

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

Canaf Group Inc.
500-666 Burrard Street
Vancouver, British Columbia
V6C 3P6

Item 2 Date of Material Change

State the date of the material change.

August 15, 2011

Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

The press release was issued by Stockwatch on August 15, 2011 at Vancouver, B.C.

Item 4 Summary of Material Change

The Corporation announced that ArcelorMittal South Africa has confirmed that a structural failure occurred in the gas cleaning plant at its Newcastle facility on Friday 5 August 2011. The damage has rendered their blast furnace inoperable and repairs are expected to be completed in approximately three months.

Item 5 Full Description of Material Change

The Corporation announced that ArcelorMittal South Africa has confirmed that a structural failure occurred in the gas cleaning plant at its Newcastle facility on Friday 5 August 2011. The damage has rendered their blast furnace inoperable and repairs are expected to be completed in approximately three months.

As a consequence of the incident, Canaf's wholly owned subsidiary, Quantum Screening and Crushing (Pty) Ltd., ("Quantum"), has been advised by ArcelorMittal that no supply of calcined anthracite for their Newcastle facility will be required until further notice. ArcelorMittal's plant at Vanderbijlpark is expected to continue ordering calcined anthracite as usual. In response to the news, Quantum's management team made a precautionary decision to stop production and cease the majority of supplies from the Company's feedstock supplier, Shanduka Coal, as a case of force majeure.

Quantum has built up sufficient stocks of calcine and cash over the past quarters and will manage to continue to supply other customers without operating the kilns for a short period of time.

This incident will not affect the financials of the last quarter for the period 01 May 2011 to 31 July 2011, which are expected to be released towards the end of September 2011. Reduced revenues are expected for the months from September through to December 2011. Shareholders will be kept informed of any further impact once more information has been received from ArcelorMittal.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

N/A

INSTRUCTION

Refer to subsections 7.1 (4), (5), (6) and (7) of National Instrument 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

None.

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Christopher Way, President
+44 1273 492100

Item 9 Date of Report

August 15, 2011