Agency Agreement, the Agents are entitled to a cash commission in the amount equal to 7.0% of the gross proceeds of the Private Placement, excluding president's list subscribers (the "**Agents' Commission**") being \$146,179.95. 50% of the Agents' Commission was paid to the Agents on closing of the Private Placement, and the remaining 50% shall be released upon the satisfaction or waiver of the Escrow Release Conditions. Grafton has also issued an aggregate of 974,533 warrants (the "**Agents' Warrants**") to the Agents, being equal to 7.0% of the number of Subscription Receipts sold pursuant to the Private Placement, excluding president's list subscribers. Each Agents' Warrant is exercisable for one Grafton Share at a price of \$0.15 for a period of 24 months from the date hereof. Upon completion of the Transaction, each Agents' Warrant will be exchanged for Resulting Issuer purchase warrants (the "**Resulting Issuer Agents' Warrants**") on the basis of 0.3443 Resulting Issuer Agents' Warrants for each Agents' Warrant held. Each Resulting Issuer Agents' Warrant will entitle the holder to acquire one Resulting Issuer Share at a price of \$0.44 for a period of 24 months from the date hereof.

The net proceeds from the Private Placement will be used to fund development in the targeted Mannville Stack fairway and complementary acquisition opportunities.

The Transaction remains subject to certain customary conditions, including but not limited to, the approval of the TSX Venture Exchange (the "**TSXV**"), the completion of the \$3.0 million (minimum) non-brokered private placement, the approval of the Transaction by the shareholders of Grafton, and the consolidation of the common shares of TCI on a 40-for-1 basis. TCI and Grafton intend to apply to have the Resulting Issuer Shares listed on the TSXV and for the Resulting Issuer to satisfy the criteria for an oil and gas exploration or reserves company. Completion of the Transaction is expected to occur in April/May 2024.

Please see the press releases dated January 11, 2024 and March 15, 2024 for more information. Additional details regarding the Transaction will be made available in a filing statement that will be filed with the TSXV and be available on TCI's profile on SEDAR+ at www.sedarplus.com.

Sponsorship of a "New Listing" made in the context of a "Reverse Takeover" is required by the TSXV in accordance with Policy 2.2 of the TSXV Corporate Finance Manual, unless exempt in accordance with applicable TSXV policies or unless the TSXV provides a waiver. TCI intends to apply for an exemption or waiver from sponsorship requirements; however, there is no assurance that TCI will obtain this exemption.

Westgate Strategy

Westgate will be focused on the emerging Mannville Stack fairway located in East-Central Alberta and West Central Saskatchewan, where known accumulations of medium and heavy oil are being "unlocked" via the application of modern drilling techniques utilizing multi-lateral horizontal drilling. The application of these modernized multi-lateral drilling techniques have yielded some of the strongest oil well economics throughout Western Canada.

Westgate's proposed management and board have extensive experience leading and building successful energy companies, starting with identifying high-quality assets. Common amongst the collective successes of the leadership group is targeting robust, large oil in place assets and achieving growth through successful drilling and strategic M&A opportunities. This proven blueprint of

delivering shareholder value is foundational to the formation of Westgate. Westgate will be uniquely positioned as one of a select few publicly listed, pure-play high-growth junior oil companies, focused on the Mannville Stack fairway.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of TCI should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release.

In this press release, all references to "\$" are to Canadian dollars.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT) UNLESS REGISTERED UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

Notice regarding forward-looking statements:

This press release includes forward-looking statements regarding TCI, Grafton, the Resulting Issuer and their respective businesses, which may include, but are not limited to, the use of proceeds from the Private Placement, the completion of the Transaction and the timing thereof, the application to list the Resulting Issuer Shares on the TSXV and the expectation that the Resulting Issuer will satisfy the criteria for an oil and gas exploration or reserves company, the closing of the brokered private placement and the timing thereof; the business strategy of the Resulting Issuer, the characteristics of the Mannville Stack fairway and the unique position of the Resulting Issuer in respect thereof, and expectations regarding details regarding initial production rates. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The forward-looking statements included in this press release are based on management's current expectations and assumptions, including, but not limited to, the satisfaction of all conditions to the completion of Transaction and the receipt of all necessary approvals, the Resulting Issuer's ability to execute its business strategy and market conditions. Although TCI and/or Grafton, as applicable, believe that the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by TCI and/or Grafton, as applicable, including but not limited to, the inability to satisfy all conditions to the Transaction and/or the failure to obtain all necessary approvals. Moreover, in respect of Grafton and the Resulting Issuer, exploration, appraisal, and development of oil and natural gas reserves are speculative activities and involve a degree of risk.

Although TCI and Grafton have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and TCI and Grafton undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, other than as required by law.

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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