

Capitan Investment Ltd.

Forced Labour and Child Labour in Canadian Supply Chains Report 2023

This Forced Labour and Child Labour in Canadian Supply Chains Report (the “Report”) addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the “Act”). This Report dated May 30, 2024 is made on behalf of Capitan Investment Ltd. (the “Company”).

Forced labour and child labour, as outlined in the Act, constitute serious crimes and violations of fundamental human rights. The Company acknowledges its responsibility in ensuring that its activities and the associated supply chains uphold the highest ethical standards. This includes the prevention and detection of forced labour and child labour (“forced and/or child labour”) within our supply chain. This report details the measures undertaken throughout fiscal year 2023 to mitigate and prevent the potential utilization of forced and/or child labour at any stage of goods production in Canada or abroad by the Company, or within goods imported into Canada by the Company or its vendors and partners.

1. Business Structure, Activities and Supply Chains

The Company is incorporated under the Business Corporations Act (Alberta) and is listed on the TSX Venture Exchange (“the Exchange”), under the symbol CAI.V. In 2021, the Company received Exchange approval of its Change of Business Submission from Oil and Gas to Investment.

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 continues to own minor oil and gas interests in Canada with associated decommissioning obligations. The Company is the operator of two 100% owned wells, one producing and the other abandoned but not yet reclaimed. The Company is a working interest partner in a number of other non-operated and non-producing wells which are either suspended or abandoned but not yet reclaimed.

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.

Additional information regarding the Company’s corporate structure and operations is available in the Company’s annual filings for the year ended December 31, 2023 on SEDAR+ at www.sedarplus.ca.

2. Policies and Due Diligence

The Company does not tolerate any form of forced labour or child labour, often referred to as modern slavery, and does its best to ensure our vendors and partners do not partake in modern slavery practices.

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.

We acknowledge that employees working in our supply chain are at potential risk of forced labour or child labour. To mitigate this risk, we intend to follow policies and due diligence processes that include the following:

- Internal assessment of risks of forced and/or child labour in the Company’s activities and supply chains;
- Development of processes to identify, review and monitor the use of forced and/or child labour in the Company’s activities and supply chains;

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- Identification and assessment of potential adverse impacts on the Company's operations;
- Training of officers, directors and employees to raise awareness about forced and/or child labour;
- Communication of the impacts and how they should be addressed; and
- Cooperation in remediation activities when appropriate.

3. Risk Assessment

The Company will consider the following risk factors when assessing supply chains that carry a risk of forced and/or child labour being used:

- Reliance on low skilled workforce;
- Presence of migrant workers;
- Presence of child labour;
- Dangerous or undesirable work;
- Presence of labour intermediaries;
- Offshore production and sourcing of materials;
- Long, complex, or non-transparent supply chains; and
- Jurisdictional risks including poverty, conflict, and enforcement of international human rights standards.

The Company is dedicated to maintaining the utmost standards of ethical conduct, which encompasses preventing modern slavery and human trafficking across all facets of our operations. As a Canadian company, we acknowledge our duty to safeguard against forced and/or child labour at every stage of goods production, both domestically and internationally, whether undertaken directly by our organization or within our supply chains.

Below outlines the steps we will take to address and mitigate these risks:

- Map our supply chains;
- Develop and implement due diligence policies and processes for identifying, addressing and prohibiting the use of forced and/or child labour in the Company's activities and supply chains;
- Engage with supply chain partners to raise awareness of modern slavery risks and provide guidance on implementing best practices for prevention and mitigation.
- Encourage employees and stakeholders to report any concerns or suspicions of modern slavery.

4. 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:

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- 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.

5. 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.

6. Training

The Company will undertake training of its employees to ensure they are able to identify activities and supply chains that carry a risk of forced and/or child labour and carry out policies and due diligence processes to mitigate such risk. To uphold this commitment, we will offer periodic training opportunities to ensure that all employees are equipped with up-to-date knowledge.

7. Approval & Signature

This Report was approved by the Company's Board of Directors on May 30, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on the Company's website at www.capitaninvestment.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Approved by CEO Panwen Gao

Panwen Gao, Chief Executive Officer

May 30, 2024

I have the authority to bind Capitan Investment Ltd.

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Forward-looking Statements

Certain statements contained in this report include statements which contain words such as “anticipate”, “could”, “should”, “expect”, “seek”, “may”, “intend”, “likely”, “will”, “believe” and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about events and results which will or may occur in the future, constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this report includes, but is not limited to: the steps taken to prevent and reduce risks of forced and/or child labour; the implementation of policies in relation to forced and/or child labour; training provided to employees in respect of forced and/or child labour; remediation measures in respect of forced and/or child labour; maintenance of existing supplier and partner relationships; supply channels; and other such matters.