



## Canaf announces B-BBEE Transaction for South African Subsidiary

**Jan 29, 2018, Vancouver, British Columbia - Canaf Group Inc. (TSXV: CAF)**, ("Canaf") the Canada-registered mining related group, is pleased to announce the terms of its Broad-Based Black Economic Empowerment, ("B-BBEE") transaction for its South African subsidiary, Southern Coal (Pty) Ltd., ("Southern Coal").

As part of Southern Coal's ongoing B-BBEE transformation program, Elkhat (Pty) Ltd., a 100% black, privately owned company incorporated in South Africa, has agreed to acquire 30% of the issued shares of Southern Coal, from Canaf's wholly owned subsidiary, Quantum Screening and Crushing (Pty) Ltd., ("Quantum"), for the value of R18million (C\$1.8m approx).

Quantum will in return receive cumulative, redeemable preference shares in Elkhat in the amount of the purchase price, R18million (C\$1.8million approx). These preference shares shall provide preferential dividends, until redeemed by Elkhat. These dividends will be secured by an irrevocable direction from Elkhat to Southern Coal to pay Quantum such dividends from any distribution to Elkhat. The transaction will close on 24 March 2018.

Christopher Way, Chief Executive Officer of Canaf, states, "It is my goal to ensure that Canaf, via its South African subsidiaries, expands and invests in South Africa and its neighbours. The agreement to sell 30% of Southern Coal to Elkhat marks a significant and essential milestone in our B-BBEE transformation program; this program helps ensure sustainability and security for the Corporation in South Africa, and subsequently only facilitates our long-term expansion goals in Southern Africa."

In addition to this transaction, Southern Coal is also pleased to confirm that it is well on track in ensuring that all other areas of its B-BBEE transformation plan, including its Enterprise, Socio-Economic, Skills, and Supplier, Development programs, are fully invested in, so to ensure that the Company reaches its desired level.

For more information on B-BBEE visit [https://www.thedti.gov.za/economic\\_empowerment/bee\\_codes.jsp](https://www.thedti.gov.za/economic_empowerment/bee_codes.jsp).

### About Canaf

Canaf is a public company listed on the TSX-V Exchange. Canaf's head office is in Vancouver, Canada, with subsidiary offices in the United Kingdom and South Africa. Canaf owns 100% of Quantum Screening and Crushing (Pty) Ltd., ("Quantum"), a South African based company that owns 100% of Southern Coal (Pty) Ltd., ("Southern Coal"), a company that produces a high carbon, de-volatilised anthracite. As of 29 January 2018, Quantum agrees to sell 30% of its shares in Southern Coal for the net consideration of R18million; the transaction will close on 24 March 2018.

### About Southern Coal

Southern Coal produces calcined anthracite, a product used primarily as a substitute to coke in sintering processes. Southern Coal produces calcined anthracite by feeding washed anthracite coal through a rotary kiln, at temperatures between 900 and 1100 degrees centigrade; the volatiles are driven off and the effective carbon content increased.

Southern Coal's two largest clients are African leaders in steel and ferromanganese production. Southern Coal operates near Newcastle, KwaZulu-Natal, where Quantum's three kilns operate; the majority of Southern Coal's feedstock anthracite is supplied from local anthracite mines in KwaZulu-Natal.

### 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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