



For the Year Ended October 31, 2025

**Management Discussion & Analysis**

(Expressed in Canadian dollars)

## **CANAF INVESTMENTS INC.**

Management Discussion and Analysis for the Year Ended October 31, 2025

Expressed in Canadian Dollars

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### **INTRODUCTION**

Date prepared: February 20, 2026

This Management Discussion and Analysis, (“MD&A”) covers the operations of Canaf Investments Inc. (“Canaf” or the “Corporation”) for the years ended October 31, 2025 and should be read in conjunction with the audited Consolidated Financial Statements for the year ended October 31, 2025 and related notes. The Consolidated Financial Statements are presented in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board. Canaf’s accounting policies are described in Note 2 of the unaudited Consolidated Financial Statements for the year ended October 31, 2025. The consolidated financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Corporation.

All dollar amounts are expressed in Canadian dollars, the presentation currency of the Corporation, unless otherwise stated. The Corporation’s listing on the TSX-V is also quoted in Canadian Dollars.

Additional information relating to the Corporation is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) or at Corporation’s website at [www.canafinvestments.com](http://www.canafinvestments.com).

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### **DESCRIPTION OF BUSINESS**

Canaf is a British Columbia corporation having continued from Alberta. The Corporation conducts its operations through its wholly owned South African subsidiaries, Quantum Screening and Crushing (Pty) Limited (“Quantum”) and Canaf Investments (Pty) Ltd. (“Canaf Ltd”).

Quantum owns 70% of Southern Coal (Pty) Ltd. (“Southern Coal”), which processes anthracite coal into de-volatilised anthracite (calcined anthracite). This product is sold primarily into the manganese beneficiation sector in South Africa as a substitute for metallurgical coke.

Canaf Ltd, incorporated in 2019, owns 100% of Canaf Estate Holdings (Pty) Ltd. (“CEH”), 100% of Canaf Capital (Pty) Ltd. (“Canaf Capital”), and 100% of Canaf Agri (Pty) Ltd. (“Canaf Agri”). Profits generated by Quantum have been reinvested into Canaf Ltd. to support the Corporation’s strategy of building a diversified corporation focused on sustainable, long-term growth sectors within South Africa.

#### *Southern Coal – Calcined Anthracite, South Africa*

Southern Coal produces calcined anthracite, which is primarily sold as a substitute to metallurgical coke in sintering processes, by feeding anthracite coal through its rotary kiln, at temperatures between 900 and 1,100 degrees centigrade; the volatiles are driven off and the effective carbon content increased. Southern Coal supplies primarily into the manganese sector in South Africa from its site near Newcastle, KwaZulu Natal.

#### *Canaf Estate Holdings – Property Investments, South Africa*

CEH is a property investment company focused on acquiring, renovating and renting properties primarily within the suburbs of the old Johannesburg CBD. CEH made its first property acquisition in August 2019 and since grown to a portfolio of 14 properties and a value of CAN\$1.8million.

#### *Canaf Capital – Short-term Secured Financing*

Incorporated in July 2024, Canaf Capital is an investment company focused on providing capital for short-term financing to businesses and entrepreneurs in South Africa. Canaf Capital provides capital via the Alternative Finance Group (“AFG”), who source, and administer investments on a deal-by-deal basis.

#### *Canaf Agri – Agriculture Projects, South Africa*

Incorporated in 2023, Canaf Agri is exploring investment opportunities in the agriculture sector in South Africa.

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### **OVERALL PERFORMANCE AND OUTLOOK**

For the year ended October 31, 2025, the Corporation delivered its highest net earnings and book value per share since inception, reflecting strong earnings growth from its newer divisions while Southern Coal continues to operate as the core business.

Shareholders' equity increased to CAN\$14.76 million as at October 31, 2025 (2024: CAN\$12.00 million), resulting in a book value per share of CAN\$0.311 (2024: CAN\$0.252).

Revenue for the year declined by 15% to CAN\$27,674,008 (2024: CAN\$32,744,748) primarily attributable to reduced calcine product pricing coupled with lower sales volumes in Southern Coal. Despite the fall in revenue, net income attributable to shareholders increased to CAN\$2,421,121 (2024: CAN\$2,161,279), representing earnings per share of CAN\$0.0511 for the year (2024: CAN\$0.0456). Gross margin improved to 13.6% (2024: 10.9%), reflecting a higher earnings contribution from Canaf Capital and CEH, which operate at higher gross margins than Southern Coal.

Revenue from Southern Coal declined by 17.2% to CAN\$26,936,153 during the year. This decrease resulted from an approximate 11% reduction in sales volumes, together with lower raw material input costs and finished product selling prices. Gross margin improved by 1% year-on-year to 12.%, reflecting cost management initiatives and improved operating efficiencies.

During the year, CEH acquired five additional investment properties, increasing its portfolio to fourteen properties with an estimated combined value of approximately R22.6 million (CAN\$1.8 million), compared to R15.9 million (CAN\$1.3 million) as at October 31, 2024. In accordance with International Financial Reporting Standards, nine properties were independently valued, resulting in an average valuation uplift of approximately 14% and a fair value gain of CAN\$0.1 million recognized in profit or loss. CEH continues to evaluate additional property acquisitions within the Bertrams district and broader central Johannesburg, with the objective of achieving sufficient scale to support growth through retained earnings.

Canaf Capital and Canaf Ltd increased their investment portfolio from R4.3 million at the beginning of the year to R20.5 million (CAN\$1.7 million) as at October 31, 2025. The expansion of the investment portfolio resulted in investment income increasing from CAN\$23,468 in 2024 to CAN\$411,806 in 2025. Management intends to continue expanding the investment portfolio towards a target level of approximately R30 million (CAN\$2.3 million) by April 2026, subject to market conditions. Expected returns are based on historical performance and current market conditions, and all retained earnings are being reinvested to support portfolio growth.

The Corporation continued to implement its social responsibility initiatives, including learnership programs, enterprise development support, and funding schemes for local communities, suppliers, small businesses, and students. Total contributions toward these initiatives during the year amounted to approximately CAN\$89,816 (2024: CAN\$122,003).

Management's near-term focus remains on maintaining Southern Coal as the primary source of operating cash flow, while allocating surplus capital to expand Canaf Capital and CEH, and evaluating additional long-term investment opportunities in South Africa. This approach is intended to enhance earnings stability and support the Corporation's long-term growth and diversification objectives.

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### Selected Financial Information

The following financial information is derived from the Corporation's audited consolidated financial statements for the years ended October 31, 2025 and 2024.

	Year Ended	
	2025	Oct 31
	CAN\$	2024
		CAN\$
Product Sales	26,936,153	32,524,667
Property Rental	326,049	196,613
Interest Income from Loans Receivables	411,806	23,468
<b>Revenue</b>	<b>27,674,008</b>	<b>32,744,748</b>
Cost of Sales	(23,918,916)	(29,188,608)
<b>Gross Profit</b>	<b>3,755,092</b>	<b>3,556,140</b>
Expenses	(989,352)	(918,835)
Interest Income	779,288	733,964
Other Income	18,585	1,975
Gain on Change in Fair Value of Investment Properties	119,664	-
<b>Net Income for the year (before tax)</b>	<b>3,683,277</b>	<b>3,373,244</b>
Income Tax Expense	(975,138)	(884,288)
<b>Net Income for the year</b>	<b>2,708,139</b>	<b>2,488,956</b>
Attributable to the Shareholders	2,421,121	2,161,279
Attributable to the Non-Controlling Interest	287,018	327,677
<b>Adjusted EBITDA</b>	<b>3,117,217</b>	<b>2,844,746</b>
	2025	2024
<b>Total Assets</b>	<b>18,171,865</b>	<b>15,801,252</b>
<b>Total Equity</b>	<b>15,987,538</b>	<b>13,196,071</b>

### Non- GAAP Performance Measures

The Corporation has included additional financial performance measures in this MD&A, such as adjusted EBITDA. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS Accounting Standards, certain investors use this information to evaluate the Corporation's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards.

### \*Reconciliation of Adjusted EBITDA and Profit

	Year Ended	
	2025	Oct 31
	CAN\$	2024
		CAN\$
Net Income for the year	2,708,139	2,488,956
Interest Income	(779,288)	(733,964)
Foreign Exchange Loss	11	47
Depreciation and Amortization	213,217	205,418
Income Taxes	975,138	884,288
<b>Adjusted EBITDA</b>	<b>3,117,217</b>	<b>2,844,746</b>

*Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenue (expenses) as historically calculated by the Corporation.*

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### **BROAD-BASED BLACK ECONOMIC EMPOWERMENT TRANSACTION (B-BBEE)**

As part of Southern Coal's B-BBEE transformation program, Amandla Amakhulu (Pty) Ltd, ("AAM"), a 100% black, privately owned, and ringfenced, company incorporated in South Africa, acquired 30% of the issued shares of Southern Coal, from Canaf's wholly owned subsidiary, Quantum, for the value of R18 million. The financial effective date for the transaction is August 1, 2018.

Quantum in return received cumulative, redeemable preference shares in AAM in the amount of the purchase price. These preference shares shall provide preferential dividends, until redeemed by AAM. These dividends will be secured by an irrevocable direction from AAM to Southern Coal to pay Quantum such dividends from any distribution to AAM. Dividends of CAN\$339,630 were paid during the year ended October 31, 2025 (2024: CAN\$189,442).

### **CLAIM AGAINST KILEMBE MINES LIMITED**

In August 2006, the Corporation, then known as Uganda Gold Mining, announced the termination of any further investment into its Kilembe Copper-Cobalt Project in Uganda. Since 2007, the Corporation has been involved in a legal dispute with Kilembe Mines Limited, ("KML"), wherein the Corporation seeks general damages, special damages, and costs of the Arbitration from KML for breach of contract. In January 2013, the High Court of Uganda referred the case back to arbitration for determination.

After a change of Arbitrators, the parties agreed to the appointment of a replacement Arbitrator, Mr. Didas Nkurunziza. The replacement Arbitrator's appointment was confirmed on the April 19, 2022. It was agreed that the Arbitration bifurcated, with the first part being a determination of the breach and thereafter, if breach is found, an assessment of the quantum of loss.

Following the filing of the respective parties' cases, the Arbitral Tribunal delivered its Award on April, 26 2023 disallowing both Canaf's claim and KML's counterclaim. In disallowing the claims, the Tribunal based on an issue outside the scope of the reference, raised by itself after the conclusion of the arbitration proceedings, with the parties being denied an opportunity to call further evidence to clarify on that issue.

It is on this basis that an application was filed to the Uganda High Court on behalf of Canaf to set aside this Award and refer the dispute back for determination before another arbitrator vide High Court Miscellaneous Application No. 0047 of 2023. On June 10, 2025, Hon. Justice Anna B. Mugenyi ruled in favour of Canaf and set aside the arbitral award dated April 24, 2023 in its entirety and remitted the dispute to a different arbitrator for fresh determination in accordance with the agreement of the parties. The parties are required to re-engage on the appointment of a new arbitrator.

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### RESULTS OF OPERATIONS

#### YEAR ENDED OCTOBER 31, 2025

The Corporation reports a net income for the year ended October 31, 2025 of CAN\$2,708,139 (2024: CAN\$2,488,956), which represents a 9% increase compared to the previous year, on revenue of CAN\$27,674,008 (2024: CAN\$32,744,748). The increase in net income is primarily due to an increase in net margins underpinned by higher contributions from Canaf Capital and Canaf Estate Holdings.

	3 Months Ended Oct 31				Year Ended Oct 31			
	2025 CAN\$	2024 CAN\$	Variance CAN\$	%	2025 CAN\$	2024 CAN\$	Variance CAN\$	%
Product Sales	6,664,018	7,565,647	(901,630)	(12%)	26,936,153	32,524,667	(5,588,514)	(17%)
Property Rental	92,377	60,245	32,132	53%	326,049	196,613	129,436	66%
Interest Income from Loans Receivable	125,664	19,249	106,415	553%	411,806	23,468	388,339	1,655%
Revenue	6,882,059	7,645,141	(763,082)	(10%)	27,674,008	32,744,748	(5,070,740)	(15%)
Cost of Sales	(6,116,916)	(6,734,058)	617,141	9%	(23,918,916)	(29,188,608)	5,269,691	18%
Gross Profit	765,142	911,083	(145,941)	(16%)	3,755,092	3,556,140	(198,952)	6%
Expenses								
General and Administrative	(256,914)	(249,639)	(7,274)	(3%)	(989,341)	(918,787)	(70,553)	(8%)
Foreign Exchange Gain (Loss)	-	2	(2)	(102%)	(11)	(47)	36	76%
Total Expenses	(256,914)	(249,637)	(7,277)	(3%)	(989,532)	(918,835)	(70,517)	(8%)
Interest Income	191,198	221,726	(30,527)	(14%)	779,288	733,964	45,324	6%
Other Income	6,761	1,115	(5,646)	(506%)	18,585	1,975	16,610	841%
Gain on Change in Fair Value of Investment Properties	119,664	-	119,664	100%	119,664	-	119,664	100%
Income Before Income Taxes	825,851	884,287	(58,436)	(7%)	3,683,277	3,373,244	310,033	9%
Income Tax Expense	(208,706)	(173,708)	(34,998)	(20%)	(975,138)	(884,288)	(90,850)	(10%)
Net Income for the period	617,145	710,579	(93,434)	(13%)	2,708,139	2,488,956	219,183	9%
Net Income for the period Attributable to the Parent	598,638	636,494	(37,856)	(6%)	2,421,121	2,161,279	259,842	12%

#### Product Sales

Sales of Southern Coal's calcined anthracite and related products declined 17% to CAN\$26,936,153 (2024: CAN\$32,524,667) during the year. The decrease in sales is due a reduction in demand from a major customer of Southern Coal, finished product price reductions, as well as the closing down of Southern Coal's smallest customer (Assmang), which accounted for about 8% of Southern Coal's order book. These impacts were partially mitigated by steady improvements in cost efficiencies, including more favourable raw material costs, which improved gross margins by 1.0%.

#### Property Rental

As at October 31, 2025, CEH owned fourteen investment properties, adding five properties during the year. Rental income grew 66% year-on-year to CAN\$326,049 (2024: CAN\$196,613) across the portfolio.

#### Interest Income from Loans Receivable

Income from loans receivable increased significantly from \$23,468 to \$411,806 during the year ended October 31, 2025 due to the division only commencing investment activities in Q4 2024.

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### Cost of Sales

Cost of sales have reduced by 18% compared to the same 12-month period last year (2025: CAN\$23,918,916; 2024: CAN\$29,188,608), slightly greater than the reduction in sales to which they relate, which decreased by 17%.

	<b>3 Months Ended Oct 31</b>		<b>Year Ended Oct 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>CAN\$</b>	<b>CAN\$</b>	<b>CAN\$</b>	<b>CAN\$</b>
Inventories, Beginning of the Year	922,653	1,393,515	1,216,545	1,533,269
Analysis Fees	1,229	4,648	12,046	17,579
Depreciation	42,117	55,998	204,176	188,187
Electricity	96,608	45,233	272,965	198,045
Fuel, Oil and Lubricants	43,072	51,335	177,786	230,852
Professional and Project Management Fee	15,769	16,722	62,367	51,6873
Medical Expenses	2,652	2,200	10,164	8,374
Product Purchases	5,729,952	6,125,762	21,777,782	26,833,755
Protective Clothing	5,769	5,118	22,455	23,385
Provident Fund	11,993	11,186	46,805	40,663
Machinery Rental	23,852	19,995	129,940	237,195
Repairs and Maintenance	139,241	85,127	425,215	422,811
Salaries and Benefits	142,594	132,870	620,108	566,034
Transportation	34,917	894	36,061	53,318
Inventories, End of the Quarter	<u>(1,095,500)</u>	<u>(1,216,545)</u>	<u>(1,095,500)</u>	<u>(1,216,545)</u>
	<u>6,116,916</u>	<u>6,734,058</u>	<u>23,918,916</u>	<u>29,188,608</u>

### Gross Margins

Corporation gross margins increased by 2.7% year on year (2025: 13.6%; 2024: 10.9%), due to the impact of the higher contribution from Canaf Capital and CEH, which operate at higher gross margins than the Corporation's processing businesses.

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### General and Administrative Expenses:

	3 Months Ended				Year Ended			
	2025	2024	Oct 31		2025	2024	Oct 31	
	CANS\$	CANS\$	CANS\$	Variance %	CANS\$	CANS\$	CANS\$	Variance %
Bank Charges and Interest	3,692	7,033	3,341	48%	10,871	12,574	1,703	14%
Management and Consulting Fees	65,049	59,700	(5,349)	(9%)	250,060	231,675	(18,385)	(8%)
Directors Incentives	20,000	21,000	1,000	5%	81,888	83,000	1,112	1%
Office, Insurance and Sundry	38,128	48,890	10,762	22%	163,131	146,956	(16,175)	(11%)
Staff Welfare and Transport	2,930	2,412	(518)	(21%)	26,027	6,551	(19,476)	(297%)
Security	7,520	3,985	(3,535)	(89%)	28,463	16,259	(12,204)	(75%)
Environmental and Surveys	6,449	13,754	7,305	53%	48,852	35,380	(13,472)	(38%)
New Ventures	1,376	3,826	2,450	64%	2,743	13,774	11,031	80%
Professional Fees	59,969	11,509	(48,460)	(421%)	198,335	170,134	(28,201)	(17%)
Promotion	-	271	271	100%	962	1,904	942	49%
Telephone	2,852	3,843	991	26%	12,833	13,732	898	7%
Transfer Agent and Filing Fees	2,982	2,156	(826)	(38%)	20,901	19,176	(1,725)	(9%)
Transport and Travel	15,245	11,254	(3,991)	(35%)	54,459	45,670	(8,789)	(19%)
Broad-Based Black Economic Empowerment	30,722	60,006	29,284	49%	89,816	122,003	32,187	26%
	256,914	249,639	(7,275)	(3%)	989,341	918,787	(70,553)	(8%)
Foreign Exchange Gain (Loss)	-	(2)	(2)	100%	11	48	37	77%
Expenses	256,914	249,637	(7,277)	(3%)	989,352	918,835	(70,517)	(8%)
Interest Income	(191,198)	(221,726)	(30,528)	(14%)	(779,288)	(733,964)	45,324	6%
Other Income	(6,761)	(1,115)	5,646	(506%)	(18,585)	(1,975)	16,610	(841%)
Gain on Change in Fair Value of Investment Properties	(119,664)	-	119,664	(100%)	(119,664)	-	119,664	(100%)
	(60,709)	26,796	87,505	327%	71,815	182,896	111,081	61%

### Expenses

General and administrative expenses have increased by 8% (CAN\$70,553) year on year (2025: CAN\$989,341; 2024: CAN\$918,787). This is primarily due to higher management, consulting and professional fees, partly as a result of exchange rates between Canada and the UK, combined with increased investments in staff welfare and staff transportation, enhanced site security, and environmental initiatives as the Company continues to adopt new technologies and improve reporting.

### Interest Income

Interest income for cash on deposit, as well as amounts earned on the loan to AAM resulted in interest yields that were 6% higher than in the previous year (2025: CAN\$779,288; 2024: CAN\$733,964). This is as a result of active management of excess cash balances over and above those needed to manage the working capital position of the trading entities.

### Other Income

Other income primarily comprises various cost recoveries, amounted to CAN\$18,585 for the year ended October 31, 2025 (2024 – CAN\$1,975).

### Gain on Change in Fair Value of Investment Properties

The gain on change in fair value of investment properties represents revaluation gain recognized on nine investment properties in CEH's portfolio, measured at fair value in accordance with IAS 40 and IFRS 13. For the year ended October 31, 2025, the Company recognized a revaluation gain of CAN\$119,664 (2024 – nil).

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### YEAR ENDED OCTOBER 31, 2025: BY SECTOR

	3 Months Ended				Year Ended			
	Quantum <sup>(1)</sup>		Canaf Investments <sup>(2)</sup>		Quantum		Canaf Investments <sup>(2)</sup>	
	CANS\$	CANS\$	CANS\$	CANS\$	CANS\$	CANS\$	CANS\$	CANS\$
Revenue	6,664,018	218,040	-	6,882,058	26,936,246	737,762	-	27,674,008
Cost of Sales	(6,081,399)	(35,518)	-	(6,116,917)	(23,770,475)	(148,441)	-	(23,918,916)
Gross Profit	582,619	182,522	-	765,141	3,165,771	589,321	-	3,755,092
Gross Margin	9%	84%		11%	12%	80%		14%
Expenses								
General and Administrative	(123,810)	(15,015)	(118,089)	(256,914)	(501,800)	(51,736)	(435,805)	(989,341)
Foreign Exchange Loss	-	-	-	-	-	-	(11)	(11)
Total Expenses	(123,810)	(15,015)	(118,089)	(256,914)	(501,800)	(51,736)	(435,816)	(989,352)
Interest Income	184,390	4,257	2,281	190,928	751,833	17,521	9,934	779,288
Other Income	6,760	-	-	6,760	18,585	-	-	18,585
Gain on Change in Fair Value of Investment Properties	-	119,664	-	119,664	-	119,664	-	119,664
Income Before Income Taxes	649,959	291,428	(115,808)	825,579	3,434,389	674,770	(425,882)	3,683,277

(1) Quantum relates to Quantum and its 70% owned anthracite calcining business (Southern Coal).

(2) Canaf Investments relates to its wholly owned subsidiaries, Canaf Estates Holdings, Canaf Capital and Canaf Agri (yet to generate income).

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### SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME

	<b>Oct 31, 2025</b>	<b>Oct 31, 2024</b>
	<b>CAN\$</b>	<b>CAN\$</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital	9,833,684	9,833,684
Additional Paid in Capital	1,725,311	1,725,311
Accumulated Other Comprehensive Loss –		
Foreign Currency Translation Reserve	(1,676,138)	(2,056,626)
Retained Earnings	4,877,608	2,456,487
<b>Equity Attributable to Canaf Shareholders</b>	<b>14,760,465</b>	<b>11,958,856</b>
Non-Controlling Interest	1,225,073	1,237,215
	<b>15,987,538</b>	<b>13,196,071</b>

#### Foreign Currency Translation Reserve

The Corporation is not subject to currency fluctuations within its core business in South Africa however, the Corporation is subject to transactions in various currencies and the volatility in international currency markets does have an impact on some costs and the translation into Canadian dollars, the reporting currency of the Corporation.

The 12-month comprehensive translation on foreign exchange amounts to a gain of CAN\$422,958 compared to a gain of CAN\$802,276 in the previous year. This is due to fluctuations in exchange rates.

As at October 31, 2025, the Corporation has accumulated foreign currency other comprehensive loss of CAN\$1,676,138 (2024: CAN\$2,056,626).

The Corporation does not hedge net asset translation movements.

#### Retained Earnings

During the year ended October 31, 2025 the surplus increased by CAN\$2,421,121 from CAN\$2,456,487 at October 31, 2024 to CAN\$4,877,608.

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### SUMMARY OF QUARTERLY RESULTS

The following financial data is derived from the Corporation's consolidated financial statements for the past eight quarters.

Performance over the last four quarters is in line with management's expectations and reflects 12% growth in the annual EPS compared to the prior year (October 31, 2025 at CAN\$0.051 per share, and October 31, 2024 at CAN\$0.046 per share respectively). The past eight quarters represent a total EPS of CAN\$0.097 per share. Management expects Q1 2026 to reflect approximately an 13.0% decrease in product sales driven, by a reduction in demand from a key customer of Southern Coal caused by unscheduled breakdown.

	3 Months Ended			
	Oct 31, 2025	Jul 31, 2025	Apr 30, 2025	Jan 31, 2025
	CAN\$	CAN\$	CAN\$	CAN\$
Revenue	6,882,058	6,850,966	5,529,471	8,411,513
Gross Profit	765,143	1,259,562	667,179	1,063,208
Net Income	617,145	869,850	439,940	781,204
Net Income (Attributable to the Shareholders)	598,639	740,327	405,598	676,557
Net Comprehensive Income (Loss) for the period	1,510,193	1,220,129	(155,695)	556,470
Net Comprehensive Income (Loss) (Attributable to the Shareholders)	1,403,424	1,056,528	(131,830)	473,487
Basic and diluted earnings per share (CAN\$)	0.013	0.016	0.009	0.014

  

	3 Months Ended			
	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024	Jan 31, 2024
	CAN\$	CAN\$	CAN\$	CAN\$
Revenue	7,645,141	9,280,556	6,202,779	9,616,272
Gross Profit	911,083	1,284,706	668,018	692,333
Net Income	710,579	924,191	377,376	476,810
Net Income (Attributable to the Shareholders)	636,495	744,378	337,749	442,657
Net Comprehensive Income for the period	1,210,494	1,020,041	896,256	164,441
Net Comprehensive Income (Attributable to the Shareholders)	1,082,967	792,668	836,907	162,344
Basic and diluted earnings per share (CAN\$)	0.013	0.016	0.007	0.009

### SELECTED ANNUAL INFORMATION

The following financial data is derived from the Corporation's audited consolidated financial statements for the years ended October 31, 2022 through to year ending October 31, 2025.

	2025	2024	2023	2022
	CAN\$	CAN\$	CAN\$	CAN\$
Revenue	27,674,008	32,744,748	32,326,207	22,196,734
Cost of Sales	(23,918,916)	(29,188,608)	(28,381,465)	(19,846,211)
Gross Profit	3,755,092	3,556,140	3,944,742	2,350,523
Income before Income Taxes	3,683,277	3,373,244	3,558,347	1,958,901
Income Tax Expense	(975,138)	(884,288)	(621,665)	(568,661)
Net income for the year	2,708,139	2,488,956	2,936,682	1,390,239
Net income attributable to the Shareholders	2,421,121	2,161,279	2,238,300	1,029,580
Interest Income	779,288	733,964	522,503	256,562
Total Assets	18,171,865	15,801,252	13,618,505	10,581,416
Basic and diluted earnings per share	0.051	0.046	0.047	0.022

The main components making up the total assets balance as at October 31, 2025 of CAN\$18,171,865 (October 31, 2024 of \$15,801,252) are: CAN\$1,045,581 (2024: CAN\$1,223,348) of non-controlling interest borrowings; CAN\$617,587 (2024: CAN\$716,316) property, plant and equipment; CAN\$1,829,398 (2024: CAN\$1,253,855) investment properties; CAN\$9,592,376 (2024: CAN\$7,634,628) in cash; CAN\$2,277,973 (2024: CAN\$3,033,922) in accounts receivable, and CAN\$1,095,500 (2024: CAN\$1,216,545) in inventories, comprising of stock on hand. Total accumulated earnings per share during the past 3 fiscal years amount to CAN\$0.144.

## CANAF INVESTMENTS INC.

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### LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2025, the Corporation had cash of CAN\$9,592,376 (2024: CAN\$7,634,628) and working capital of CAN\$12,494,971 (2024: CAN\$10,011,192). Surplus cash and cash equivalents are deposited in interest accruing accounts.

Working capital components include cash in current or interest-bearing accounts, trade and other receivables, sales tax receivable, inventories and prepaid expenses and deposits, trade and other payables, sales tax payable and income tax payable.

Trade receivables and trade payables are expected to increase or decrease as sales volumes change.

	<b>Year Ended</b> <b>Oct 31, 2025</b> <b>CAN\$</b>	<b>Year Ended</b> <b>Oct 31, 2024</b> <b>CAN\$</b>
Cash provided by operating activities	3,533,757	3,034,261
Cash used in investing activities	(1,808,651)	(1,030,992)
Cash provided used in financing activities	(11,635)	(23,680)
Increase in cash	1,713,471	1,979,589

Operations provided CAN\$3,533,757 in cash during the year ended October 31, 2025 (2024: CAN\$3,034,261) the key variable factor being the timings of supplier and customer payments. Cash used in investing activities relates to investments in and upgrades to the new properties.

The Corporation's management is not aware of any other trends or other expected fluctuations in its liquidity that would create any deficiencies. The Corporation's management believes that its cash balances will be sufficient to meet the Corporation's short-term and long-term requirements for ongoing operations and planned growth. The Corporation does occasionally utilize cash reserves to offer suppliers earlier payment terms in return for more favorable rates.

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### **ECONOMIC DEPENDENCE**

Sales from the Corporation's South African coal processing business are substantially derived from a very few number of customers and as a result, the Corporation is economically dependent on these customers. The Corporation's exposure to credit risk is limited to the carrying value of its accounts receivable. As at October 31, 2025, Southern Coal had trade receivables of CAN\$2,277,758 (2024: CAN\$2,788,677) due from these customers which were all collected subsequent to the year end.

### **REVENUE RECOGNITION**

Revenue from the sale of calcined anthracite is generally earned at a point in time and is recognized upon transfer of title, which is completed when the physical product is delivered to customers and collection is reasonably assured. Rental revenue is recognized on a straight-line basis over the term of the lease contracts at fixed price with no variable consideration and collection is reasonably assured. Interest and other income are recognized when earned and collection is reasonably assured.

### **TRANSACTIONS WITH RELATED PARTIES**

At the report date, key management consists of Christopher Way (CEO, President and a Director of the Corporation), Rebecca Williams (CFO and Director), Peter Wassenaar (Chairman and Director) and Monita Faris (Company Secretary and Director).

Fees incurred for services by related parties during the years ended October 31, 2025 and 2024:

	<b>12 Months Ended</b>	
	<b>Oct 31</b>	<b>Oct 31</b>
	<b>2025</b>	<b>2024</b>
	<b>CAN\$</b>	<b>CAN\$</b>
Management and Consulting fees	242,790	237,411
Accounting and Administration fees	72,866	71,091
Director fees	51,849	47,095
	<b>367,525</b>	<b>355,598</b>

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has no off-balance sheet arrangements

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### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The details of Canaf's accounting policies are presented in Note 2 of the audited Consolidated Financial Statements for the year ended October 31, 2025. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Corporation's consolidated financial statements and the uncertainties that could have a bearing on its financial results.

### **MANAGEMENT OF FINANCIAL RISKS**

The Corporation is exposed to various risks in relation to financial instruments. The Corporation's financial assets and liabilities by category are summarized in Note 2(r) of the consolidated financial statements. The Corporation's risk management is coordinated by the board of directors and focuses on actively securing the Corporation's short to medium-term cash flows and raising finances for the Corporation's capital expenditure program. The Corporation does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Corporation is exposed are described below.

#### *Foreign Currency Risk*

Foreign exchange risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies. The Corporation's subsidiaries, principally located in South Africa, routinely transact in the local currency, exposing the Corporation to potential foreign exchange risk in its financial position and cash flows.

The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. The Corporation does not currently use financial instruments to mitigate this risk.

#### *Credit Risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Corporation limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivable by performing standard credit checks. The credit risk for cash and trade receivables is considered negligible since the counterparties are reputable banks with high quality external credit ratings and customers with no history of default.

The Corporation has a credit risk exposure related to its economic dependence on a very few customers for its calcine sales. The Corporation has assessed its exposure to credit risk and has determined that no significant risk exists from these concentrations of credit.

#### *Liquidity Risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations when they become due. The Corporation ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Corporation's holdings of cash. The Corporation has a working capital of CAN\$12,494,971 as at October 31, 2025. There can be no assurance that the Corporation will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

#### *Commodity Price Risk*

The Corporation's revenue, earnings and cash flows are directly related to the volume and price of calcine sold and are sensitive to changes in market prices over which it has little or no control. The Corporation has the ability to address its price-related exposure through the use of sales contracts.

#### *Fair Value*

The Corporation uses the following hierarchy for determining fair value measurements:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that is not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

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The Corporation's financial assets and liabilities are measured at amortized cost. The carrying amount of cash, accounts receivable, loans receivable, due from non-controlling interest, accounts payable and accrued liabilities and lease liability approximate their fair values as at October 31, 2025.

### **CAPITAL RISK MANAGEMENT**

The Corporation's objectives in managing its capital are to ensure adequate resources are available to fund its coal processing business in South Africa, to seek out and acquire new projects of merit, and to safeguard its ability to continue as a going concern. The Corporation manages its share capital as capital, which as of October 31, 2025 totaled CAN\$9,833,684 (2024: CAN\$9,833,684).

The Corporation manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through the sale of calcine in South Africa and, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurance that the Corporation will be able to obtain debt or equity capital in the case of operating cash deficits.

The Corporation may, from time to time, invest capital that is surplus to immediate operational needs in short-term, liquid, and highly rated financial instruments held with major financial institutions, or in marketable securities. The Corporation may also, from time to time, enter into forward foreign exchange and commodity price contracts to hedge a portion of its exposure to movements in foreign exchange and commodity prices.

The Corporation has no externally imposed capital requirements and has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes in the Corporation's approach to capital management during the year ended October 31, 2025.

### **RISKS AND UNCERTAINTIES**

The Corporation is subject to a number of risk factors due to the nature of the business in which it is engaged, particularly including movements in commodity prices which can have significant effects on its customers business as well as its own feedstock costs, which are difficult to forecast. The Corporation seeks to counter these risks as far as possible by building a diversified organization which it has commenced by investing in a property division.

#### *Exploration and Development*

The Corporation is not currently engaged in any exploration or development projects.

#### *Operating Hazards and Risks*

Operations in which the Corporation has a direct or indirect interest will be subject to all the hazards and risks normally incidental to bulk processing of coals and use of heavy machinery, which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Corporation has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

#### *Metal and Mineral Prices*

Factors beyond the control of the Corporation affect the price and marketability of manganese and steel, the markets in which the Corporation's main customers operate. Metal and mineral prices have fluctuated widely, particularly in recent years and are affected by numerous factors including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors on the Corporation's future prospects cannot accurately be predicted.

#### *Political Risk*

Quantum and Canaf Investments is located in South Africa and consequently the Corporation will be subject to certain risks, including currency fluctuations, electricity outages and possible political or economic instability, and exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Corporation and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety.

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### *Environmental Factors*

All phases of the Corporation's operations will be subject to environmental regulation in South Africa.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in government regulations has the potential to reduce the profitability of operations. The exploration, development and production activities of the Corporation will require certain permits and licenses from various government authorities and such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licenses and permits which the Corporation may require to carry out exploration and development of its projects will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Corporation may undertake.

### *Cash Flows and Additional Funding Requirements*

The Corporation has significant revenue from operations and produces positive cashflow. The Corporation intends to expand organically using available cash and local debt financing, when required.

Should the Corporation decide to develop or acquire a relatively large asset or opportunity, the majority of sources of funds will in large portion be derived from the issuance of equity or project finance debt. Although the Corporation presently has sufficient financial resources and has been successful in the past in obtaining equity and debt financing to undertake past exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation.

### *Enforcement of Civil Liabilities*

Substantially all of the assets of the Corporation will be located outside of Canada, with the directors and officers of the Corporation being resident outside of Canada also. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Corporation or the directors and officers of the Corporation residing outside of Canada.

### *Management*

The Corporation is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Corporation.

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### **CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION**

This MD&A together with the Corporation's consolidated financial statements for the year ended October 31, 2025 contain certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Corporation expects to occur, are forward-looking statements. Forward-looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Inherent in forward-looking statements are risks and uncertainties beyond the Corporation's ability to predict or control, including risks that may affect the Corporation's operating or capital plans, including risks generally encountered in the exploration and development of natural resource properties, such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; risks associated with labour and unavailability of skilled labour; fluctuations in the market prices of the Corporation's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for natural resource properties; risks associated with lack of access to markets; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Corporation's dependence on third parties in the provision of transportation and other critical services; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Corporation receives regulatory and governmental approvals as are necessary on a timely basis; that the Corporation is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Corporation's activity costs; that the Corporation is able to continue to secure adequate transportation as necessary for its exploration activities; that the Corporation is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Corporation's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Corporation's estimates in relation to its natural resource interests are within reasonable bounds of accuracy (including with respect to size, grade and recoverability of mineral projects) and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Corporation maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Corporation's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

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### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim consolidated financial statements and the audited annual Consolidated financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **OUTSTANDING SHARES**

Authorized:	Unlimited number of common shares without par value.
Common shares outstanding:	47,426,195
Options:	Nil
Warrants:	Nil
Fully Diluted:	47,426,195