



CANAF GROUP INC.

Annual and Special Meeting of Shareholders

To be held on August 1, 2017

Information Circular dated June 27, 2017

CANAF GROUP INC.

INFORMATION CIRCULAR

**for the Annual and Special Meeting of Shareholders
to be held August 1, 2017**

THIS INFORMATION CIRCULAR (THE INFORMATION CIRCULAR) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF CANAF GROUP INC. (the Corporation or Canaf) for use at the Annual Meeting of the shareholders of the Corporation (the Meeting) to be held on August 1, 2017 at 9:00 a.m. (Vancouver time) at the place and for the purposes set out in the accompanying Notice of Meeting. As a shareholder you are cordially invited to be present at the Meeting. To ensure that you will be represented at the Meeting in the event that you are a registered shareholder and unable to attend personally, you are requested to date, complete and sign the accompanying instrument of proxy enclosed herewith and return the same to Computershare Investor Services, Inc. 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Proxy Department. If you are an unregistered shareholder and receive these materials through your broker or through another intermediary, please complete and return the instrument or proxy in accordance with the instructions provided therein.

The solicitation of proxies is intended to be primarily by mail but may also be made by telephone, facsimile transmission or other electronic means of communication or in person by the directors and officers of the Corporation. The cost of such solicitation will be borne by the Corporation. Except where otherwise stated, the information contained herein is given as of the 27th day of June, 2017.

GENERAL

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are officers and directors of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT SUCH SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** Such a shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or the shareholder's attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Meeting or any adjournment thereof unless the completed form of proxy is delivered to **Computershare Investor Services, Inc. 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, Attention: Proxy Department** not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof. The Chairman of the Meeting has the authority to accept late or incomplete proxies in his discretion.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Voting of Proxies

The persons named in the enclosed form of proxy have indicated their willingness to represent, as proxyholders, the shareholders who appoint them. Each shareholder may instruct its proxyholder how to vote the shareholder's shares by completing the blanks in the form of proxy.

All common shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the common shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner they see fit, in accordance with their best judgment.**

At the time of printing this Information Circular, the management of the Corporation knew of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not own shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as **Beneficial Shareholders**) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares (**Common Shares**) can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., a wholly-owned subsidiary of The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (**BFSI**). BFSI typically asks Beneficial Shareholders to return proxy forms to BFSI. BFSI then tabulates the results of all instructions received and provides appropriate instructions respecting voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a BFSI proxy cannot use that proxy to vote Common Shares directly at the Meeting - the BFSI proxy must be returned to BFSI well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of a broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Voting Shares and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Common Shares, of which 47,426,195 Common Shares were issued and outstanding as at June 27, 2017. Holders of Common Shares are entitled to one vote for each Common Share held on all matters to be considered and acted upon at the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on June 27, 2017 as the record date for determining shareholders entitled to receive notice of and to vote at the Meeting. A person shown as a shareholder of record on June 27, 2017 shall be entitled to vote the Common Shares registered in his name on that date, except to the extent that (a) the holder has transferred the ownership of any of the holder's Common Shares after that date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns those Common Shares, and demands not later than 10 days before the Meeting that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Corporation, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

As of June 27, 2017, the directors and officers of the Corporation as a group own beneficially, directly and indirectly, or exercise control or direction over, an aggregate of 12,571,125 Common Shares, representing 26.51% of the presently issued and outstanding Common Shares.

Indebtedness of Directors and Executive Officers

There is not as of the date hereof any indebtedness owing to the Corporation by the directors, senior officers or other members of management of the Corporation, or any of their associates or affiliates.

Interest of Informed Persons in Material Transactions

Except as disclosed in this Information Circular, neither the Corporation nor any director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended October 31, 2016, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

Interest of Certain Persons in Matters to be Acted Upon

Except as disclosed in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer, proposed nominee for election as a director, or anyone who has held office as such since the beginning of the Corporation's last financial year, or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, other than as described herein.

EXECUTIVE COMPENSATION AND REMUNERATION OF DIRECTORS

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis (**CD&A**) is to provide information about the Corporation's philosophy, objectives and processes regarding executive compensation.

This disclosure is intended to communicate the compensation provided to the Chief Executive Officer (**CEO**), the Chief Financial Officer (**CFO**), and the three most highly compensated executive officers of the Corporation, if any, whose individual total compensation is more than \$150,000 for the year ended October 31, 2016 (each a **Named Executive Officer** or a **NEO** and collectively, the **Named Executive Officers** or **NEOs**). For the year ended October 31, 2016, the Corporation had the following two NEOs and no other executive officers or individuals acting in a similar capacity:

- Christopher Way, CEO
- Zenaida Manalo, CFO

The following disclosure is intended to provide information about the Corporation's current philosophy, objectives and processes regarding executive compensation and how determinations in respect of 2016 compensation were made for the Corporation's NEOs, being Messrs.C. Way and Z. Manalo.

Compensation Governance

The Board of Directors (the **Board**) has established the Compensation Committee comprised of three directors to assist the Board in fulfilling its obligations relating to human resource and compensation matters and to establish a plan of continuity and development of senior management. The Compensation Committee is comprised of the following directors: Messrs. D. Way, K. Corrigan and C. Way. K. Corrigan is "independent" as such term is defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices (NI 58-101)*. The Board believes that the Compensation Committee has the knowledge, experience and background required to fulfill its mandate. For specific details on the members knowledge and experience with respect to compensation matters please see "*Business of the Meeting - Election of Directors*".

The Compensation Committee's mandate includes: (a) reviewing and recommending for Board approval, the corporate goals and objectives for the CEO to be considered in determining his or her compensation and performance evaluation, (b) in consultation with the CEO, reviewing and recommending the compensation philosophy, guidelines and plans for the Corporation's employees and executives, (c) in consultation with the CEO, reviewing the appointment of and approving the compensation for the executive team, (d) reviewing the compensation of the CEO and (e) in consultation with the CEO, reviewing all other compensation principles or policy matters including the annual budget for base salaries and bonuses, long-term incentives and other benefits.

The Compensation Committee has the authority to engage its own outside consultants and advisors, including independent counsel; however, to date no such consultants or counsel have been engaged.

Compensation Philosophy and Objectives of Compensation Programs

The executive compensation program adopted by the Corporation and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of Canaf. The Corporation's executive compensation program is designed to reward the attainment of the Corporation's business objectives as well as increases in shareholder value resulting from an increase in the value or potential value in the Corporation's mining properties and prospects.

Canaf's executive compensation program in 2016 consisted of three components: (i) base salary; (ii) a discretionary cash bonus based on performance; and (iii) long-term incentives comprised of options granted under the Corporation's stock option plan (the "Option Plan"). No cash bonuses have been paid to NEOs in respect of the last five fiscal years. The objective of the Corporation's executive compensation program is to attract and retain highly qualified and committed senior management by providing appropriate compensation and incentives intended to align the interests of senior management with those of the Corporation's shareholders in order to provide incentives for senior management to enhance shareholder value.

The Corporation pays a base salary as part of its compensation program to: (i) provide each NEO with sufficient, regularly-paid income; (ii) recognize each NEO's unique value and historical contribution to the success of the Corporation; and (iii) reflect each NEO's position and level of responsibility.

Cash bonuses form part of the Corporation's compensation program as it is believed that these bonuses can be used to help motivate executive officers to achieve key corporate objectives by rewarding the achievement of these milestones. Currently, cash bonuses are awarded on a discretionary basis following an evaluation of the corporate and individual performance.

The Corporation grants options as part of its compensation program in order to: (i) align NEOs interests with the interests of the Corporation's shareholders; (ii) reward long-term performance by allowing NEOs to participate in any long-term market appreciation of the Corporation's shares; and (iii) ensure the Corporation is competitive with its comparable industry peers from a total remuneration standpoint and to encourage executive officer retention and commitment.

The Board determines the amount of each element of the Corporation's compensation program for NEOs based on formal or informal recommendations of, or input from, the Compensation Committee. The three components of the compensation program are determined, and affect decisions about other elements and fit into the Corporation's overall compensation strategy, as described below.

Determining Compensation

The Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to compensation matters.

In the process used by the Corporation to establish and adjust executive compensation levels, no specific third-party data is considered, but rather an assessment of individual performance, experience and potential to contribute to operations and growth of the Corporation. The Board can exercise both positive and negative discretion in relation to the compensation awards and its allocation between cash and non-cash awards. As a junior Corporation, cash flow and the ability to pay is an important and often the overriding consideration.

Base Salaries

The Board considers some or all of the following factors in determining base salary: (i) the overall subjective performance of the Corporation and the particular NEO; (ii) base salaries and overall compensation paid generally to senior management of comparable industry peers (without specific benchmarking); (iii) the relationship among base salaries paid within the Corporation and individual experience and contribution; (iv) general market conditions and the Corporation's financial condition; (v) other compensation received by the NEO; and (vi) competition for qualified personnel. The intent is to fix base salaries at levels that are consistent with the Corporation's executive compensation program objectives.

Stock Options

The Board considers some or all of the following factors in determining the grant of stock options: (i) the overall performance of the Corporation and the particular NEO; (ii) the relationship among stock options granted within the Corporation and individual experience and contribution; (iii) general market conditions and the Corporation's financial condition and Common Share trading price; and (iv) the aggregate number of options outstanding, the number of options currently held by the particular NEO and the terms thereof. The intent is to fix stock option grants at levels that are consistent with the Corporation's executive compensation program objectives. The Board also considers the number of options available for grant in determining whether to make any new grants of stock options and the size of such grants. The Corporation utilizes the Black Scholes model in establishing the fair value of option grants.

For more information with respect to the Option Plan, see "Incentive Plan Awards - Description of the Option Plan" below.

The Corporation's executive compensation is not determined by reference to any formulas or any set performance goals or similar conditions. The Compensation Committee and the Board believe that fixed formulas can lead to an unwanted result that does not reflect real performance. Accordingly, an overall review of the NEO's performance is preferred.

Hedging Activities

Although the Corporation has no formal hedging policy in place with respect to purchases of securities by NEOs or directors designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such individuals, to the Corporation's knowledge, no NEO or director has hedged the economic value of his direct or indirect interests in the market value of the underlying securities.

Risk Assessment and Oversight

The Board is aware of the fact that compensation practices can have unintended risk consequences. The Board will continually review the Corporation's compensation policies to identify any practice that might encourage an employee to expose the Corporation to unacceptable risks. At the present time, the Board is satisfied that the current executive compensation program does not encourage the Corporation's executives to expose the business to inappropriate risk. The Board takes a conservative approach to executive compensation rewarding individuals for the success of the Corporation once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards. In addition, the number of options a particular NEO is entitled to receive is limited by the Option Plan.

Summary Compensation Table

The following table provides information concerning compensation of the NEOs for the years ended October 31, 2016, 2015 and 2014:

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) ⁽¹⁾	Non-equity incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Christopher Way, CEO ⁽³⁾	2016	68,559	Nil	Nil	Nil	Nil	Nil	Nil	68,559
	2015	72,380	Nil	Nil	Nil	Nil	Nil	Nil	74,380
	2014	74,442	Nil	Nil	Nil	Nil	Nil	Nil	74,442

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) ⁽¹⁾	Non-equity incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Zenaida Manalo, CFO ⁽²⁾	2016	40,873	Nil	Nil	Nil	Nil	Nil	Nil	40,873
	2015	44,842	Nil	Nil	Nil	Nil	Nil	Nil	44,842
	2014	53,007	Nil	Nil	Nil	Nil	Nil	Nil	53,007

Notes:

- (1) Reflects "Options" issued under Canaf's Option Plan based on the grant date fair value of the applicable awards. The fair value of the stock option grants has been determined using the same methodology and assumptions used in calculating the stock based compensation in the Corporation's financial statements.
- (2) Zenaida Manalo was appointed CFO in June, 2011.
- (3) Christopher Way was appointed as CEO in June, 2011.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information with respect to all awards outstanding at October 31, 2016 made to the NEOs pursuant to the Option Plan. See "Description of the Option Plan".

Name	Option Based Awards				Share-Based Awards ⁽¹⁾		
	Number of Common Shares Underlying unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested	Market or Payout Value of Vested Share-based Awards not paid out or distributed
Christopher Way, CEO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zenaida Manalo, CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) None of the NEOs have any share-based awards outstanding.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth information with respect to the value of awards granted to the NEOs pursuant to the Option Plan vested during the year ended October 31, 2016 and cash bonuses paid to the NEOs in respect of achievements attained over the same period:

Name	Option-Based Awards – Value vested during the year (\$)	Share-based Awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation – Value earned during the year (\$)
Christopher Way, CEO	Nil	N/A	Nil
Zenaida Manalo, CFO	Nil	N/A	Nil

Notes:

(1) None of the NEOs have any share-based awards.

Description of the Option Plan

The Corporation has an Option Plan pursuant to which the Board may, from time to time, grant options to directors, officers, employees and consultants of the Corporation. The number of Common Shares granted under each option and the vesting terms thereof are in the discretion of the Board. Options granted under the Plan must have a term of no more than five years from the date of grant. The exercise price of each option granted under the Plan is in the discretion of the Board, provided that the exercise price cannot be below the closing price of the Common Shares on the TSX Venture Exchange (the **Exchange**) on the last trading day before the date of grant. Any outstanding options granted under the Plan expire on a date not exceeding 90 days following the date that the holder ceases to be an officer, director, employee or consultant of the Corporation, as the case may be, except in the case of death in which case the options expire one year from the date of death. Options granted under the Plan are non-assignable and non-transferable. Outstanding options granted under the Plan may be adjusted in certain events, as to exercise price (subject to disinterested shareholder approval prior to any reduction to the exercise price if the affected optionee is an insider (as defined in the *Securities Act* (Alberta)) of the Corporation at the time of the proposed amendment) and number of Common Shares, to prevent dilution or enlargement. The number of Common Shares that may be optioned under the Plan is limited to 5,000,000 Common Shares; provided, that any one participant under the Option Plan shall not be entitled to receive options to acquire an aggregate of greater than 5% (2% in the case of consultants) of the outstanding Common Shares in any 12 month period.

As of October 31, 2016, 5,000,000 Common Shares were reserved for issuance pursuant to options granted under the Plan.

Termination and Change of Control Benefits

There are no contracts, agreements, plans or arrangements between the Corporation and the NEOs that provide for payments to an NEO at, following or in connection with any termination, except as described under the heading "Management Contracts".

Director Compensation**Director Compensation Table**

The following table sets forth all compensation paid to the non-employee directors in fiscal 2016:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$) ⁽¹⁾	Non-equity incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-term Incentive Plans			
Kevin Corrigan	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Way	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

(1) Reflects "Options" issued under Canaf's Option Plan based on the grant date fair value of the applicable awards. The fair value of the stock option grants has been determined using the same methodology and assumptions used in calculating the stock based compensation in the Corporation's financial statements.

Outstanding Share-Based Awards and Option-Based Awards

No options were granted to directors and officers of the Corporation, during the financial year ended October 31, 2016.

Value of Vested or Earned Option-Based Awards or Share-Based Awards During the Year

The following table sets forth information with respect to the value of awards granted to non-employee directors pursuant to the Option Plan that vested during the year ended October 31, 2016.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Kevin Corrigan	Nil	Nil	Nil
David Way	Nil	Nil	Nil

Note:

(1) None of the non-employee directors have any share-based awards.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding options issued pursuant to equity compensation plans, the weighted average exercise price of such outstanding options and the number of Common Shares remaining available for future issuance under equity compensation plans of the Corporation as of October 31, 2016.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding Common Shares reflected in the first column)
Equity compensation plans approved by securityholders	Nil	Nil	5,000,000
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	Nil	Nil	5,000,000

AUDIT COMMITTEE

Audit Committee Charter

The charter adopted by the Corporation's Audit Committee is attached as Appendix "I" hereto.

Composition of the Audit Committee

The Corporation's Audit Committee was comprised of David Way, Christopher Way and Kevin Corrigan for the year ended October 31, 2016. Each of Messrs D. Way, C. Way and K. Corrigan are "financially literate", as defined by National Instrument 52-110 – *Audit Committees (NI 52-110)*, and K. Corrigan is "independent", as defined by NI 52-110.

For the relevant experience of each Audit Committee member, see their principal occupations for the last five years under the heading – “*Election of Directors*”.

Each member of the audit committee has had experience that would provide the member with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

As a Corporation listed on the TSX Venture Exchange, the Corporation is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110, and is relying on the exception contained in section 6.1 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described below under the heading - “*Audit Fees*”.

Audit Fees

The following table sets out the aggregate fees billed by the Corporation’s external auditor in each of the last two fiscal years for the category of fees described.

	2016	2015
Audit Fees ⁽¹⁾	29,000	29,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees ⁽¹⁾	2,800	2,800
Total	31,800	31,800

Note:

- (1) Year-end Annual Audit Fees
 (2) Quarterly reviews, non year-end audit activities.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation’s Board of Directors is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of its shareholders but also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate for the size of the Corporation and its present stage of development. Appendix II to this Information Circular sets forth the corporate governance disclosure required to be made by the Corporation herein pursuant to National Instrument 58-101 - Disclosure of Corporate Governance Practices, which disclosure is made as of June 27, 2017.

BUSINESS OF THE ANNUAL MEETING

Receipt of the Financial Statements and Auditor's Report

Audited financial statements of the Corporation for the year ended October 31, 2016, together with the report of the auditors thereon, were mailed separately to registered shareholders and those shareholders that requested this information. The financial statements of the Corporation for the year ended October 31, 2016 and the auditors' report thereon will be placed before the shareholders at the Meeting.

Under securities legislation, the Corporation is required to send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request a hard copy of the Corporation's annual financial statements and related management's discussion and analysis (**MD&A**) and/or the Corporation's interim financial statements and related MD&A. Shareholders who wish to receive a hard copy of the Corporation's annual financial statements and related MD&A and/or the Corporation's interim financial statements and related MD&A are encouraged to send the enclosed return card to Computershare Trust Corporation.

Election of Directors

The term of office for each director is from the date of the meeting at which he or she is elected until the annual meeting next following or until his successor is elected or appointed. At the Meeting, a board of four directors is proposed to be elected. It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of each of the nominee specified below as directors of the Corporation. If, prior to the Meeting, any vacancies occur in the proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by management of the Corporation and FOR the remaining proposed nominees. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected

The following table states the names of all persons proposed to be nominated for election as directors, the position or office now held by them, if applicable, their principal occupation or employment for the preceding five years, the date on which they became directors of the Corporation and the number of shares in the capital of the corporation owned by them or over which they exercise control or direction as at the date hereof.

Name, Place of Residence and Position with the Corporation	Principal Occupation For the Past Five Years	Director Since ⁽¹⁾	Number of Voting Shares
David R. Way ⁽¹⁾ Henfield, South Africa Director	Director of private companies specializing in property acquisition and development in the U.K. and South Africa.	Nov 10, 2006	4,879,146
Christopher Way ⁽¹⁾ West Sussex, England Director, CEO	Currently Chief Executive Officer of Canaf Group Inc. and Managing Director of Quantum Screening and Crushing (PTY) Ltd. Previously Managing Director of Canaf (SL) Limited, and director of Canaf Group Inc. Christopher works full-time for the Corporation.	July 14, 2008	5,813,707
Kevin Corrigan ⁽¹⁾ East Sussex, England Director	Currently Senior Vice-President and Investment manager at Lombard Odier Investment Managers, responsible for the firm's European Corporate Bond funds. Prior to that was executive Director at Goldman Sachs Asset Management where he was responsible for European and Sterling Investment Grade corporate credit portfolios	October 1, 2009	1,878,272
Zenaida Manalo Vancouver, British Columbia, Canada Director, CFO	Accounting and administration work for several Canadian and USA public corporations.	Sept 22, 2006	Nil

Notes:

- (1) Member of the Audit Committee.

Shareholders have the option of voting their shares in favour of electing all of the nominees, some of them while withholding their votes for others, or withholding their votes for all of the nominees.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the knowledge of management, no director or proposed director of Canaf is, as at the date hereof, or has been, within 10 years before the date hereof, a director or chief executive officer or chief financial officer of any corporation (including Canaf) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) is, as the date hereof, or has been within 10 years from the date hereof, a director or executive officer of any Corporation (including Canaf) that, while that person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

To the knowledge of management of Canaf, no director of Canaf has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

To the knowledge of management of Canaf, no director of Canaf has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

Appointment of Auditors

At the Meeting, shareholders will be asked to pass a resolution appointing WDM Chartered Accountants, of Vancouver, British Columbia, as auditors of the Corporation, to hold office until the next annual meeting of shareholders at such remuneration as may be approved by the Board of Directors of the Corporation. WDM Chartered Accountants were appointed as auditors of the Corporation on June 9, 2009.

Annual Approval of Stock Option Plan

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve a resolution approving the Corporation's existing stock option plan. Annual shareholder approval of the Option Plan is

required by the Exchange since it is a “rolling” stock option plan - i.e. - a stock option plan that does not reserve a specific number of shares for issuance, but, rather, reserves a percentage of the outstanding shares for issuance. The principal terms of the Option Plan are described in this Information Circular (see “*Executive Compensation and Remuneration of Directors – Incentive Plan Awards - Description of the Option Plan*”).

The following is the text of ordinary resolution to be considered and, if deemed fit, approved by shareholders at the Meeting:

“BE IT RESOLVED that:

1. the Corporation’s existing Option Plan is hereby approved; and
2. any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution.”

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting. The persons named in the enclosed form of proxy intend to vote FOR this resolution at the Meeting. **The Board of Directors recommends that you vote FOR the ordinary resolution approving the Option Plan.**

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the attached Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote the Common Shares represented thereby in accordance with their best judgement on such matter(s).

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Financial information is contained in the Corporation’s consolidated financial statements and management’s discussion and analysis for the year ended October 31, 2016. In addition, a shareholder may obtain copies of the Corporation’s financial statements and management’s discussion and analysis by contacting the Corporation at 500-666 Burrard Street, Vancouver, British Columbia, V6C 3P6 or by telephone at: (604) 682-2245.

Appendix I
to Notice of Meeting and Information Circular of
Canaf Group Inc. dated June 27, 2017

CANAF GROUP INC.
(the Corporation)

Audit Committee Charter

Mandate

The primary function of the audit committee (the **Committee**) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

1. serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;
2. review and appraise the performance of the Corporation's external auditor;
3. provide an open avenue of communication among the Corporation's auditor, financial and senior management and the Board of Directors; and
4. report regularly to the Board of Directors the results of its activities.

Composition

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Corporation ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110 – *Audit Committees*), then all of the members of the Committee shall be free from any material relationship with the Corporation that, in the opinion of the Board of Directors, would interfere with the exercise of their independent judgment as a member of the Committee.

If the Corporation ceases to be a venture issuer then all members of the Committee shall also have accounting or related financial management expertise. All members of the Audit Committee should have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting or until their successors are duly elected. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet a least once quarterly, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

- (a) review and update this Audit Committee Charter annually;
- (b) review the Corporation's financial statements, MD&A and any annual and interim earnings press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor; and
- (c) review regular summary reports of directors and officers expense account claims at least annually. Establish and review approval policies for expense reports and, as required, request audits of expense claims and policies for expense approval and reimbursements. The Chairman of the Audit Committee or of the Compensation Committee to approve expense reports of the President and the CEO and the CEO to approve those of the directors and officers.

2. External Auditor

- (a) review annually, the performance of the external auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation;
- (b) obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Corporation;
- (c) review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- (d) take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval;
- (f) recommend to the Board of Directors the compensation to be paid to the external auditor;
- (g) at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements;
- (h) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- (i) review with management and the external auditor the audit plan for the year-end financial statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's

external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- (i) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than five percent of the total amount of fees paid by the Corporation to its external auditor during the fiscal year in which the non-audit services are provided,
- (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services, and
- (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes

- (a) in consultation with the external auditor, review with management the integrity of the Corporation's financial reporting process, both internal and external;
- (b) consider the external auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditor and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;
- (g) review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns of the Corporation about any questionable accounting, internal accounting controls or auditing matters;
- (i) review certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (k) establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and

- (l) on at least an annual basis, review with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or government agencies.

4. **Authority**

The Audit Committee will have the authority to:

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee;
- (d) communicate directly with the internal and external auditors; and
- (e) conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.

APPENDIX II

Canaf Group Inc. Statement of Corporate Governance Practices

Disclosure Requirement	Our Corporate Governance Practices
<u>Board of Directors</u>	
Disclose the identity of directors who are independent.	Kevin Corrigan is independent as that term is defined in section 1.4 of National Instrument 52-110 - <i>Audit Committees (NI 51-110)</i> .
Disclose the identity of directors who are not independent, and describe the basis for that determination.	David Way, Christopher Way and Zenaida Manalo are not independent because they are or have been officers of the Corporation within the past year.
<u>Directorships</u>	
If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directors are not directors or trustees of any other reporting issuers.
<u>Orientation and Continuing Education</u>	
Describe what steps, if any, the board takes to orient new board members and describe any measures the board takes to provide continuing education for directors	New directors will be made aware of the nature and operation of the business of the Corporation through interviews with other Board members and management during which they are briefed on the Corporation and its current business issues. Information on courses pertaining to corporate governance is circulated to Board members who are encouraged to attend.
<u>Ethical Business Conduct</u>	
Describe what steps, if any, the board takes to promote a culture of ethical business conduct.	The Board promotes a culture of ethical business behaviour by monitoring and overseeing the Corporation's affairs.
	Directors must disclose all interests and relationships of which the director is aware which may give rise to a conflict of interest. Directors are also required to disclose any actual or potential personal interest in a matter on which the Board is making a decision and withdraw from the deliberations.
<u>Nomination of Directors</u>	
Describe what steps, if any, are taken to identify new candidates for board nominations including: <ol style="list-style-type: none"> 1. who identifies new candidates; and 2. the process of identifying new 	The members of the Board share responsibility for proposing new nominees for the Board.

Disclosure Requirement	Our Corporate Governance Practices
candidates.	
<u>Compensation</u>	
<p>Describe what steps, if any, are taken to determine the compensation for the directors and CEO, including:</p> <ol style="list-style-type: none"> 1. who determines compensation; and 2. the process of determining compensation. 	<p>The Board, as a whole and with the assistance of the Compensation Committee, periodically reviews the adequacy and form of compensation of directors to ensure that the level of compensation realistically reflects the responsibilities and risks involved in being an effective director.</p> <p>The Board sets the annual salary, bonus and other benefits, direct and indirect, of the CEO and approve the compensation for all other designated officers after considering recommendations of the CEO and the Compensation Committee.</p>
<u>Other Board Committees</u>	
<p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>Given the small number of members, the Board does not have any other committees other than the Audit Committee and Compensation Committee.</p>
<u>Assessments</u>	
<p>Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The Board conducts an annual review of its effectiveness as well as the effectiveness and contribution of each Board committee and each individual director.</p>