

AFRI-CAN MARINE MINERALS CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

This Discussion and Analysis of the financial position and results of operations ("MD&A") of Afri-Can Marine Minerals Corporation ("Afri-Can", the "Company", the "Corporation" or "AFA") should be read in conjunction with the accompanying Management's Responsibility for Financial Reporting statement, **unaudited** consolidated financial statements of Afri-Can and the notes thereto for the six months ended February 29, 2008 and with the Annual Report and audited annual consolidated financial statements of the Corporation and the notes thereto for the fiscal years ended August 31, 2007. Unless expressly stated otherwise, all references to dollar amounts are in Canadian dollars.

Management has prepared the **unaudited** quarterly financial statements as at February 29, 2008 and **the Company's external auditor has not reviewed them.**

The effective date of this MD&A is April 18, 2008. Additional information about Afri-Can is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein are forward-looking, and are based on the opinions and estimates of management, or on opinions and estimates provided and accepted by management. These opinions and estimates include those that relate to geological and mining factors, commodity prices and marketing parameters used by management.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ, possibly significantly. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "intent", "may", "potential", "should", and similar expressions are forward-looking statements. Although Afri-Can believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Readers are therefore cautioned not to place undue reliance on any forward-looking statements.

RESULTS OF OPERATIONS

The fundamental nature of Afri-Can's activities has not changed over recent years. As a Canadian development and exploration-stage company listed on the TSX Venture Exchange, the Corporation's primary objective is the discovery and/or acquisition of marine diamonds and minerals exploration prospects in Namibia, capable of rapid advancement to feasibility stage and their ultimate development as producing properties.

Exploration

Joint Venture and Properties in Namibia

BLOCK J / WODUNA CONCESSION

On January 11, 2006, the Corporation concluded an agreement with **INTERNATIONAL MINING AND DREDGING HOLDING LTD. (“IMD”)** in order to resume a sampling and resource delineation program on the marine concession Block J held at 70% by the Corporation in Namibia.

The agreement states that Afri-Can will pay a mobilization/demobilization fee and daily vessel chartering costs plus fuel consumption. The complete program is estimated to cost up to US \$2.5 million. Under the terms of the agreement, Afri-Can is required to make an upfront payment of US \$300,000 upon mobilization of the vessel and to pay fuel consumption costs at the end of each month of vessel utilization. The remaining balance, estimated to be about US \$1.8 million after deduction of the upfront and fuel payments, becomes due 30 days following the completion of the sampling program. Payment of this balance is subject to payment options approved by Afri-Can’s shareholders on February 23, 2006 by a vote of 99.8% in favor of the agreement. As a result of this vote, the IMD agreement is now in force.

The first phase of our planned resources delineation program for Block J was completed on November 22, 2006. This phase entailed a geophysical survey of 854 line/kilometers and the extraction of 38 vibracore samples. The analysis and interpretation of these results has been underway throughout the year, and will lead to the final detailed planning of a bulk sampling phase during fiscal 2008 that will consist of the extraction of about 319 large samples of 10 square meters each.

In addition to the geophysical survey completed in November 2006, the Corporation’s technical team produced: on January 31, 2007, a National Instrument 43-101 report, based on the work done by the Corporation before the start of the fiscal 2007 exploration program that estimated a preliminary diamond potential of Block J; on July 5, 2007, a progress report on Feature 6 has shown an increase of the feature’s prospective area by 57%; and on September 27 and November 20, 2007, two progress reports on Feature 8 and Feature 17 respectively confirmed an increase in the size of the prospective area and validated the diamond potential model.

A final comprehensive report on the first phase of the resources delineation program, compliant with National Instrument 43-101 and encompassing all of the progress reports, will be issued during the third quarter of fiscal 2008. This report will enable the Corporation to finalize the preparation and scheduling program for the second phase of the resources delineation program.

The second phase of the resource delineation program involving bulk sampling is expected to commence in September 2008, and will be carried out over a period of about 60 days. The aim of the complete program is to delineate diamond resources in compliance with National Instrument 43-101 on at least two features of Block J.

HAIB COPPER CONCESSION

On May 26, 2005 Afri-Can announced that Afri-Can and Deep South had signed an Option and Operating Agreement (“Option Agreement”) with Copper Resources Corporation (“CRC”) whereby CRC will acquire Afri-Can’s option to manage the exploration programs and earn a 70% undivided interest in the Haib Copper project in Namibia.

Since the CRC transaction, Afri-Can no longer has any financial obligations to Deep South. On June 20th, 2007 Deep South informed the Corporation that it considers CRC to have withdrawn from the Option Agreement. This provides the Corporation with an opportunity to undertake a strategic review of its options concerning the potential development of Haib.

In October 2004, the Corporation issued a 43-101 technical report on the Haib project that confirms that the historic indicated resource in the high grade section of the deposit totals 292 million tonnes at 0.46% Cu, which is in excess of 2.9 billion pounds of copper in situ. The objective of the review will be to identify options available to the Corporation in light of the higher copper prices since the last review of the project in 2005.

SELECTED SEMI-ANNUAL DISCLOSURE

The following table sets forth selected semi-annual financial information for the fiscal years 2008, 2007, 2006, 2005 and 2004.

Six-Month Periods Ending

	FISCAL 2008	FISCAL 2007		FISCAL 2006		FISCAL 2005		FISCAL 2004
For the six month period ending:	29/02/08	31/08/07	28/02/07	31/08/06	28/02/06	31/08/05	28/02/05	31/08/04
	\$	\$	\$	\$	\$	\$	\$	\$
General and administrative expenses	641,592	999,642	551,206	564,433	667,296	452,365	502,348	565,865
Loss before write-downs	567,362	922,707	561,250	577,846	687,388	479,659	558,483	520,380
Loss and diluted loss per share (before write downs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net loss	567,362	922,707	561,250	577,846	687,388	6,291,079	558,483	4,300,177
Net Loss and diluted net loss per share	0.00	0.00	0.00	0.00	0.00	0.08	0.00	0.06
Current assets	1,235,773	1,923,044	479,943	687,679	39,453	345,862	53,039	93,217
Total assets	7,569,768	8,232,960	6,249,107	5,238,097	4,450,811	4,738,641	10,118,987	10,053,595
Current liabilities	465,077	526,430	794,252	211,638	268,958	133,084	933,769	938,334
Due to directors	390,357	458,038	539,201	513,980	493,696	356,042	666,060	812,162
Shareholders' equity	6,714,334	7,248,492	4,915,654	4,512,479	3,688,157	4,249,515	8,519,158	8,303,099

Discussion on the Selected Financial Information

Since inception, Afri-Can's business model has been straightforward: to develop the Block J concession first and once that project has reached an advanced stage, to develop the other concessions.

Prior to this year's exploration program, the last major marine exploration programs carried out by the Corporation were done during the fiscal years 2002 and 2003. Until the end of fiscal year 2004, the Corporation's exploration activities were centered on the preparation of an in-depth sampling program for the entire 41 km² already identified as diamondiferous or potentially diamondiferous. The work also included the preparation of a complete Scope of Work combined with the development of an exclusive exploration sampling tool that could be mounted on existing airlift-equipped vessels.

Many, if not all, of the positive aspects of Afri-Can's marine exploration programs over the 2001 to 2003 period were overshadowed by problems encountered by Afri-Can's competitors. These problems not only had a negative impact on capital markets for those in the offshore marine diamond business, they forced Afri-Can to delay the implementation of its exploration programs in 2004 and to place Block J concession on a care and maintenance basis during fiscal 2005 and the first quarter of fiscal 2006. During this period the Corporation concentrated its efforts on strengthening its balance sheet and completing the work required to sign a comprehensive partnership with an experienced technical partner in the industry.

With the signing of our agreement with IMD and its subsequent ratification by shareholders during the second quarter of 2006, the Corporation lifted the care and maintenance status and recommenced activities on the Block J concession.

During the second half of fiscal 2006, Management spent time re-activating and working with the technical team, under the stewardship of Mr. Dick Foster, in order to prepare for the planned exploration programs.

During fiscal 2007, the Corporation completed the first phase of its exploration program, a geophysical survey totaling 854 line-kilometers, combined with the extraction of 38 vibracore samples.

In addition to the geophysical survey completed in November 2006, the Corporation's technical team produced: on January 31, 2007, a National Instrument 43-101 report, based on the work done by the Corporation before the start of the fiscal 2007 exploration program that estimated a preliminary diamond potential of Block J; on July 5, 2007, a progress report on Feature 6 which has shown an increase of the feature's prospective area of 57%; and on September 27 and November 20, 2007, two progress reports on Feature 8 and Feature 17 respectively confirmed an increase in the size of the prospective area and validated the diamond potential model.

General and administrative expenses and losses before write down for the six month periods ended February 29, 2008, stood at \$ 641,592 and \$ 567,362 respectively, versus the average for the last eight equivalent periods of \$ 618,093 and \$ 609,384 respectively.

The following factors have had a strong influence on operating costs: 1) Since 2006, the Corporation has increased its operational activities combined with its marketing efforts which resulted in higher travel expenses, remuneration, public relations and information to shareholders, and registration related costs; 2) Option-issuance related costs are a significant part of our operating costs (please refer to the relevant section of the MD&A and note 7 in the Financial Statements for details); and 3) Year-over-year the costs associated with corporate governance, audit fees, financial reporting and AGM fees continue to increase.

Overall six month performance

During the first six months of fiscal 2008, the Corporation incurred \$ 144,785 in exploration expenses for its Block J Woduna marine concession and \$ 50,639 in base metal exploration expenses related to the Haib project versus \$ 1,219,751 in exploration expenses for its Block J Woduna marine project and Nil in base metal exploration related to the Haib project for the same period last year. The \$ 144,785 in marine exploration expenses was invested on the Block J Woduna project and is composed of: \$ 140,039 (\$ 226,604 in 2007) in project management, geologist, consulting fees, taxes and permits; \$ 4,746 (\$ 7,977 in 2007) in travelling costs and Nil (\$ 985,170 in 2007) in geophysical exploration costs.

For the six month period, the Corporation's net loss increased by \$ 6,112 (or 1%), (\$ 567,362 versus \$ 561,250), general and administrative expenses increased by \$ 90,386 (or 16%) while other costs decreased by \$ 84,274.

The general and administrative expense increase of \$ 90,386 (or 16%) over the same period last year was due to increases of: \$ 112,921 in professional fees (\$ 196,295 versus \$ 83,374), \$17,790 in stock-based compensation expenses (Note 7 in the Financial Statements) (\$ 17,790 versus \$ 0); \$ 12,111 in travelling expenses (\$ 59,968 versus \$ 47,857); \$ 7,124 in office expenses and \$ 2,978 in salaries and fringe benefits (\$ 176,186 versus \$ 173,207) incurred during the period.

These increases were partially offset by decreases of \$ 50,550 in public relations expenses (\$ 55,500 versus \$ 106,050) and \$ 4,460 in expenses related to the provision of information to shareholders and registration fees (\$ 64,388 versus \$ 68,848).

The (\$ 74,230) in other costs is composed of foreign exchange gain of \$ 31,224; \$ 17,932 in expenses recovered from a company managed by directors and \$ 25,074 in interest income.

The Corporation's foreign exchange gain results from the fact that some monetary assets and liabilities of the Corporation are denominated in Namibian dollars and United States dollars. During the period the corporation incurred a \$ 31,224 foreign exchange gain which represents a cash gain incurred during the normal course of operations.

Summary of Quarterly Results

The following table sets forth selected financial information covering the eight most recently completed quarters.

	FISCAL 2008		FISCAL 2007				FISCAL 2006	
For the quarter ending:	29/02/08	31/11/07	31/08/07	30/05/07	28/02/07	30/11/06	31/08/06	31/05/06
	\$	\$	\$	\$	\$	\$	\$	\$
General and administrative expenses	308,988	332,604	424,621	575,021	297,730	253,476	318,812	245,621
Loss before write downs and stock based compensation	291,784	315,414	472,823	218,989	310,340	250,910	327,247	250,599
Loss and diluted loss per share (before write downs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net loss	291,784	275,578	405,932	516,775	310,340	250,910	327,247	250,599
Net loss and diluted net loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current assets	1,235,773	1,521,540	1,923,044	556,498	479,943	480,483	687,679	72,025
Total assets	7,569,768	7,906,372	8,232,960	6,473,376	6,249,107	6,093,216	5,238,097	4,490,250
Current liabilities	465,077	468,670	526,430	966,208	794,252	1,184,807	211,638	77,328
Due to directors	390,357	431,584	458,038	560,383	539,201	653,189	513,980	670,004
Shareholders' equity	6,714,334	7,006,118	7,248,492	4,946,785	4,915,654	4,255,219	4,512,479	3,742,918

Discussion on the Selected Quarterly Financial Information

General and administrative expenses and loss before write-down and stock-based compensation for the quarter stood at \$ 308,988 and \$ 291,784 respectively versus the average for the last eight quarters of \$ 344,609 and \$ 304,764.

The following factors have a strong influence on our operating costs: 1) Since 2006, the Corporation has increased its operational activities, which combined with its marketing efforts, have resulted in higher travel costs, remuneration, public relations and information to shareholders and registration related costs; 2) Options issuance related costs are a significant part of our operation costs (please refer to relevant section of MD&A and Financial Statements, note 8 for details); and 3) Year-over-year the costs associated with corporate governance, audit fees, financial reporting and AGM fees continue to increase.

As a result of the above, average general and administrative expenses minus stock-based compensation of \$ 300,000 per quarter represents a good indicative level of the quarterly cost of operating the Corporation. Of this amount, \$100,000 represents compensation payable to members of management, and professional fees payable to two directors of the Corporation (please refer to section entitled Transactions with Related Parties for more details).

Overall Quarterly Performance

During the second quarter of fiscal 2008, the Corporation incurred \$ 79,520 in exploration expenses for its Block J Woduna marine concession and \$ 40,085 in base metal exploration expenses related to the Haib project versus \$ 131,966 in exploration expenses for its marine project for the same period last year. The \$ 79,520 in marine exploration expenses was invested on the Block J Woduna project and is composed of: \$ 77,885 (\$ 114,156 in 2007) in project management, geologist, consulting fees, taxes and permits; \$ 1,665 (\$ 6,715 in 2007) in travelling costs and Nil (\$ 11,095 in 2007) in geophysical exploration expenses costs.

For the period, the Corporation's net loss decreased by \$ 18,556 (or 6%), (\$ 291,784 versus \$ 310,340), general and administrative expenses increased by \$ 11,258 (or 4%) while other costs decreased by \$ 29,814.

The general and administrative expense increase of \$ 11,258 (or 4%) over the same period last year was mostly due to an increase in professional fees of \$ 37,978 (\$ 76,870 versus \$ 38,892) incurred during the quarter, that was not fully offset by a decrease of \$ 20,733 (34%) in information provided to shareholders and registration fees; and \$ 9,344 (or 22%) in public relations expenses

The (\$ 17,204) in other costs is composed of foreign exchange gain of \$ 531; \$ 7,600 in expenses recovered from a company managed by directors and \$ 9,073 in interest income.

The Corporation's foreign exchange gain results from the fact that some monetary assets and liabilities of the Corporation are denominated in Namibian dollars and United States dollars. During the period the corporation incurred a \$ 531 foreign exchange gain which represents a cash gain incurred during the normal course of operations.

Liquidity

As a development stage company, the Corporation does not generate any cash through its operations. The ability of the Corporation to meet its current obligations and future development plans is fully dependent

on management's ability to secure sufficient injection of funds from private placements and other equity-related fund raising programs.

During fiscal 2007, Afri-Can's working capital requirement was approximately \$ 200,000 per quarter; for fiscal 2008 this number should once again approximate \$ 200,000 per quarter. (Note that these amounts do not include management's salaries and fees, nor professional fees owed to other insiders of the Corporation (please refer to Discussion on the Selected Quarterly Financial Information and Transaction with Related Parties for more details)).

With the restart of Afri-Can's marine exploration activities, during fiscal 2007 the Corporation's exploration related capital requirement, excluding the cost of the IMD contract, stood at \$ 122,000 per quarter. The Corporation anticipates that the amounts required for fiscal 2008 to finance its exploration activities (not including the IMD contract) should approximate an additional \$ 120,000 per quarter.

Capital Resources

As of February 29, 2008 the Corporation's working capital stood at \$ 770,696 (versus working capital of \$ 1,396,614 as of August 31, 2007).

The Corporation's working capital position as at February 29, 2008 also includes an amount of \$ 391,520 (\$ 396,000 at end of the first quarter) representing exploration related charges incurred and included in Accrued Liabilities. In conformity with Canadian Generally Accepted Accounting Principles, the Accrued Liabilities represent management's best estimate, based on the daily cost schedule included in the contract with IMD, of the cost of the first phase of the exploration program completed on November 22, 2006.

Under the terms of the agreement, these charges will not be invoiced until 30 days after the completion of the exploration program, and the payment of these future invoices is subject to the agreement entered into between the parties. (Please refer to the relevant section of the MD&A and Financial Statements, note 13, marine concessions, for details.)

The Corporation's current assets as of February 29, 2008 includes the following items: cash of \$ 1,076,798 (\$ 974,777 as of August 31, 2007); \$ 96,846 (\$ 815,395 as of August 31, 2007) in amounts receivable; and \$ 62,129 (\$ 132,872 as of August 31, 2007) in prepaid expenses. Afri-Can's \$ 465,077 (\$ 526,430 as of August 31, 2007) in current liabilities includes the following items: \$ 73,557 (\$ 38,526 as of August 31, 2007) in general accounts payable; \$ 391,520 (\$ 435,607 as of August 31, 2007) in accrued liabilities and NIL (\$ 52,297 as of August 31, 2007) in dues to directors and corporations held by directors.

In order to improve its working capital position, the Corporation may proceed with other private placements during fiscal 2008.

Financial Instruments

Financial instruments used by the Company consist of cash and amounts receivable. Cash and amounts receivable are financial instruments used for working capital and any other corporate purposes.

As of February 29, 2008, the Corporation's cash was held in an interest bearing account with HSBC Bank of Canada while the Corporation amounts receivable were composed of commodity taxes receivable, and subscriptions receivable.

The Corporation operates internationally and as such is exposed to fluctuations in foreign exchange rates. The Corporation does not currently use financial instruments to limit its exposure to fluctuations in foreign exchange rates.

Capital Resources Requirements

The Corporation's commitments for capital expenditures for the coming fiscal year are nil.

Subsequent to signing the May 26, 2005 transaction with Copper Resources Corporation (CRC), responsibility for exploration expenditures related to the Haib Copper project was transferred to CRC. The June 20th, 2007 decision by Deep South to consider CRC to have withdrawn from the Option Agreement does not change the Corporation's nil financial obligations to the project, but it does open new opportunities that may result in the Corporation taking new financial responsibility. The Corporation is undertaking a strategic review of its options concerning Haib. No formal decisions have yet been taken which makes it difficult for the Corporation to quantify future funding obligations.

The Corporation's planned marine exploration expenditures are subject to terms of the IMD agreement which was ratified by the shareholders at the Annual General Meeting held on February 23, 2006.

Under the terms of the agreement, the Corporation had, during fiscal 2007, a minimum-funding obligation of approximately US \$500,000. Included in this amount was an upfront payment of US \$300,000 payable to IMD upon mobilization of the vessel and US \$ 200,000 in fuel expenses related cost to be paid within 30 days of receiving the invoice. As of August 31, 2007, the contractor was paid the US \$ 300,000 up front payment and a US \$ 236,343 invoice (CDN \$ 253,691), related to fuel consumption of the vessel during the geophysical sampling, was paid during the last quarter of fiscal 2007.

Furthermore, under the terms of the agreement, the Corporation does not have any minimum-funding obligation for fiscal 2008; the Corporation's financial obligation toward IMD will be clarified no later than 30 days after the completion of the sampling program (please refer to the Financial Statements, note 13, Commitments, for details).

The Corporation intends to fund its exploration programs and working capital requirement out of funds available and additional funds to be raised either through private placements, warrants and options exercises or through strategic associations.

Transactions with Related Parties

Legal and secretarial services are provided to the Corporation by a director of Afri-Can. For the period, an amount of \$ 26,100 (\$ 26,100 in 2007) in legal fees was accounted for as professional fees in the Consolidated Statement of Operations and Deficit and \$ 0 (\$ 13,050 in 2007) in share issuance expenses with regards to legal and secretarial services rendered.

Management services fees for an amount of \$ 64,980 (\$ 64,980 in 2007), accounted for as Salaries, fringe benefits and management fees was charged by a Corporation owned by a member of management who is also a director.

During the period \$ 37,500 (\$ 37,500 in 2007) in Chairman's fees was accounted for as professional fees by a director in connection with consulting services rendered to Afri-Can.

The transactions are made in the normal course of operations of the Corporation and are measured at the exchange value which is the amount agreed upon by both parties involved in the transactions. Amounts due to directors are non-interest bearing and with no specific repayment terms.

The \$ 390,357 total (\$ 510,335 as of August 31, 2007) due to directors payable at February 29, 2008 is composed of unpaid salaries and other fees payable to two members of management who are also directors and another director of the Corporation.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, the recoverability of mining properties and deferred exploration and development expenses, the valuation of environmental liabilities and disclosure of the contingent liability. Actual results could differ from those estimates.

A detailed summary of the entire Corporation's significant accounting policies and the estimates derived there from is included in Note 2 to the Annual Consolidated Financial Statements for the year ended August 31, 2007 and 2006.

The following policies are considered to be the critical accounting policies as they involve the use of significant estimates:

1) Translation of foreign currencies:

Monetary assets and liabilities in foreign currency of Canadian corporations and integrated foreign operations are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at exchange rates in effect at transaction dates. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of amortization, which is translated at the historical rate. Gains and losses are included in the earnings for the year.

2) Stock option plan:

On September 1, 2002, the Corporation adopted prospectively the new standards for stock-based payments (Section 3870, Stock-Based Compensation and Other Stock-Based Payments). This section defines recognition, measurement and disclosure standards for stock-based compensation to non-employees and employees. Under these new standards, all stock-based payments made to employees and non-employees must be systematically accounted for in the Corporation's financial statements. These standards define a fair value-based method of accounting and encourage companies to adopt this method of accounting for their stock-based employee compensation plans. The Corporation uses the Black-Scholes option-pricing model to estimate the value of the options granted. The cost is recognized as an increase to the compensation expense, deferred expenses, or professional fees and to contributed surplus. Any consideration paid by employees on the exercise of these stock options is credited to share capital.

3) Mining properties and deferred exploration and development expenses:

Costs related to the acquisition, exploration and development of mining properties are capitalized by property until the beginning of commercial production. If any, the accessory revenue carried over the period of exploration and development will be carried in decrease of the capitalized expenses. If

commercially profitable ore reserves are developed, capitalized costs of the related mining property are reclassified as mining assets and amortized using the unit of production method.

If it is determined that capitalized acquisitions, exploration and development costs are not recoverable over the estimated economic life of the mining property, or the project is abandoned or has been delayed in an important way, the mining property is written down to its net known realizable value.

The recoverability of amounts recorded for mining properties and deferred exploration and development expenses is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mining titles, the ability of the Corporation to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The amounts shown for mining properties and deferred exploration and development expenses do not necessarily represent actual or future values.

Changes in Accounting Policies including Initial Adoption

During the 2008 fiscal year:

The Corporation adopted *Section 1506 of the CICA, Accounting Changes*. The Section establishes criteria for changing accounting policies and describes how to apply changes in accounting policies, accounting estimates, and changes resulting from the correction of errors. These changes, including the related disclosure requirements, came into effect as of September 1, 2007 and did not impact our financial statements;

and,

The Corporation adopted *Section 3855, Financial Instruments - Recognition and Measurement; Section 3856; Hedges; and Section 1530, Comprehensive Income* as of September 1, 2007. The initial adoption of these new standards did not have an effect on the balance sheets.

Section 3855, Financial Instruments - Recognition and Measurement; Section 3856; Hedges; and Section 1530, Comprehensive Income as of September 1, 2007. The initial adoption of these new standards did not have an effect on the balance sheets.

Write-down of Deferred Exploration Expenses

As a matter of policy, Afri-Can undertakes a review of the carrying values of its mining properties and related expenditures during the fourth quarter of each fiscal year or whenever events or changes in circumstances indicate that their carrying values may exceed their recoverable value. A write-down is recognized when the carrying value of those assets is not recoverable or exceeds their fair value. In undertaking this review, management is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mining properties and related expenditures.

Outstanding Share Data

During the period, the Corporation did not complete any private placements, and no options or warrants were exercised.

As of February 29, 2008, Afri-Can had 145,558,390 (145,558,390 as of August 31, 2007) shares issued and outstanding with a paid in value of \$ 36,812,005 (or \$ 0.25 of paid in value per shares issued), 14,976,808 warrants (14,976,808 as of August 31, 2007) and 6,645,000 options outstanding (6,195,000 as of August 31, 2007), for a fully-diluted share position of 167,180,198.

As of April 18, 2008, Afri-Can had 146,367,344 (145,558,390 as of August 31, 2007) shares issued and outstanding with a paid in value of \$ 36,900,115 (or \$ 0.25 of paid in value per shares issued), 14,976,808 warrants (14,976,808 as of August 31, 2007) and 6,375,746 options outstanding (6,195,000 as of August 31, 2007), for a fully-diluted share position of 167,720,198.

SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of shares and of which 146,367,344 were outstanding as of the date hereof.

OTHER

As required by Multilateral Instrument 52-109, Afri-Can evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of August 31, 2007 under the supervision and with the participation of the President and Chief Executive Officer and the Executive Vice-President and CFO. Based on the results of this evaluation, the President and Chief Executive Officer and the Executive Vice-President and CFO concluded that the design and operation of these disclosure controls and procedures were generally effective.

The only issue identified during the process related to internal control over financial reporting. The issue identified, namely the concentration of some duties, is one that affects small companies. As a small organization, the Corporation's management is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective supervision and monitoring by the CEO and CFO. Afri-Can's officers will continue to monitor very closely all financial activities of the corporation and increase the level of supervision in key areas. It is important to note that this issue would also require the Corporation to hire additional staff in order to provide greater segregation of duties. Since the increased funding costs of such hiring could threaten the Corporation's financial viability, Afri-Can's management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when budgets will enable that action.

There has been no change in the Corporation's internal control over financial reporting during the most recent full fiscal year and most recent interim period.

RISKS

All of the resource properties in which the Corporation has joint-venture agreements are at the exploration stage only and are without a known body of commercial ore or minerals. Substantial expenditures are required for our marine exploration programs and the development of reserves. In the absence of cash flow from operations, the Corporation relies on capital markets to fund its exploration and evaluation

activities. Capital market conditions and other unforeseeable events may impact the Corporation's ability to finance and develop its projects.

While discovery of diamonds may result in substantial rewards, few exploration properties ultimately evolve into producing mines. Major expenditures are required to identify, confirm reserves and to construct mining and processing facilities. It is impossible to know whether the Corporation's current exploration programs will ultimately result in a profitable commercial mining operation.

A number of factors determine the economic viability of a diamond deposit. They include the size of the deposit; the quantity, quality and average unit carat size of the diamonds; the proximity of the deposit to existing infrastructure; the estimated development and operating costs; the financing costs and the projected cash flows; the prevailing prices and markets for diamonds; and the competitive nature of the industry. Also of key importance are governmental regulations, including those relating to taxes, royalties, land use, the environment, and interests and socio-economic impacts on affected communities.

In addition, although the Corporation has taken steps to verify that it holds good title to its mineral properties, there can be no guarantee that the Corporation's title may not be subject to unregistered prior agreements, encumbrances or adverse regulatory requirements. The consequences of these risks cannot be accurately predicted, but any combination of them may impair the development of a deposit or render it uneconomic.

The Corporation intends to continue the evaluation and exploration of its properties subject to the availability of financing on acceptable terms. The Corporation intends to finance these activities either through existing financial resources or through additional equity or quasi-equity financing. However, there can be no assurance that the Corporation will be able to raise such additional equity.

(s) Bernard J. Tourillon
Bernard J. Tourillon, MBA
Executive Vice-President and CFO

Montreal, April 18, 2008