

Capitan Investment Ltd.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024

(Unaudited – Prepared by Management)

Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2024.

Capitan Investment Ltd.**Condensed Interim Consolidated Statements of Financial Position**

(unaudited)

(in Canadian dollars)

As at	Note	September 30 2024	December 31 2023
Assets			
Current assets			
Cash		\$ 631,283	\$ 893,194
Restricted cash		20,000	20,000
Investments	3	6,749,500	6,613,000
Accounts receivable	4	348,271	255,295
Prepaid expenses and deposits	5	778,663	823,245
		8,527,717	8,604,734
Property and equipment	6	193,398	320,564
Total assets		\$ 8,721,115	\$ 8,925,298
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables		\$ 482,761	\$ 510,195
Current portion of lease liabilities	7	134,865	166,517
Current portion of decommissioning obligations	8	167,110	162,406
		784,736	839,118
Lease liabilities	7	72,068	164,460
Decommissioning obligations	8	562,950	547,527
Total liabilities		1,419,754	1,551,105
Shareholders' equity			
Share capital		20,465,084	20,465,084
Contributed surplus		1,244,119	1,244,119
Accumulated other comprehensive income		448,141	314,854
Accumulated deficit		(14,855,983)	(14,649,864)
Total shareholders' equity		7,301,361	7,374,193
Total liabilities and shareholders' equity		\$ 8,721,115	\$ 8,925,298

See the accompanying notes to these condensed interim consolidated financial statements.

Capitan Investment Ltd.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(unaudited)

(in Canadian dollars)

		For the three months ended September 30		For the nine months ended September 30	
	Note	2024	2023	2024	2023
Revenue					
Return on investments	3	\$ 171,910	\$ 169,053	\$ 510,594	\$ 503,183
Expenses					
General and administrative		171,094	156,793	579,209	438,267
Depreciation	6	45,031	31,706	134,725	95,785
Imputed interest	7	6,354	9,009	22,353	25,660
Foreign exchange		1,200	254	(8,819)	2,888
		223,679	197,762	727,468	562,600
Loss from operating activities		(51,769)	(28,709)	(216,874)	(59,417)
Interest and other income		8,669	18,539	26,473	33,635
Net loss from oil and gas operations	9	(1,909)	(43,419)	(15,718)	(96,818)
Net loss		(45,009)	(53,589)	(206,119)	(122,600)
Other comprehensive income (loss)					
Exchange differences on translation of subsidiary		(99,693)	150,850	133,287	(12,034)
Total comprehensive income (loss)		\$ (144,702)	\$ 97,261	\$ (72,832)	\$ (134,634)
Net loss per share - basic		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding		289,684,072	289,684,072	289,684,072	289,684,072

See the accompanying notes to these condensed interim consolidated financial statements.

Capitan Investment Ltd.**Condensed Interim Consolidated Statements of Changes in Equity**

(unaudited)

(in Canadian dollars)

For the nine months ended September 30	Note	2024	2023
Share capital			
289,684,072 common shares issued and outstanding			
Balance, January 1 and September 30		\$ 20,465,084	\$ 20,465,084
Contributed surplus			
Balance, January 1 and September 30		1,244,119	1,244,119
Accumulated other comprehensive loss			
Balance, January 1		314,854	476,903
Exchange differences on translation of subsidiary		133,287	(12,034)
Balance, September 30		448,141	464,869
Accumulated deficit			
Balance, January 1		(14,649,864)	(13,627,045)
Net loss		(206,119)	(122,600)
Balance, September 30		(14,855,983)	(13,749,645)
Total shareholders' equity		\$ 7,301,361	\$ 8,424,427

See the accompanying notes to these condensed interim consolidated financial statements.

Capitan Investment Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)
(in Canadian dollars)

For the nine months ended September 30	Note	2024	2023
Operating activities			
Net loss		\$ (206,119)	\$ (122,600)
Items not affecting cash:			
Depreciation	6	134,725	100,358
Imputed interest	7	22,353	25,660
Lease revision		—	(11,499)
Accretion of decommissioning obligations	8	20,127	9,893
Decommissioning expenditures		(20,846)	(131,163)
Loss on settlement of decommissioning obligations		20,846	29,000
CEBA loan income		—	(10,000)
Foreign exchange		(4,804)	51
Change in non-cash working capital			
Accounts receivable		(92,976)	12,291
Prepaid expenses and deposits		44,582	(49,972)
Trade and other payables		(27,434)	(89,050)
Net cash used in operating activities		(109,546)	(237,031)
Financing activities			
Lease payments	7	(154,255)	(96,244)
Repayment of CEBA loan		—	(30,000)
Net cash used in financing activities		(154,255)	(126,244)
Change in cash		(263,801)	(363,275)
Foreign exchange effect on USD denominated cash		1,890	(17)
Cash, January 1		893,194	1,652,783
Cash, September 30		\$ 631,283	\$ 1,289,491

See the accompanying notes to these condensed interim consolidated financial statements.

Capitan Investment Ltd.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024**

(unaudited)

(in Canadian dollars)

1. Nature of Operations

Capitan Investment Ltd. ("Capitan" or the "Company") was incorporated under the Business Corporations Act (Alberta) and changed its name from Sahara Energy Ltd. to Capitan on December 17, 2021. The Company's primary business is investment in real estate development projects. The Company is listed on the TSX Venture Exchange under the trading symbol CAI. The Company's registered address is 400, 444 – 7th Avenue SW, Calgary, Alberta.

Capitan incorporated a wholly owned subsidiary, GC Capital Holdings Inc. ("GC Capital"), a Delaware business corporation in the United States, on January 20, 2021.

As at September 30, 2024, JK Investment (Hong Kong) Co., Limited ("JK Investment") owned and controlled 69% of the Company's issued and outstanding shares.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the interpretations of the International Financial Reporting Interpretations Committee in effect at January 1, 2024.

These consolidated financial statements were authorized for issue by the Board of Directors on **November 29, 2024**.

Adoption of amended accounting standards

Effective January 1, 2024, the Company adopted amendments to IAS 1 Presentation of Financial Statements which clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current. These amendments did not impact disclosures or amounts reported in these condensed interim consolidated financial statements.

3. Investments

In August 2021, the Company entered into two Investment Agreements with DMG Investments LLC. ("DMG"), a comprehensive real estate company specializing in finance, development, operations and property management in the United States: (1) a USD 2,000,000 investment in a joint venture real estate investment as a non-managing member in exchange for a preferred equity interest representing approximately 15.56% of the total equity interest in the Air Albany Project and (2) a USD 3,000,000 investment in a joint venture real estate investment as a non-managing member in exchange for a preferred equity interest representing approximately 21.85% of the total equity interest in the Auden Project. The Air Albany Project and the Auden Project are collectively referred to as "the Investments".

The Company has unconditional option to require the cash payment of its 10% guaranteed return on the Investments and the cash repurchase of all or part of its equity interest after an initial 12-month period or, in lieu of full repayment, upon the Company giving three months prior notice to DMG, the Company may continue to hold its position. The 10% return and repurchase option granted to the Company in connection with the Investments is guaranteed by DMG.

The Company has extended its position in the Investments, during which time the Company will continue to earn a 10% return.

The September 30, 2024 carrying value of the Investments is \$6,749,500 (USD 5,000,000) (December 31, 2023 – \$6,613,000 (USD 5,000,000)). The fair value of the Investments approximates the carrying value as the Company may redeem the Investments at any time.

Capitan Investment Ltd.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024**

(unaudited)

(in Canadian dollars)

4. Accounts Receivable

	September 30 2024	December 31 2023
Goods and Services Tax	\$ 614	\$ 3,458
Return on investment (Note 3)	338,400	221,037
Oil and gas marketers (Note 9)	9,257	30,800
	\$ 348,271	\$ 255,295

The Company's accounts receivable are aged as follows:

	September 30 2024	December 31 2023
Less than 60 days old	\$ 120,823	\$ 144,777
Over 60 days old	227,448	110,518
	\$ 348,271	\$ 255,295

Receivables for Goods and Services Tax ("GST") are typically collected within 30 days of filing the related GST return and are included in the less than 60 days aging category. Receivables for the Company's return on investment are accrued on a quarterly basis and are typically collected within 60 days. The Company historically has not experienced any significant collection issues for accounts receivable (Note 10).

5. Prepaid expenses and deposits

	September 30 2024	December 31 2023
Deposit with Alberta Energy Regulator	\$ 703,216	\$ 676,762
Prepaid expenses	75,447	146,483
	\$ 778,663	\$ 823,245

Capitan Investment Ltd.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024**

(unaudited)

(in Canadian dollars)

6. Property and Equipment

		Right-of- use assets		Furniture and equipment		D&P assets		Total
Cost								
Balance, December 31, 2023	\$	440,431	\$	70,950	\$	4,956,148	\$	5,467,529
Foreign exchange		9,091		—		—		9,091
Balance, September 30, 2024	\$	449,522	\$	70,950	\$	4,956,148	\$	5,476,620
Accumulated depletion, depreciation and impairment								
Balance, December 31, 2023	\$	124,035	\$	66,782	\$	4,956,148	\$	5,146,965
Depreciation		134,088		637		—		134,725
Foreign exchange		1,532		—		—		1,532
Balance, September 30, 2024	\$	259,655	\$	67,419	\$	4,956,148	\$	5,283,222
Net carrying amount								
As at December 31, 2023	\$	316,396	\$	4,168	\$	—	\$	320,564
As at September 30, 2024	\$	189,867	\$	3,531	\$	—	\$	193,398

7. Lease Liability

The Company incurs lease payments related to office premises.

Balance, December 31, 2023	\$	330,977
Imputed interest		22,353
Lease payments		(154,255)
Foreign exchange		7,858
Balance, September 30, 2024	\$	206,933
Current portion		(134,865)
Long-term portion	\$	72,068

As at September 30, 2024, the remaining expected payments under the Company's office lease agreement are as follows:

	Annual USD	Annual CAD
2024 (remainder)	\$ 32,766	\$ 44,231
2025	113,662	153,378
2026	19,268	26,010

8. Decommissioning Obligations

Balance, December 31, 2023	\$	709,933
Accretion		20,127
Balance, September 30, 2024		730,060
Current portion		(167,110)
Long-term portion	\$	562,950

Capitan Investment Ltd.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2024**

(unaudited)

(in Canadian dollars)

9. Oil and Gas Operations

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Heavy oil sales	\$ 40,542	\$ –	\$ 116,839	\$ 12,526
Royalties	(1,374)	–	(5,028)	(140)
	39,168	–	111,811	12,386
Production and operating expenses	(13,458)	(40,684)	(86,556)	(65,738)
Depletion	–	–	–	(4,573)
Accretion (Note 8)	(6,773)	(2,735)	(20,127)	(9,893)
Loss on settlement of decommissioning obligations	(20,846)	–	(20,846)	(29,000)
Net loss from oil and gas operations	\$ (1,909)	\$ (43,419)	\$ (15,718)	\$ (96,818)

The Company sells its production pursuant to fixed and variable price contracts with varying length terms up to 1 year. Under the contracts, the Company is required to deliver a fixed or variable volume of oil to the contract counterparty. The transaction price is based on the commodity price, adjusted for quality, location or other factors.

All heavy oil sales revenues are from company-operated wells. As at September 30, 2024, accounts receivable (Note 4) included \$9,871 from an oil and gas marketer (December 31, 2023 – \$30,800).

10. Credit Risk

Management believes the risk is mitigated by entering into transactions with long-standing, reputable counterparties and partners.

Cash is held with highly rated banks in Canada and China. Restricted cash in in respect of a letter of credit for a corporate credit card. The Company does not believe these financial instruments are subject to material credit risk.

The Company has assessed credit risk with respect to the Investments and has determined that there is no material credit risk based on the Company's review of financial and non-financial information for DMG and the Projects. The 10% return on the Investments and the redemption of the Investments is guaranteed by DMG (Note 3).

Accounts receivable credit risk is discussed in Note 4.

The maximum exposure to credit risk at is as follows:

	September 30 2024	December 31 2023
Cash	\$ 631,283	\$ 893,194
Restricted cash	20,000	20,000
Investments (Note 3)	6,749,500	6,613,000
Accounts receivable (Note 4)	348,271	255,295
	\$ 7,749,054	\$ 7,781,489

During the three and nine months ended September 30, 2024 and 2023, the Company recognized \$nil of bad debt expense.