Capitan Investment Ltd.

Condensed Interim Consolidated Financial Statements

For the six months ended June 30, 2026

(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 six months ended June 30, 2026.

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

As at	Note		June 30 2026		December 31 2025
Assets					
Current assets:					
Cash		$	480,403	$	307,914
Loans receivable	3		426,300		411,180
Investments	4		4,120,900		6,853,000
Accounts receivable	5		262,754		95,463
Prepaid expenses and deposits			78,971		48,329
			5,369,328		7,715,886
Investments	4		2,415,700		–
Alberta Energy Regulator deposit	6		742,170		732,985
Property and equipment	7		392,513		26,109
Total assets		$	8,919,711	$	8,474,980
Liabilities and Shareholders’ Equity					
Current liabilities:					
Trade and other payables		$	163,879	$	152,481
Current portion of lease liabilities	8		117,018		26,055
Current portion of decommissioning obligations			329,981		333,182
			610,878		511,718
Lease liability	8		281,460		–
Decommissioning obligations			415,989		402,665
Total liabilities			1,308,327		914,383
Shareholders’ equity					
Share capital			20,465,084		20,465,084
Contributed surplus			1,244,119		1,244,119
Accumulated other comprehensive income			822,583		567,597
Accumulated deficit			(14,920,402)		(14,716,203)
Total shareholders’ equity			7,611,384		7,560,597
Total liabilities and shareholders’ equity		$	8,919,711	$	8,474,980

Subsequent event (Note 12)

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 six months ended June 30	Note		2026		2025
Revenue					
Return on investments	3	$	310,408	$	349,479
Expenses					
General and administrative	9		306,924		295,586
Waiver of return on investment income receivable	4(a)		114,438		–
Depreciation	7		66,638		66,914
Imputed interest	8		15,098		7,845
Foreign exchange			(4,266)		3,882
			498,832		374,227
Loss from operating activities			(188,424)		(24,748)
Interest income			9,185		11,682
Loss from oil and gas operations	10		(22,636)		(2,615)
Loss before taxes			(201,875)		(15,681)
Current tax			2,324		–
Net loss			(204,199)		(15,681)
Other comprehensive income (loss)					
Exchange differences on translation of subsidiary			254,986		(393,935)
Total comprehensive loss		$	50,787	$	(409,616)
Net loss per share - basic		$	(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.

Capitan Investment Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

(in Canadian dollars)

For the six months ended June 30	Note	2026	2025
Share capital			
289,684,072 common shares issued and outstanding			
Balance, January 1 and June 30		$ 20,465,084	$ 20,465,084
Contributed surplus			
Balance, January 1 and June 30		1,244,119	1,244,119
Accumulated other comprehensive loss			
Balance, January 1		567,597	929,793
Exchange differences on translation of subsidiary		254,986	(393,935)
Balance, June 30		822,583	535,858
Accumulated deficit			
Balance, January 1		(14,716,203)	(15,030,369)
Net loss		(204,199)	(15,681)
Balance, June 30		(14,920,402)	(15,046,050)
Total shareholders' equity		$ 7,611,384	$ 7,199,011

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 six months ended June 30	Note		2026		2025
Operating activities					
Net loss		$	(204,199)	$	(15,681)
Items not affecting cash:					
Waiver of return on investment income receivable	4(a)		114,438		–
Interest income on Alberta Energy Regulator deposit			(9,185)		(11,682)
Depreciation	7		66,638		66,914
Imputed interest	8		15,098		7,845
Accretion of decommissioning obligation	10		10,123		10,832
Foreign exchange			(2,594)		(7,538)
Decommissioning expenditures			–		(9,987)
Change in non-cash working capital					
Accounts receivable			(281,729)		(346,754)
Prepaid expenses and deposits			(30,642)		32,625
Trade and other payables			11,398		(41,295)
Net cash used in operating activities			(310,654)		(314,721)
Financing activities					
Lease payments	8		(75,940)		(79,882)
Net cash used in financing activities			(75,940)		(79,882)
Investing activities					
Investment proceeds	4		548,164		–
Net cash provided by investing activities			548,164		–
Change in cash			161,570		(394,603)
Foreign exchange effect on USD denominated cash			10,919		(14,197)
Cash, January 1			307,914		810,621
Cash, June 30		$	480,403	$	401,821

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

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 June 30, 2026, 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, 2026.

These consolidated financial statements were authorized for issue by the Board of Directors on **August _28th _, 2026**.

3. Loans Receivable

Between July and December 2025, the Company provided USD 300,000 of loans to HGL Company ("HGL"), an arm's length company, for a term of three months from the date of advance which may be extended by mutual agreement. Interest is charged at 1.5% per month, increased to 2.5% per month in the event of default. The loans are secured by a continuing security interest in and lien on all cash flow generated by HGL and the personal assets of the members of HGL.

As at June 30, 2026, the carrying amount of loans receivable was $426,300 (USD 300,000) (December 31, 2025 – $411,180 (USD 300,000)), which approximates management's estimate of fair value due to the short-term nature of the loan. See Note 12.

During the six months ended June 30, 2026, the Company recognized $37,206 (USD 27,000) (six months ended June 30, 2025 – $nil) of return on investment revenue on loans receivable, of which $16,663 is in accounts receivable at June 30, 2026 (December 31, 2025 – $10,266).

4. 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".

(a) Air Albany Project

As part of a restructuring, on March 31, 2026, the Company executed a series of agreements with DMG and its affiliates in respect of the Company's USD 2,000,000 investment in the Air Albany Project.

Under these agreements:

- The Company received cash consideration of $410,340 (USD 300,000) on April 24, 2026 and acquired a non-voting special interest with distribution rights in 1211 Albany Multifamily LLC, the entity that now indirectly holds the project.

- The remaining USD 1,700,000 Unpaid Principal balance of the Company's original investment is preserved through a guarantee by DMG Investments whereby, in broad terms, if a defined trigger condition occurs, a Residual Amount payable by DMG Investments would equal the USD 1,700,000 Unpaid Principal minus an Adjusted Special Interest Value, with the latter determined based on the applicable distribution waterfall, projected future distributions, discounting to present value, and any distributions actually received before the relevant determination. If the Adjusted Special Interest Value equals or exceeds USD 1,700,000, then no further amount would be payable by DMG Investments.
- In connection with this restructuring, the Company waived its entitlement to accrued and unpaid interest on the original investment, totaling $114,438 (USD 83,425).

As the likelihood of a defined trigger condition occurring cannot be determined as of the date of the financial statements, management has estimated the June 30, 2026 fair value of the investment to be USD 1,700,000.

These transactions collectively reflect management's decision to exit its prior loan-style investment position in the Albany project and participate in future project returns through an equity-based interest.

As at June 30, 2026, the carrying amount of the Air Albany Project was $2,415,700 (USD 1,700,000) (December 31, 2025 – $2,741,200 (USD 2,000,000)) which approximates management's estimate of fair value.

(b) Auden Project

On April 10, 2026, the Company executed a purchase agreement (the "Purchase Agreement") with DMG to sell a portion of its membership interest in the Auden Project. Under the Purchase Agreement, the Company will transfer an aggregate of approximately 3.496% of its ownership interest through six monthly installment payments of USD 80,000 each, for total proceeds of USD 480,000.

Each installment payment results in a proportionate transfer of membership interest, with closing occurring upon receipt of payment. Following completion of all installments, the Company's ownership interest is expected to decrease from approximately 21.85% to 18.354% and the principal amount of the investment will decrease from USD 3,000,000 to USD 2,520,000.

During the period from April 10, 2026 to June 30, 2026, the Company received $137,824 (USD 100,000) of proceeds representing the sale of approximately 0.728% of its ownership interest.

This transaction represents an initial step in the Company's broader strategy to fully exit its investment in the Auden Project. As at the date of these financial statements, management is actively engaged in discussions with potential buyers regarding the disposition of its remaining interest; however, no additional agreements have been executed.

As at June 30, 2026, the Company's ownership interest in the Auden Project was 21.122% with a carrying amount of $4,120,900 (USD 2,900,000) (December 31, 2025 – 21.85% with a carrying amount of $4,111,800 (USD 3,000,000)), which approximates management's estimate of fair value.

During the six months ended June 30, 2026, the Company recognized $273,202 (USD 198,493) (six months ended June 30, 2025 – $349,479 (USD 247,945)) of return on investment revenue on the Investments, of which $241,542 is in accounts receivable at June 30, 2026 (December 31, 2025 – $75,262).

(in Canadian dollars)

5. Accounts Receivable

		June 30 2026		December 31 2025
Goods and Services Tax	$	4,070	$	1,998
Return on investment (Note 4)		258,205		85,528
Oil and gas marketers (Note 9)		479		7,937
	$	262,754	$	95,463

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 11).

6. Alberta Energy Regulator Deposit

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

7. Property and Equipment

		Right-of-use assets		Furniture and equipment		D&P assets		Total
Cost								
Balance, December 31, 2025	$	396,155	$	74,233	$	4,956,148	$	5,426,536
Addition		419,192		–		–		419,192
Expired lease		(396,486)		–		–		(396,486)
Foreign exchange		15,382		121		–		15,503
Balance, June 30, 2026	$	434,243	$	74,354	$	4,956,148	$	5,464,745
Accumulated depletion, depreciation and impairment								
Balance, December 31, 2025	$	374,742	$	69,537	$	4,956,148	$	5,400,427
Depreciation		65,862		776		–		66,638
Expired lease		(396,486)		–		–		(396,486)
Foreign exchange		1,592		61		–		1,653
Balance, June 30, 2026	$	45,710	$	70,374	$	4,956,148	$	5,072,232
Net carrying amount								
As at December 31, 2025	$	21,413	$	4,696	$	–	$	26,109
As at June 30, 2026	$	388,533	$	3,980	$	–	$	392,513

(in Canadian dollars)

8. Lease Liability

The Company incurs lease payments related to office premises.

Balance, December 31, 2025	$	26,055
Addition		419,192
Imputed interest		15,098
Lease payments		(75,940)
Foreign exchange		14,073
Balance, June 30, 2026	$	398,478

		June 30 2026		December 31 2025
Current portion	$	117,018	$	26,055
Long-term portion		281,460		–
	$	398,478	$	26,055

In March 2026, the Company entered into a lease agreement for new office premises. The lease liability was determined using an incremental borrowing rate of 12% and a lease term of 38 months.

As at June 30, 2026, the remaining expected payments under the Company's office lease agreement are as follows:

	Annual USD	Annual CAD
2026 (remainder)	$ 80,653	$ 114,608
2027	110,470	156,977
2028	122,224	173,680
2029	42,108	59,836
	$ 355,455	$ 505,101

9. General and Administrative Expenses

For the six months ended June 30		2026		2025
Salaries and benefits	$	193,691	$	197,433
Consulting and professional fees		71,723		58,051
Office and general		27,263		27,082
Shareholder and regulatory		14,247		13,020
	$	306,924	$	295,586

(in Canadian dollars)

10. Oil and Gas Operations

For the six months ended June 30		2026		2025
Heavy oil sales	$	27,856	$	61,918
Royalties		(732)		(2,557)
		27,124		59,361
Production and operating expenses		(38,688)		(38,312)
Accretion of decommissioning obligation		(10,123)		(10,832)
Decommissioning obligation revisions		(949)		(12,832)
Loss from oil and gas operations	$	(22,636)	$	(2,615)

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 June 30, 2026, accounts receivable (Note 5) included $479 from an oil and gas marketer (December 31, 2025 – $7,937).

11. 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 investments and loans receivable 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 and HGL (Note 4).

Accounts receivable credit risk is discussed in Note 5.

The maximum exposure to credit risk is as follows:

		June 30 2026		December 31 2025
Cash	$	480,403	$	307,914
Loans receivable (Note 3)		426,300		411,180
Investments (Note 4)		6,536,600		6,853,000
Accounts receivable (Note 5)		262,754		95,463
	$	7,706,057	$	7,667,557

During the six months ended June 30, 2026 and 2025, the Company recognized $nil of bad debt expense, however, the Company recognized an expense of $114,438 for the waiver of return on investment income receivable as disclosed in Note 4(a).

12. Subsequent Event

On July 1, 2026, the Company executed a Supplemental Agreement with HGL pursuant to which the following terms and amendments for loans receivable (Note 3) were agreed to:

- HGL shall make a USD 80,000 principal repayment on or before July 15, 2026 which was received on July 15, 2026;

- The remaining USD 220,000 principal balance shall be due and payable on or before December 20, 2026.
- For the period July 1, 2026 to December 20, 2026, interest shall accrue on the USD 220,000 principal balance at a rate of 10% per annum, after which the interest rate will revert back to 1.5% per month (18% per annum);
- If the full remaining principal balance is repaid on or before December 20, 2026, the Company agrees to waive, in aggregate, not less than USD 10,000 of accrued and unpaid interest.