

Capitan Investment Ltd.

Forced Labour and Child Labour in Canadian Supply Chains Report 2024

This Forced Labour and Child Labour in Canadian Supply Chains Report (the “Report”) addresses the period from January 1, 2024 to December 31, 2024 and has been prepared in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the “Act”), including updates applicable to the 2025 reporting cycle. This Report dated May 23, 2025 is made on behalf of Capitan Investment Ltd. (the “Company”).

Forced labour and child labour constitute serious crimes and violations of fundamental human rights. The Company acknowledges its responsibility to ensure that its activities and supply chains uphold the highest ethical standards. This includes preventing and detecting forced and/or child labour in any stage of goods production in Canada or abroad or within goods imported into Canada.

Business Structure, Activities and Supply Chains

The Company is incorporated under the Business Corporations Act (Alberta) and is listed on the TSX Venture Exchange under the symbol CAI.V.

The Company’s primary business is investments on which it earns a 10% annual return. The investments are owned by the Company’s wholly owned subsidiary, GG Capital Holdings Inc. (“GC Capital”), a Delaware business corporation in the United States, and are in two real estate projects that are managed by DMG Investments LLC. (“DMG”), a comprehensive real estate company specializing in finance, development, operations and property management in the United States. The Company does not control, manage or participate in the operating activities of the investments or of DMG.

The Company also retains minor oil and gas interests in Canada, including operating two wells and participating in a number of non-operating and non-producing wells. The Company's supply chain with respect to oil and gas operations encompasses a network of businesses that provide goods and services to the Company. This network primarily consists of vendors, suppliers, contractors, and subcontractors responsible for procuring the necessary goods and services for the operation and decommissioning of its oil and gas interests. The Company deals with vendors that are exclusively from Canada following Canadian oil and gas regulations, that will submit their own respective Forced Labour in Canadian Supply Chain reports, if they fall under the reporting requirements.

Clarification of Reporting Obligations

In accordance with the updated 2025 guidance, the Company is required to report under the Act as it imports goods into Canada in the form of materials or equipment related to its oil and gas operations. Entities involved solely in sales or distribution are exempt unless they also import, which does not apply to the Company. This Report reflects the reporting requirements only for Capitan Investment Ltd. as the parent entity and GG Capital Holdings Inc., its U.S. subsidiary.

Policies and Due Diligence

The Company prohibits forced and/or child labour and aims to align vendors and partners with this commitment. All vendors are vetted through risk-based due diligence to ensure they meet ethical and legal compliance standards.

Prior to engaging with vendors or partners, we hold the expectation that they hold similar business principles and values to ours, while also adhering to relevant laws and regulations. We conduct thorough evaluations of prospective relationships through risk-based checks and balances before making any commitments, to ensure the alignment of business principles and values and to mitigate potential risks.

In 2024, the Company enhanced its due diligence measures to include:

- Identification of all source countries or regions for goods and services;
- Expanded evaluation of potential labour rights violations;
- Internal documentation of risk factors, including migrant labour and subcontracting practices;
- Implementation of a grievance procedure accessible to employees and contractors.

Risk Identification and Assessment

The Company performed a comprehensive review of its operations and updated its risk indicators in 2024 to align with the Act. Risks were evaluated based on:

- Source countries of imported goods;
- Industry-specific vulnerabilities now categorized across 95 sectors;
- Jurisdictional risk indices involving labour law enforcement, poverty, and geopolitical stability.

No incidents of forced or child labour were identified in 2024. However, the Company recognizes the importance of continued vigilance in identifying and assessing potential risk areas.

Training

The Company delivered mandatory training for directors, officers, and staff in 2024, covering:

- Definitions and indicators of forced and child labour;
- Regional risk profiles and vulnerable groups;
- Duration: 2 hours; Method: online training with feedback;
- Participants: executive leadership, project management, and procurement staff.

Assessment of Effectiveness

The Company's officers and directors will assess the Company's effectiveness in ensuring that forced and/or child labour is not being used in its operations and supply chains on an annual basis. Support will be provided to employees and suppliers where necessary to resolve any issues identified.

The Company will also assess the effectiveness of our policies by:

- Establishing a regular review of the Company's policies and procedures related to forced and/or child labour;
- Tracking the level of employee awareness of forced and/or child labour risks and assessments, the number of cases reported and solved through grievance mechanisms and the number of contracts with anti-forced and/or child labour clauses to which the Company is a party;
- Working with suppliers to assess the effectiveness of their actions with respect to identifying and addressing forced and/or child labour risks and instances.

Concrete Actions in 2024

During 2024, the Company took the following concrete actions:

- Revised all procurement contracts to include anti-forced and child labour clauses;
- Engaged third-party consultants to validate supply chain mapping for oil and gas equipment vendors;
- Requested written attestations from all Canadian vendors declaring compliance with the Act.

Remediation Measures

Efforts to prevent and reduce the risk of forced and/or child labour can have the unintended consequence of contributing to a loss of income for vulnerable individuals and families. Remediation measures refer to actions taken to remedy the loss of such income that results from measures taken to eliminate the use of forced and/or child labour in the Company's activities and supply chains.

In accordance with the Act, the Company has conducted a preliminary assessment of its activities and supply chains and has not identified any incidents of forced and/or child labour. Therefore, we have not needed to take any measures to remediate an incident of forced and/or child labour.

The Company recognizes the need for continual monitoring to uphold the mitigation of modern slavery risks within our operations and supply chains. We are committed to the regular review of our risk assessments and swift implementation of remediation measures should the need arise in the future.

In the event that we discover the use of forced and/or child labour in our business and supply chains, we will take one or more of the following remediation measures:

- Ensure the immediate safety and well-being of the affected individuals;
- Support affected individuals and their families by providing access to workforce reintegration, counselling and healthcare support;
- Provide compensation to affected individuals and their families;
- Identify the causes of the labour abuse and take actions to prevent their recurrence;
- Provide grievance mechanisms; and Undertake formal apologies.

Approval and Signature

This Report was approved by the Company's Board of Directors on May 23, 2025 and submitted to the Minister of Public Safety and Emergency Preparedness in Canada. It is available at www.capitaninvestment.com.

In accordance with Section 11 of the Act, I attest that I have reviewed the information contained in the Report for Capitan Investment Ltd. Based on my knowledge and reasonable diligence, I attest that the information is true, accurate and complete in all material respects for the purposes of the Act.

Approved by CEO Panwen Gao

Panwen Gao, Chief Executive Officer

May 23, 2025

I have the authority to bind Capitan Investment Ltd.

Forward-looking Statements

This report includes forward-looking statements which involve risks and uncertainties. Statements may include terms such as "anticipate," "intend," "expect," or similar expressions. These statements are based on current assumptions and may change due to future developments, including changes in legislation or supply chain circumstances.