CANAF
INVESTMENTS INC

Canaf Expands its Footprint in South Africa's Reductant Market Through Acquisition of Carbon Reductant Solutions (Pty) Ltd

September 08, 2026, Vancouver, British Columbia – Canaf Investments Inc. (TSXV: CAF) ("Canaf"), the Canada-registered Corporation, is pleased to announce that its wholly owned South African subsidiary, Quantum Screening and Crushing (Pty) Ltd. ("Quantum"), has completed the acquisition of 100% of the issued shares of Carbon Reductant Solutions (Pty) Ltd. ("CRS"), a South African producer of carbon reductant products.

Transaction

Quantum completed the acquisition of 100% of the issued shares of CRS on August 31, 2026 for a total amount of R14.4 million (approximately CAN$1.25 million). Of this amount, approximately R3.5 million was paid as consideration for the shares and R10.9 million was advanced by Quantum to CRS as intercompany loan funding to settle outstanding liabilities. The investment has been funded from Quantum's existing cash reserves, without the need for external debt financing.

Carbon Reductant Solutions (Pty) Ltd.

CRS commenced operations in October 2023, supplying a char reductant product to ferrochrome smelters in South Africa from its site within the Highveld Industrial Park near eMalahleni. CRS's principal production asset consists of a self-sustaining autogenous rotary kiln, similar in operating principle to the rotary kiln technology utilised at Quantum's facility near Newcastle, KwaZulu-Natal, from where its 70%-owned subsidiary, Southern Coal operates.

The reductant market serving South African chrome smelters contracted significantly during 2025 following the closure and curtailment of a substantial proportion of the country's domestic ferrochrome smelting capacity. This had a significant negative impact on CRS's business and financial position, resulting in the accumulation of historic and accrued liabilities.

Quantum's acquisition and recapitalisation of CRS will strengthen its balance sheet and provide additional production capacity and operational flexibility to Southern Coal, as well as opportunities to utilise the Corporation's existing technical and operating expertise across both facilities. CRS's existing operational staff will be retained, providing continuity and preserving the operating experience of the facility.

Strategic Rationale for the Acquisition

The immediate strategic rationale is to integrate CRS's production capabilities into Southern Coal's existing business supplying sinter facilities in South Africa. The acquisition will increase Southern Coal's available production capacity which it intends to grow into over time, subject to prevailing market conditions. Beyond the existing business, CRS provides Southern Coal with an opportunity to expand into supplying the South African ferrochrome smelting market. Quantum also intends to explore opportunities to expand its crushing and screening capabilities within the Highveld Industrial Park through securing additional land.

During 2026, the South African government, Eskom, the National Energy Regulator of South Africa ("NERSA") and industry participants implemented electricity-pricing interventions aimed at improving the competitiveness and sustainability of domestic ferrochrome production. These developments have supported announced smelter restarts, with further capacity expected to return to production through 2027. Given CRS's established history of producing sized char for South African chrome smelters, the acquisition provides Quantum with an existing production platform from which it may seek to re-establish supply into this market as domestic ferrochrome production recovers.

These anticipated strategic benefits are subject to a number of risks and uncertainties, including the pace and extent of any recovery in South African ferrochrome smelting capacity, prevailing commodity and reductant market conditions, Southern Coal's ability to maintain steady volumes on acceptable commercial terms, and the successful integration of CRS's operations. There can be no assurance that these anticipated benefits will be realised as currently expected, or at all.

Management intends to complete the integration of CRS into Southern Coal's business by the end of October 2026. No material negative impact on Canaf's near-term financial position is expected as a result of the acquisition and integration.

Management Comment

Christopher Way, CEO of Canaf, commented: "CRS is a business we know well, having previously supplied Southern Coal, and we believe it can be integrated efficiently into our existing operations. The transaction also gives Quantum an established production platform in the province of Mpumalanga, which may support opportunities to supply the South African ferrochrome industry as domestic smelting capacity recovers, subject to prevailing market conditions. We see CRS as complementary to Southern Coal's existing operations, providing both near-term operational benefits and further growth potential over time."

About Canaf

Canaf is a public company listed on the TSX-V Exchange. Canaf's registered office is in Vancouver, Canada, with offices in the United Kingdom and South Africa. Canaf owns 100% of Quantum Screening and Crushing (Pty) Ltd., ("Quantum"), a South African company that owns 70% of Southern Coal (Pty) Ltd., ("Southern Coal") and 100% of Carbon Reductant Solutions (Pty) Ltd., ("CRS"), companies that produce high carbon, de-volatised (calcined) anthracite or char. Canaf also owns 100% of Canaf Investments (Pty) Ltd., a South African holding company that owns 100% of Canaf Estate Holdings (Pty) Ltd., 100% of Canaf Agri (Pty) Ltd., 100% of Canaf Capital (Pty) Ltd., and 50% of Urbanhold (Pty) Ltd.

Forward Looking Statements

Certain information regarding Canaf contained herein may constitute forward-looking statements. Forward looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Canaf believes that the expectations reflected in such forward looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Canaf is under no obligation to update or alter any forward-looking statement. These risks include operational, political, currency and geological risks and the ability of Canaf to raise or obtain funds for its operations. Canaf's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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