

**Capitan Investment Ltd.**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2025**

(Unaudited – Prepared by Management)

## **Notice of No Auditor Review of Condensed Interim Financial Statements**

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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, 2025.

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

(unaudited)

(in Canadian dollars)

As at	Note	March 31 2025	December 31 2024
<b>Assets</b>			
Current assets:			
Cash		\$ 602,070	\$ 810,621
Restricted cash		20,632	20,632
Investments	3	7,188,000	7,194,500
Accounts receivable	4	228,227	44,104
Prepaid expenses and deposits	5	782,418	799,049
		8,821,347	8,868,906
Property and equipment	6	129,609	163,874
Total assets		\$ 8,950,956	\$ 9,032,780
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Trade and other payables		\$ 455,393	\$ 506,028
Current portion of lease liabilities	7	142,706	151,568
Current portion of decommissioning obligations		215,736	214,183
		813,835	871,779
Lease liabilities	7	–	27,355
Decommissioning obligations		528,863	525,019
Total liabilities		1,342,698	1,424,153
Shareholders' equity			
Share capital		20,465,084	20,465,084
Contributed surplus		1,244,119	1,244,119
Accumulated other comprehensive income		923,200	929,793
Accumulated deficit		(15,024,145)	(15,030,369)
Total shareholders' equity		7,608,258	7,608,627
Total liabilities and shareholders' equity		\$ 8,950,956	\$ 9,032,780

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	2025	2024
<b>Revenue</b>			
Return on investments	3	\$ 176,944	\$ 168,116
<b>Expenses</b>			
General and administrative	8	138,879	180,188
Depreciation	6	34,063	44,524
Imputed interest	7	4,476	8,490
Foreign exchange		204	(8,911)
		177,622	224,291
<b>Loss from operating activities</b>		(678)	(56,175)
Interest income		6,073	8,896
Net loss from oil and gas operations	9	829	(29,398)
<b>Net income (loss)</b>		6,224	(76,677)
<b>Other comprehensive income (loss)</b>			
Exchange differences on translation of subsidiary		(6,593)	162,092
<b>Total comprehensive income (loss)</b>		\$ (369)	\$ 85,415
<b>Net income (loss) per share - basic</b>		\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding		289,684,072	289,684,072

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

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

(unaudited)

(in Canadian dollars)

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For the three months ended March 31	Note	2025	2024
<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		929,793	314,854
Exchange differences on translation of subsidiary		(6,593)	162,092
Balance, March 31		923,200	476,946
<b>Accumulated deficit</b>			
Balance, January 1		(15,030,369)	(14,649,864)
Net income (loss)		6,224	(76,677)
Balance, March 31		(15,024,145)	(14,726,541)
<b>Total shareholders' equity</b>		<b>\$ 7,608,258</b>	<b>\$ 7,459,608</b>

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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	2025	2024
<b>Operating activities</b>			
Net income (loss)		\$ 6,224	\$ (76,677)
Items not affecting cash:			
Depreciation	6	34,063	44,524
Imputed interest	7	4,476	8,490
Accretion of decommissioning obligation	9	5,397	6,649
Foreign exchange		198	(2,884)
Change in non-cash working capital			
Accounts receivable		(184,123)	64,437
Prepaid expenses and deposits		16,631	28,165
Trade and other payables		(50,635)	(36,651)
Net cash used in operating activities		(167,769)	36,053
<b>Financing activities</b>			
Lease payments	7	(40,472)	(50,734)
Net cash used in financing activities		(40,472)	(50,734)
Change in cash		(208,241)	(14,681)
Foreign exchange effect on USD denominated cash		(310)	3,342
Cash, January 1		810,621	893,194
<b>Cash, March 31</b>		<b>\$ 602,070</b>	<b>\$ 881,855</b>

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

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**Capitan Investment Ltd.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025**

(unaudited)

(in Canadian dollars)

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**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, 2025, 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 IFRS® Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") in effect at January 1, 2025.

These consolidated financial statements were authorized for issue by the Board of Directors on **May 30<sup>th</sup>, 2025**.

**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, during which time the Company will continue to earn a 10% return.

The March 31, 2025 carrying value of the Investments is \$7,188,000 (USD 5,000,000) (December 31, 2024 – \$7,194,500 (USD 5,000,000)). The fair value of the Investments approximates the carrying value as the Company may redeem the Investments at their full USD 5,000,000 face value at any time.

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**Capitan Investment Ltd.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025**

(unaudited)

(in Canadian dollars)

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**4. Accounts Receivable**

	March 31 2025	December 31 2024
Goods and Services Tax	\$ 1,846	\$ 891
Return on investment (Note 3)	209,113	31,903
Oil and gas marketers (Note 8)	9,145	11,310
Other	8,123	–
	<b>\$ 228,227</b>	<b>\$ 44,104</b>

The Company's accounts receivable are aged as follows:

	March 31 2025	December 31 2024
Less than 60 days old	\$ 137,273	\$ 44,104
Over 60 days old	90,954	–
	<b>\$ 228,227</b>	<b>\$ 44,104</b>

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 2025	December 31 2024
Deposit with Alberta Energy Regulator	\$ 716,972	\$ 710,899
Prepaid expenses	65,446	88,150
	<b>\$ 782,418</b>	<b>\$ 799,049</b>

The deposit with the Alberta Energy Regulator is required by the Alberta Energy Regulator as security against the fulfillment of the Company's decommissioning obligation.



**Capitan Investment Ltd.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025**

(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, 2024	\$	415,897	\$	74,396	\$	4,956,148	\$	5,446,441
Foreign exchange		(376)		(3)		—		(379)
Balance, March 31, 2025	\$	415,521	\$	74,393	\$	4,956,148	\$	5,446,062
<b>Accumulated depletion, depreciation and impairment</b>								
Balance, December 31, 2024	\$	258,530	\$	67,889	\$	4,956,148	\$	5,282,567
Depreciation		33,636		427		—		34,063
Foreign exchange		(178)		1		—		(177)
Balance, March 31, 2025	\$	291,988	\$	68,317	\$	4,956,148	\$	5,316,453
<b>Net carrying amount</b>								
As at December 31, 2024	\$	157,367	\$	6,507	\$	—	\$	163,874
As at March 31, 2025	\$	123,533	\$	6,076	\$	—	\$	129,609

**7. Lease Liability**

The Company incurs lease payments related to office premises.

Balance, December 31, 2024	\$	178,923
Imputed interest		4,476
Lease payments		(40,472)
Foreign exchange		(221)
Balance, March 31, 2025	\$	142,706

As at March 31, 2025, the remaining expected payments under the Company's office lease agreement are as follows:

	Annual USD	Annual CAD
2025 (remainder)	\$ 85,424	\$ 122,805
2026	19,268	27,699

**8. General and Administrative Expenses**

For the three months ended March 31	2025	2024
Salaries and benefits	\$ 98,680	\$ 93,106
Consulting and professional fees	18,059	63,243
Office and general	15,282	12,978
Shareholder and regulatory	6,858	10,861
	\$ 138,879	\$ 180,188

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**Capitan Investment Ltd.****Notes to Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2025**

(unaudited)

(in Canadian dollars)

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**9. Oil and Gas Operations**

For the three months ended March 31	2025		2024	
Heavy oil sales	\$	31,216	\$	26,851
Royalties		(1,357)		(1,149)
		29,859		25,702
Production and operating expenses		(19,058)		(48,451)
Accretion of decommissioning obligation		(5,397)		(6,649)
Decommissioning obligation revisions		(4,575)		–
Net income (loss) from oil and gas operations	\$	829	\$	(29,398)

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, 2025, accounts receivable (Note 4) included \$9,145 from an oil and gas marketer (December 31, 2024 – \$11,310).

**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 2025		December 31 2024	
Cash	\$	602,070	\$	810,621
Restricted cash		20,632		20,632
Investments (Note 3)		7,188,000		7,194,500
Accounts receivable (Note 4)		228,227		44,104
	\$	8,038,929	\$	8,069,857

During the three months ended March 31, 2025 and 2024, the Company recognized \$nil of bad debt expense.