



For the Three Months Ended January 31, 2026

Management Discussion & Analysis

(Expressed in Canadian dollars)

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

INTRODUCTION

Date prepared: 25th March 2026

This Management Discussion and Analysis, (“MDA”) covers the operations of Canaf Investments Inc. (“Canaf” or the “Corporation”) for the three months ended January 31, 2026 and should be read in conjunction with the unaudited Consolidated Financial Statements for the three months ended January 31, 2026 and 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”). Canaf’s accounting policies are described in Note 2 of the unaudited Consolidated Financial Statements for the three months ended January 31, 2026. The consolidated financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Corporation.

Additional information relating to the Corporation is available on SEDAR at www.sedarplus.ca or at Corporation’s website at www.canafinvestments.com.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

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”), 100% of Canaf Agri (Pty) Ltd. (“Canaf Agri”), and 50% of Urbanhold (Pty) Ltd., (“Urbanhold”). 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, South Africa

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.

Urbanhold – Self-Storage, South Africa

Incorporated in January 2026, Urbanhold, via its wholly owned subsidiaries, is focused on building a scalable network of self-storage facilities in South Africa by converting vacant retail space within shopping centres. In February 2026, Urbanhold made its first pilot investment to construct 100 self-storage units in Gqeberha (formerly Port Elizabeth), with operations expected to commence in Q2 2026.

Canaf Agri – Agriculture Projects, South Africa

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

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026

Expressed in Canadian Dollars

OVERALL PERFORMANCE AND OUTLOOK

Canaf delivered a solid start to 2026, building on its strongest year to date. While Southern Coal revenues softened due to lower volumes and pricing, solid growth from CEH and Canaf Capital supported improved margins and a continued increase in book value per share, demonstrating the benefits of the Corporation's diversification strategy.

Shareholders' equity increased to CAN\$15.92 million as at January 31, 2026 (October 31, 2025: CAN\$14.76 million), resulting in the Corporation achieving a new highest book value per share of CAN\$0.336 (October 31, 2025: CAN\$0.311).

Overall revenue for the quarter declined by 26% to CAN\$6,229,047 compared to the same period in the prior year (2025: CAN\$8,411,513) attributable to both lower sales volumes and reduced product pricing in Southern Coal. Net income attributable to shareholders also decreased to CAN\$520,120 (2025: CAN\$676,557), representing earnings per share of CAN\$0.0110 for the period (2025: CAN\$0.0143). Gross margin however improved to 14.6% (2025: 12.6%), reflecting a higher earnings contribution from Canaf Capital and CEH.

Revenue from Southern Coal declined by 27.3% to CAN\$6,013,078 during the quarter. This decrease resulted from an approximate 24% reduction in sales volumes, together with lower raw material input costs and therefore subsequent finished product selling prices. Gross margin in Southern Coal improved by 0.5% compared to Q1 2025 to 12.0%, reflecting cost management initiatives and improved operating efficiencies.

CEH reported rental income of CAN\$92,877 for the quarter, from its Johannesburg property portfolio, up 23.6% on the same period last year. CEH is expected to see continued rental income growth as it continues to expand its portfolio as well as releases completed units for rent.

Canaf Capital increased its investment portfolio from R20.5 million (CAN\$1.7 million) as at October 31, 2025 to R26.9 million (CAN\$2.4 million) as at January, 31, 2026. The expansion of the investment portfolio resulted in investment income increasing from CAN\$67,304 in Q1 2025 to CAN\$123,092 in first quarter of 2026. Management's intention is to achieve a target level of approximately R30 million (CAN\$2.3 million) by April 2026, subject to market conditions.

During the quarter, Canaf established Urbanhold (Pty) Ltd., a 50/50 joint venture with a South African partner, focused on developing a scalable network of self-storage facilities in South Africa through the conversion of under-utilised retail space within shopping centers. Subsequent to quarter end, Urbanhold invested approximately CAD\$180,000 in its first pilot site, comprising 100 self-storage units. Construction commenced in March 2026, with the facility expected to open in early April 2026. Urbanhold intends to initially roll out a further 1–2 pilot sites, each comprising approximately 100–150 units, in order to validate operating performance, demand, and returns. Subject to achieving targeted performance metrics across these pilot locations, Urbanhold plans to scale the platform to approximately 1,500 units across 7–10 locations, following which Urbanhold will evaluate opportunities to expand the platform further.

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 quarter amounted to approximately CAN\$58,022 (2024 Q1: CAN\$15,070).

Management's near-term focus remains on ensuring Southern Coal continues as the primary generator of operating cash flow, while allocating surplus capital toward the expansion of Canaf Capital and Canaf Estate Holdings. In parallel, management is focused on executing Urbanhold's initial self-storage site, together with a further one to two pilot sites, which are expected to establish a scalable platform for expansion and support its development into a meaningful long-term growth driver for the Corporation.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

Selected Financial Information

The following financial information is derived from the Corporation's unaudited consolidated financial statements for the three months ended January 31, 2026 and 2025.

	3 Months Ended	
	2025	Jan 31
	CAN\$	CAN\$
Product Sales	6,013,078	8,269,088
Property Rental	92,877	75,121
Interest Income from Loans Receivables	123,092	67,304
Revenue	6,229,047	8,411,513
Cost of Sales	(5,319,151)	(7,348,305)
Gross Profit	909,896	1,063,208
Expenses	(298,886)	(225,528)
Interest Income	201,069	216,889
Other Income	208	4,233
Gain on Change in Fair Value of Investment Properties	-	-
Net Income for the year (before tax)	812,287	1,058,802
Income Tax Expense	(218,398)	(277,598)
Net Income for the year	593,889	781,204
Attributable to the Shareholders	520,120	676,557
Attributable to the Non-Controlling Interest	73,769	104,646
Adjusted EBITDA	656,327	836,209
	2026	2025
Total Assets	19,299,921	18,171,865
Total Equity	17,069,475	15,987,537

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, 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.

*Reconciliation of Adjusted EBITDA and Profit

	3 Months Ended	
	2026	Jan 31
	CAN\$	CAN\$
Net Income for the year	593,889	781,204
Interest Received	(201,069)	(284,193)
Foreign Exchange Losses	81	-
Depreciation and Amortization	45,028	61,599
Income Taxes	218,398	277,598
Adjusted EBITDA	656,327	836,209

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

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

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 18 million Rand. 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. CAN\$73,769 dividends were paid during the three months ended January 31, 2026. During the year ended October 31, 2025, dividends paid totalled CAN\$339,630 (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 26th April 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.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

RESULTS OF OPERATIONS

THREE MONTHS ENDED JANUARY 31, 2026

The Corporation reports a net income for the three months ended January 31, 2026 of CAN\$593,889 (2025: CAN\$781,204), which represents a 24% decrease compared to the same period in the previous year, on revenues of CAN\$6,229,047 (2025: CAN\$8,411,513). The reduction in net income is primarily attributable to lower sales volumes in Southern Coal. Interest income from loans increased by 82.9% to CAN\$123,092 for the three months ended January 31, 2026 (2025: 67,304), reflecting increased capital deployment through Canaf Capital as the division continues to scale its lending activities.

	3 Months Ended			
				Jan 31
	2026	2025	Variance	
	CANS	CANS	CANS	%
Product Sales	6,013,078	8,269,088	(2,256,010)	(27%)
Property Rental	92,877	75,121	17,756	24%
Interest Income from Loans Receivable	123,092	67,304	55,788	83%
Revenue	6,229,047	8,411,513	(2,182,466)	(26%)
Cost of Sales	(5,319,151)	(7,348,305)	2,029,154	(28%)
Gross Profit	909,896	1,063,208	(153,312)	(14%)
Expenses				
General and Administrative	(298,805)	(225,528)	(73,277)	32%
Foreign Exchange Gain (Loss)	(81)	-	(81)	(100%)
Total Expenses	(298,886)	(225,528)	(73,358)	(33%)
Interest Income	201,069	216,889	(15,820)	(7%)
Other Income	208	4,233	(4,025)	(95%)
Gain on Change in Fair Value of Investment Properties	-	-	-	-
Income Before Income Taxes	812,287	1,058,802	(246,515)	(23%)
Income Tax Expense	(218,398)	(277,598)	59,200	(21%)
Net Income for the period	593,889	781,204	(187,315)	(24%)
Net Income for the period Attributable to the Parent	520,120	676,557	(156,437)	(23%)

Product Sales

Sales of Southern Coal's calcined anthracite and related products declined 27% to CAN\$6,013,078 (2025: CAN\$8,269,088) during the three months ended January 31, 2026. The decrease in sales is due a reduction in demand from a major customer of Southern Coal, finished product price reductions (driven by lower cost of raw materials), as well as the closing down of Southern Coal's smallest customer (Assmang). These impacts were partially mitigated by steady improvements in cost efficiencies, including more favourable raw material costs, which resulted in improvements in gross margins of 0.5% to 12%.

Property Rental

As at January 31, 2026, CEH owned fourteen investment properties. Rental income grew 24% year-on-year to CAN\$92,877 (2024: CAN\$75,121) across the portfolio.

Interest Income from Loans Receivable

Income from loans receivable increased by 83% from \$67,304 to \$123,092 during the three months ended January 31, 2026 compared to the same period in the prior year, due to the division only commencing investment activities in Q4 2024.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026

Expressed in Canadian Dollars

Cost of Sales

Cost of sales have reduced by 28% compared to the same 3-month period last year (2026: CAN\$5,319,151; 2025: CAN\$7,348,305), slightly greater than the reduction in revenue, which decreased by 26%. During the period, Southern Coal assumed responsibility for arranging and funding the transportation of finished product to a key customer. Previously, these costs were borne directly by the customer. Selling prices have been adjusted accordingly to recover the associated transportation costs.

	3 Months Ended Jan 31	
	2026	2025
	CAN\$	CAN\$
Inventories, Beginning	1,095,500	1,216,545
Analysis Fees	1,663	4,711
Depreciation	45,028	57,072
Utilities	67,633	59,061
Fuel, Oil and Lubricants	51,881	47,689
Professional and Project Management Fees	24,764	15,501
Medical Expenses	2,877	2,384
Product Purchases	4,658,000	6,954,195
Protective Clothing	2,626	4,552
Provident Fund	13,883	11,704
Machinery Rental	42,971	45,769
Repairs and Maintenance	99,635	102,613
Salaries and Benefits	189,468	177,740
Transportation	254,292	727
Inventories, End	<u>(1,231,070)</u>	<u>(1,351,960)</u>
	<u>5,319,151</u>	<u>7,348,305</u>

Gross Margins

Corporation gross margins increased by 2.0% quarter on quarter (2025: 14.6%; 2024: 12.6%), 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.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

General and Administrative Expenses:

			3 Months Ended	
	2026	2025	Jan 31	Variance
	CAN\$	CAN\$	CAN\$	%
Bank Charges and Interest	2,993	2,561	(431)	(17%)
Management and Consulting Fees	71,349	71,494	145	-
Directors Incentives	22,500	20,000	(2,500)	(13%)
Office, Insurance and Sundry	31,682	36,412	4,729	13%
Staff Welfare and Transport	10,303	5,103	(5,200)	(102%)
Security	6,733	5,715	(1,018)	(18%)
Environmental and Surveys	5,169	8,432	3,263	39%
Professional Fees	63,851	45,066	(18,785)	(42%)
Promotion	-	399	399	100%
Telephone	3,137	3,782	645	17%
Transfer Agent and Filing Fees	1,757	1,634	(123)	(8%)
Travel	21,309	9,860	(11,449)	(116%)
Broad-Based Black Economic Empowerment	58,022	15,070	(42,952)	(285%)
	<u>298,805</u>	<u>225,528</u>	<u>(73,277)</u>	<u>(32%)</u>
Foreign Exchange (Gain) Loss	81	-	(81)	100%
Expenses	<u>298,886</u>	<u>225,528</u>	<u>(73,358)</u>	<u>(33%)</u>
Interest Income	<u>(201,069)</u>	<u>(216,889)</u>	<u>(15,820)</u>	<u>7%</u>
Other Income	<u>(208)</u>	<u>(4,233)</u>	<u>(4,025)</u>	<u>95%</u>
	<u>97,609</u>	<u>4,406</u>	<u>(93,203)</u>	<u>(2,115%)</u>

Expenses

General and administrative expenses have increased by 32% (CAN\$73,277) quarter on quarter (2026: CAN\$298,805; 2025: CAN\$225,528). This is primarily due to higher BBBE costs as a result of a R400k (CAN\$33k) donation in December 2025 and an increase in professional fees and travel costs 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 the quarter decreased by 7% (2026: CAN\$201,069; 2025: CAN\$216,889). While cash on deposit continues to earn a stable return, the overall interest earned has declined due to two factors. First, the loan balance due from Amandla Amakhulu (AAM) continues to reduce, resulting in lower periodic interest charges as the outstanding principal decreases. Second, the South African Reserve Bank (SARB) has lowered its benchmark interest rate during the period, reducing yields on interest-bearing cash balances. These combined effects have resulted in a lower interest income figure compared with the prior year.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026

Expressed in Canadian Dollars

THREE MONTHS ENDED JANUARY 31, 2026: BY SECTOR

	Quantum⁽¹⁾	Canaf Investments⁽²⁾	Other	3 Months Ended Jan 31, 2026 Total
	CAN\$	CAN\$	CAN\$	CAN\$
Sales	6,013,078	215,969	-	6,229,047
Cost of Sales	(5,289,499)	(29,651)	-	(5,319,151)
Gross Profit (Loss)	723,579	186,317	-	909,896
Gross Margin	12%	86%	-	15%
Expenses				
General and Administrative	(173,956)	(13,459)	(111,391)	(298,805)
Foreign Exchange Loss	-	-	(81)	(81)
Total expenses	(173,956)	(13,459)	(111,472)	(298,886)
Interest Income	190,112	9,029	1,928	201,069
Other Income	208	-	-	208
Income (Loss) Before Income Taxes	739,943	181,888	(109,544)	812,287

(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).

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME

	Jan 31, 2026	Oct 31, 2025
	CAN\$	CAN\$
SHAREHOLDERS' EQUITY		
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	(1,040,700)	(1,676,138)
Retained Earnings	5,397,728	4,877,608
Equity Attributable to Canaf Shareholders	15,916,021	14,760,464
Non-Controlling Interest	1,153,454	1,227,073
	17,069,475	15,987,537

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 3-month comprehensive translation on foreign exchange amounts to a gain of CAN\$690,600 compared to a loss of CAN\$224,733 in the previous year. This is due to fluctuations in exchange rates.

As at January 31, 2026, the Corporation has accumulated foreign currency other comprehensive loss of CAN\$1,040,700 (2025: CAN\$1,676,138).

The Corporation does not hedge net asset translation movements.

Retained Earnings

During the three months ended January 31, 2026 the surplus increased by CAN\$520,120 from CAN\$4,877,608 at October 31, 2025 to a surplus of CAN\$5,397,728.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

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 a slight decline in the 12-month EPS compared (January 31, 2026 at CAN\$0.048 per share, and January 31, 2025 at CAN\$0.051/share respectively). The past eight quarters represent a total EPS of CAN\$0.10 per share. Management expects Q2 2026 to a further reduction in sales volumes to Q1 2026 due to a main customer shutting down in April for planned maintenance, but expects gross margins to improve further. Q3 is expected to see a recovery of sales volumes.

	3 Months Ended			
	Jan 31, 2026	Oct 31, 2025	Jul 31, 2025	Apr 30, 2025
	CAN\$	CAN\$	CAN\$	CAN\$
Sales	6,229,047	6,882,058	6,850,966	5,529,471
Gross Profit	909,896	765,143	1,259,562	667,179
Net Income	593,889	617,145	869,850	439,940
Net Income (Attributable to the Shareholders)	520,120	598,639	740,327	405,598
Net Comprehensive Income for the period	1,284,489	1,510,193	1,220,129	(155,695)
Net Comprehensive Income (Attributable to the Shareholder)	1,155,557	1,403,424	1,056,528	(131,830)
Basic and diluted earnings per share (CAN\$)	0.011	0.013	0.016	0.009

	3 Months Ended			
	Jan 31, 2025	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024
	CAN\$	CAN\$	CAN\$	CAN\$
Sales	8,411,513	7,645,141	9,280,556	6,202,779
Gross Profit	1,063,208	911,083	1,284,706	668,018
Net Income	781,204	710,579	924,191	377,376
Net Income (Attributable to the Shareholder)	676,557	636,495	744,378	337,749
Net Comprehensive Income (Loss) for the period	556,470	1,210,494	1,020,041	896,256
Net Comprehensive Income (Attributable to the Shareholder)	473,487	1,082,967	792,668	836,907
Basic and diluted earnings (loss) per share (CAN\$)	0.014	0.013	0.016	0.007

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

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

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.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2026, the Corporation had cash of CAN\$9,721,697 (October 31, 2025: CAN\$9,592,376) and working capital of CAN\$13,482,796 (October 31, 2025: CAN\$12,494,971). 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, income tax payable and current portion of lease liability.

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

	3 Months Ended	Year Ended
	Jan 31, 2026	Oct 31, 2025
	CAN\$	CAN\$
Cash provided by operating activities	626,417	3,533,757
Cash used in investing activities	(769,222)	(1,808,651)
Cash provided used in financing activities	-	(11,635)
Increase in cash	(142,806)	1,713,471

Operations provided CAN\$626,417 in cash during the three months ended January 31, 2026 (twelve months ended October 31, 2025: CAN\$3,533,757) the key variable factor being the timings of supplier and customer payments. Cash used in investing activities relates to investments 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.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

ECONOMIC DEPENDENCE

Sales from the Corporation's South African coal processing business are derived from a limited number of customers and, as a result, the Corporation has historically been economically dependent on these customers. While Southern Coal remains the primary source of operating cash flow, the Corporation continues to diversify its earnings base through the expansion of Canaf Capital and Canaf Estate Holdings, reducing overall reliance on any single customer or segment. The Corporation's exposure to credit risk is limited to the carrying value of its accounts receivable. As at January 31, 2026, Southern Coal had trade receivables of CAN\$2,317,694 (October 31, 2025: CAN\$2,277,758) 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 three months ended January 31, 2026 and 2025:

	Three Months Ended	
	Jan 31	Jan 31
	2025	2025
	CAN\$	CAN\$
Management and Consultant fees	55,657	51,975
Accounting and Administration fees	12,872	12,315
Director Fees	11,723	8,878
	80,253	73,167

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of Canaf's accounting policies are presented in Note 2 of the unaudited Consolidated Financial Statements for the three months ended January 31, 2026. 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.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

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\$13,482,796 as at January 31, 2026. 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 revenues, 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.

The Corporation's financial assets measured at fair value through profit or loss use Level 1 valuation techniques during the three months ended January 31, 2026. The carrying values of the Corporation's financial assets and liabilities approximate their fair values as at January 31, 2026.

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 January 31, 2026 totaled CAN\$9,833,684 (2025: 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 three months ended January 31, 2026.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026

Expressed in Canadian Dollars

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.

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 revenues 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

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026

Expressed in Canadian Dollars

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.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION

This MD&A together with the Corporation's consolidated financial statements for the three months ended January 31, 2026 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.

CANAF INVESTMENTS INC.

Management Discussion and Analysis for the Three Months Ended January 31, 2026
Expressed in Canadian Dollars

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