

**Capitan Investment Ltd.**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 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 months ended March 31, 2024.

**Capitan Investment Ltd.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(unaudited)  
(in Canadian dollars)

As at	Note	March 31 2024	December 31 2023
<b>Assets</b>			
Current assets:			
Cash		\$ 881,855	\$ 893,194
Restricted cash		20,000	20,000
Investments	3	6,775,000	6,613,000
Accounts receivable	4	190,858	255,295
Prepaid expenses and deposits	5	795,080	823,245
		8,662,793	8,604,734
Property and equipment	6	283,582	320,564
<b>Total assets</b>		<b>\$ 8,946,375</b>	<b>\$ 8,925,298</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Trade and other payables		\$ 473,544	\$ 510,195
Current portion of lease liabilities	7	162,134	166,517
Current portion of decommissioning obligation	8	163,960	162,406
		799,638	839,118
Lease liabilities	7	134,507	164,460
Decommissioning obligations	8	552,622	547,527
<b>Total liabilities</b>		<b>1,486,767</b>	<b>1,551,105</b>
Shareholders' equity			
Share capital		20,465,084	20,465,084
Contributed surplus		1,244,119	1,244,119
Accumulated other comprehensive income		476,946	314,854
Accumulated deficit		(14,726,541)	(14,649,864)
<b>Total shareholders' equity</b>		<b>7,459,608</b>	<b>7,374,193</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 8,946,375</b>	<b>\$ 8,925,298</b>

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 March 31	Note	2024	2023
<b>Revenue</b>			
Return on investments	3	\$ 168,116	\$ 166,740
<b>Expenses</b>			
General and administrative		180,188	128,608
Depreciation	6	44,524	32,342
Imputed interest	7	8,490	6,921
Foreign exchange		(8,911)	–
		224,291	167,871
<b>Loss from operating activities</b>		(56,175)	(1,131)
Interest income		8,896	7,264
Net loss from oil and gas operations	9	(29,398)	(16,782)
<b>Net loss</b>		(76,677)	(10,649)
<b>Other comprehensive income (loss)</b>			
Exchange differences on translation of subsidiary		162,092	(5,727)
<b>Total comprehensive income (loss)</b>		\$ 85,415	\$ (16,376)
<b>Net loss per share - basic</b>			
Weighted average number of shares outstanding		\$ (0.00)	\$ (0.00)
		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 three months ended March 31	Note	2024	2023
<b>Share capital</b>			
289,684,072 common shares issued and outstanding			
Balance, January 1 and March 31		\$ 20,465,084	\$ 20,465,084
<b>Contributed surplus</b>			
Balance, January 1 and March 31		1,244,119	1,244,119
<b>Accumulated other comprehensive loss</b>			
Balance, January 1		314,854	476,903
Exchange differences on translation of subsidiary		162,092	(5,727)
Balance, March 31		476,946	471,176
<b>Accumulated deficit</b>			
Balance, January 1		(14,649,864)	(13,627,045)
Net loss		(76,677)	(10,649)
Balance, March 31		(14,726,541)	(13,637,694)
<b>Total shareholders' equity</b>		<b>\$ 7,459,608</b>	<b>\$ 8,542,685</b>

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 three months ended March 31	Note	2024	2023
<b>Operating activities</b>			
Net loss		\$ (76,677)	\$ (10,649)
Items not affecting cash:			
Depreciation	6	44,524	36,915
Imputed interest	7	8,490	6,921
Lease revision		–	(11,499)
Accretion of decommissioning obligation	9	6,649	3,692
Foreign exchange		(2,884)	(213)
Change in non-cash working capital			
Accounts receivable		64,437	7,562
Prepaid expenses and deposits		28,165	(39,267)
Trade and other payables		(36,651)	(7,900)
Net cash used in operating activities		36,053	(14,438)
<b>Financing activities</b>			
Lease payments	7	(50,734)	(24,199)
Net cash used in financing activities		(50,734)	(24,199)
Change in cash		(14,681)	(38,637)
Foreign exchange effect on USD denominated cash		3,342	(11)
Cash, January 1		893,194	1,652,783
<b>Cash, March 31</b>		<b>\$ 881,855</b>	<b>\$ 1,614,135</b>

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

---

## Capitan Investment Ltd.

### Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 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 March 31, 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 **May 28th, 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 for up to an additional 12 months, to August 31, 2023. 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 until July 2024, during which time the Company will continue to earn a 10% return.

The March 31, 2024 carrying value of the Investments is \$6,775,000 (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 months ended March 31, 2024**

(unaudited)

(in Canadian dollars)

---

**4. Accounts Receivable**

	March 31 2024	December 31 2023
Goods and Services Tax	\$ 1,805	\$ 3,458
Return on investment (Note 3)	168,911	221,037
Oil and gas marketers (Note 8)	20,142	30,800
	\$ 190,858	\$ 255,295

The Company's accounts receivable are aged as follows:

	March 31 2024	December 31 2023
Less than 60 days old	\$ 190,858	\$ 144,777
Over 60 days old	–	110,518
	\$ 190,858	\$ 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**

	March 31 2024	December 31 2023
Deposit with Alberta Energy Regulator	\$ 685,658	\$ 676,762
Prepaid expenses	109,422	146,483
	\$ 795,080	\$ 823,245

---

**Capitan Investment Ltd.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024**

(unaudited)

(in Canadian dollars)

---

**6. Property and Equipment**

	Right-of- use assets	Furniture and equipment	D&P assets	Total
<b>Cost</b>				
Balance, December 31, 2023	\$ 440,431	\$ 70,950	\$ 4,956,148	\$ 5,467,529
Foreign exchange	10,789	–	–	10,789
Balance, March 31, 2024	\$ 451,220	\$ 70,950	\$ 4,956,148	\$ 5,478,318
<b>Accumulated depletion, depreciation and impairment</b>				
Balance, December 31, 2023	\$ 124,035	\$ 66,782	\$ 4,956,148	\$ 5,146,965
Depreciation	44,312	212	–	44,524
Foreign exchange	3,247	–	–	3,247
Balance, March 31, 2024	\$ 171,594	\$ 66,994	\$ 4,956,148	\$ 5,194,736
<b>Net carrying amount</b>				
As at December 31, 2023	\$ 316,396	\$ 4,168	\$ –	\$ 320,564
As at March 31, 2024	\$ 279,626	\$ 3,956	\$ –	\$ 283,582

**7. Lease Liability**

The Company incurs lease payments related to office premises.

Balance, December 31, 2023	\$ 330,977
Imputed interest	8,490
Lease payments	(50,734)
Foreign exchange	7,908
Balance, March 31, 2024	\$ 296,641
Current portion	(162,134)
Long-term portion	134,507

As at March 31, 2024, the remaining expected payments under the Company's office lease agreement are as follows:

	Annual USD	Annual CAD
2024 (remainder)	\$ 108,541	\$ 147,073
2025	113,662	153,957
2026	19,268	26,107

**8. Decommissioning Obligation**

Balance, December 31, 2023	\$ 709,933
Accretion	6,649
Balance, March 31, 2024	716,582
Current portion	(163,960)
Long-term portion	\$ 552,622

---

---

**Capitan Investment Ltd.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024**

(unaudited)

(in Canadian dollars)

---

**9. Oil and Gas Operations**

For the three months ended March 31	2024	2023
Heavy oil sales	\$ 26,851	\$ 12,526
Royalties	(1,149)	(140)
	25,702	12,386
Production and operating expenses	(48,451)	(20,903)
Depletion	–	(4,573)
Accretion (Note 8)	(6,649)	(3,692)
Net loss from oil and gas operations	\$ (29,398)	\$ (16,782)

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 March 31, 2024, accounts receivable (Note 4) included \$20,142 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:

	March 31 2024	December 31 2023
Cash	\$ 881,855	\$ 893,194
Restricted cash	20,000	20,000
Investments (Note 3)	6,775,000	6,613,000
Accounts receivable (Note 4)	190,858	255,295
	\$ 7,867,713	\$ 7,781,489

During the three months ended March 31, 2024 and 2023, the Company recognized \$nil of bad debt expense.