

Management's Discussion and Analysis

AFRI-CAN MARINE MINERALS CORPORATION

For the third quarter ended May 31, 2009 and May 31, 2008

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 condition 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 nine-months ended May 31, 2009 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, 2008. Unless expressly stated otherwise, all references to dollar amounts are in Canadian dollars.

Management has prepared the **unaudited** quarterly financial statements as at May 31, 2009 and **the Company's external auditor has not reviewed them.**

The effective date of this MD&A is July 28, 2009. 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, 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 to inform shareholders and to update forward-looking statements if circumstances or management's estimates or opinions should change.

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. (“IMDH”)** to complete a previously initiated sampling and resource delineation program on the Corporation’s 70% Block J marine concession 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 favour of the agreement. As a result of this vote, the IMDH agreement is now in force.

The first phase of the planned resources delineation program for Block J was completed on November 22, 2006. This phase entailed a geophysical survey of 854 line/kilometres and the extraction of 38 vibracore samples. The analysis and interpretation of these results was done throughout 2007, and lead to the final detailed planning of a bulk sampling phase during 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, was issued during the third quarter of fiscal 2008. This report allows the Corporation to finalize the preparation and scheduling for the second phase of the resources delineation program.

During fiscal 2008, the conversion of the “DP Trenchsetter” into the “MV DP The Explorer”, a state of the art dedicated marine sampling vessel, took much longer than originally planned. IMDH, the vessel owner and operator, initially planned that the conversion at the JSML Shipyard in Singapore would be completed at the end of March 2008. High demand for rig building and ship repair, combined with scarcities in the availability of the specialized equipment used in marine oil and gas and mining operations, delayed the departure of the vessel from the JMSL Shipyard in Singapore.

While the vessel was first tentatively scheduled to arrive in Cape Town, South Africa, on or about January 5, 2009, the vessel actually departed Singapore on February 10, 2009 and arrived in Cape Town on March 16, 2009. The Explorer is in Cape Town in order to install the sampling tool and the mineral recovery plant on the vessel, and to carry out some systems tests.

The second phase of the resource delineation program involving bulk sampling is still scheduled to commence during the third quarter of 2009, and will be carried out over a period of about 45 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 (please refer to Phase 3 sampling report dated March 19, 2009 for more details).

The maximum estimated cost to complete the full program is US \$2.5 million. Afri-Can's technical and management teams review on a regular basis the working hypothesis regarding this maximum estimated cost.

Since the full program is composed of two distinct phases, the Corporation reminds shareholders that, of the US \$ 2.5 million estimate, US \$ 963,343 has either already been spent or accrued in regards to the first phase of the sampling program completed in 2006 (US \$ 300,000 for Mobilization and Demobilization costs, US \$ 263,343 for fuel expenses, and a US \$ 400,000 accrued liability representing management's best estimate of the amount to be invoiced by IMDH 30 days after the completion of the resource delineation program).

The cost estimate for the remainder of the program is US \$ 1.5 million, and this amount is divided into two distinct categories: the fuel consumption budget estimated at US \$ 350,000 (an amount that will need to be paid during the course of the program); and US \$ 1,150,000 for the chartering of the vessel during the program; and US \$ 1,150,000 for the chartering of the vessel during the program. After reviewing different operational models and current economical trends, Afri-Can's technical and management team believes that these projections continue to be valid.

Therefore assuming contingencies and the combined US \$ 1,550,000 to be invoiced 30 days after the end of the program (US \$ 400,000 and US \$ 1,150,000), the Corporation is comfortable with its guidance that the remaining balance to be paid 30 days after the end of the program is US \$ 1.8 million.

Please refer to the relevant section of the MD&A and Financial Statements, Note 14, marine concessions, for more details on the terms of the agreement.

Qualified Person

Richard W. Foster ("SACNASP"), is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this section of the document.

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 would 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.

The CRC decision to withdraw has provided the Corporation with an opportunity to undertake a strategic review of its options concerning the potential development of Haib. The objective of the review was to

identify options available to the Corporation in light of the higher copper prices since the last review of the project in 2005.

On July 2, 2008, Afri-Can announced that Afri-Can and Deep South Mining (PTY) Ltd. (“Deep South”) had signed an option and joint venture agreement (“Agreement”) with Teck Cominco Namibia Ltd. (“Teck Cominco”) giving Teck Cominco an option to earn a 70% undivided interest in the Haib Copper Project in southern Namibia. The project comprises one prospecting license (“Property”) held by Deep South. With the signing of this agreement, Afri-Can terminated its pre-existing option with Deep South in consideration for certain payments included in the Agreement.

Under the terms of the Agreement, Teck Cominco has the option to acquire a 70% indirect beneficial interest in the Property by incurring exploration expenditures on the Property totalling US\$2 million and incurring optional non-cumulative cash payments to Deep South totalling US\$700,000 over 4 years. Once Teck Cominco has acquired its 70% interest, Deep South will have the option of either converting its 30% interest into a 2% Net Smelter Royalty (NSR), payable to Deep South and Afri-Can as to 50% each, or of funding its 30% share of ongoing exploration and development costs. In the event that Deep South does not fund its share of ongoing costs and its share in the joint-venture is diluted to less than 20%, the remaining interest will be transferred into a 12% Net Profit Interest (NPI) payable to Deep South and Afri-Can as to 50% each. In the event that Teck Cominco decides to bring the Property into commercial production, Teck Cominco will pay a US\$1 million production bonus, payable to Deep South and Afri-Can as to 50% each, within 60 days of the completion date of the mine.

The agreement has been approved by the Ministry of Mines and Energy of Namibia and became effective on July 28, 2008.

SELECTED NINE MONTHS DISCLOSURE

The following table sets forth selected nine-month financial information for the fiscal years 2009, 2008, 2007, 2006, 2005 and 2004.

	FISCAL 2009	FISCAL 2008	FISCAL 2007	FISCAL 2006	FISCAL 2005	FISCAL 2004
For nine-month periods ending:	May 31	May 31	May 31	May 31	May 31	May 31
	\$	\$	\$	\$	\$	\$
General and administrative expenses	856,972	1,035,178	1,126,227	912,917	732,727	607,167
Loss before write-downs	857,714	954,790	1,078,025	937,987	808,315	738,931
Loss and diluted loss per share (before write downs)	0.005	0.007	0.008	0.008	0.007	0.009
Net loss	857,714	954,790	1,078,025	937,987	971,560	797,382
Net Loss and diluted net loss per share	0.005	0.007	0.008	0.008	0.010	0.010
Current assets	418,396	909,705	556,498	72,025	1,180,017	110,144
Total assets	7,375,446	7,396,087	6,473,376	4,490,250	11,076,877	13,964,850
Current liabilities	500,300	430,827	966,208	77,328	447,328	1,124,370
Due to directors	423,710	393,507	560,383	670,004	501,349	537,188
Shareholders' equity	6,451,436	6,571,753	4,946,785	3,742,918	10,128,200	12,303,292

General Discussion on 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 other concessions.

Prior to the fiscal 2007 exploration program and the fiscal 2008 desktop studies and analyses, 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 square kilometres 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 the 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 the agreement with IMDH 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, in November 2006, the first phase of its exploration program, a geophysical survey totaling 854 line-kilometres, combined with the extraction of 38 vibracore samples. 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, estimating a preliminary diamond potential on Block J and, on July 5, 2007, a progress report on Feature 6 showing an increase of the feature's prospective area of 57%.

During fiscal 2008, the Corporation's technical team produced three progress reports dated September 27, November 20, 2007 and January 24 2008, on Features 8, 17 and 19 confirming an increase in the size of the prospective area and validating the diamond potential model. On April 21, 2008, a new National Instrument 43-101 report was completed and a revised estimation of the diamond potential of Block J was announced.

Furthermore, during fiscal 2008, the Corporation was involved in the conversion of the "DP Trenchsetter" into a state of the art dedicated marine sampling vessel, renamed the "MV DP The Explorer". This took longer than originally planned. IMDH, the vessel owner and operator, initially expected the vessel to be ready to leave the JSML Shipyard in Singapore at the end of March 2008, but high demand for rig building and ship repair, combined with scarcities in the availability of the specialized equipment used in underwater mining operations, delayed the departure of the vessel from the JSML Shipyard in Singapore. While the vessel was tentatively scheduled to arrive in Cape Town, South Africa, on or about January 5,

2009, the vessel actually departed Singapore on February 10, 2009 and arrived in Cape Town on March 16, 2009.

During the quarter ending May 31, 2009, The Explorer remained in Cape Town in order to complete the installation of the sampling tool and the mineral recovery plant and to carry out systems tests (pictures of the installations of the equipment are available on our web site at www.afri-can.com). While it was estimated that the vessel would sail from Cape Town for the Port of Walvis Bay in Namibia by the end of June, departure was delayed in order for the vessel to receive the necessary validation that the Dynamic Positioning system (DP II) operates within required parameters.

In Namibia, IMDH will conduct deep sea testing in the vicinity of Walvis Bay in order to calibrate the new onboard sampling equipment, treatment plant, and Dynamic Positioning system (DP II) for optimal efficiency. IMDH will then conduct crew training and a test sampling program to ensure all systems are functioning properly before commencing the sampling program on Afri-Can's Block J. Based on information made available to the Corporation to date, the Block J sampling program is still expected to begin during the third quarter of 2009.

Since the arrival of The Explorer in Cape Town, Afri-Can's technical team, in collaboration with IMDH, has been actively working to ensure that the sampling program performs to the highest industry standards. The cooperation between the Corporation and IMDH has been excellent and all the required steps are being taken to ensure the smooth operation of the sampling program.

All direct costs for the conversion of The Explorer are supported by IMDH. The Corporation has to date incurred approximately \$ 1,100,000 of general and administrative expenses related to the nearly 11 month conversion delay. Once operational, The Explorer will be the one of the few marine diamond sampling vessels of its class with this level of technology. Without the 2006 agreement with IMDH, the Corporation would not have had access to a state of the art marine sampling vessel under such advantageous chartering conditions.

Haib Copper: the Corporation secured an agreement with Deep-South and Teck Cominco concerning the development of the Haib copper project in Namibia during fiscal 2008. This project has a long-term significant potential and its added value to the Corporation may be reflected over its development time line.

Overall performance

General and administrative expenses and net loss for the nine-month period ended May 31, 2009 stood at \$ 856,972, and \$ 857,714 respectively versus the average for the last eight equivalent periods of \$ 878,531, and \$ 932,909 respectively.

The following factors have had a strong influence on operating costs: 1) While waiting for the vessel to arrive in Cape Town, the Corporation implemented cost-cutting strategies regarding expenses over which management had some control; 2) Option-issuance related costs are a significant part of Afri-Can's operating costs (please refer to the relevant section of the MD&A and note 9 in the Financial Statements for details); and 3) Year-over-year, the costs associated with corporate governance, audit fees, financial reporting and AGM fees are outside of management and board control and the trend is for these expenses to continue to increase.

During the nine-month period ended May 31, 2009, the Corporation incurred \$ 269,000 in exploration expenses for its Block J marine concession and nil in base metal exploration expenses related to the Haib

project, versus \$ 271,813 in exploration expenses for its Block J marine project, and \$ 76,902 in base metal exploration related to the Haib project for the same period last year.

Table #1
Details of deferred exploration for MD&A

	Quarter ending May		Nine-month ending May	
	2009	2008	2009	2008
	\$	\$	\$	\$
Exploration and development expenses:				
Marine projects:				
Project management	34,794	20,446	99,152	59,529
Geologist	52,859	103,888	160,485	188,680
Stock-based compensation	1,461	-	6,270	16,164
Traveling	1,110	2,694	3,093	7,440
Terrestrial base metal (Haib) project:				
Geologist	-	25,823	-	56,625
Laboratories	-	-	-	18,681
Others	-	440	-	1,596
Increase during the period	90,214	153,291	269,000	348,715
Balance, beginning of period	5,877,725	5,335,431	5,698,939	5,140,007
Balance, end of period	5,967,939	5,488,722	5,967,939	5,488,722

For the nine-month period ended May 31, 2009, the Corporation's net loss decreased by \$ 97,076 (or 10%), (\$ 857,714 versus \$ 954,790), general and administrative expenses decreased by \$ 178,206 (or 17 %), (\$ 856,972 versus \$ 1,035,178) while other costs increased by \$ 81,130, (\$ 742 versus \$ -80,388)

The general and administrative expense decrease of \$ 178,206 (or 17 %) over the same period last year came about because management implemented cost cutting strategies. The only account that saw an increase year over year was public relations expenses with an increase of \$ 22,639 during the period (\$ 119,287 versus \$ 96,648). The most significant decrease occurred in the following accounts; \$ 67,702 in traveling expenses (\$ 34,018 versus \$ 101,720); \$ 67,763 in expenses related to the provision of information to shareholders and registration fees (\$ 33,699 versus \$ 98,462); and \$ 30,367 in professional fees (\$ 216,380 versus \$ 246,747).

The \$ 742 in other costs is mostly comprised of a foreign exchange loss of \$ 15,795 that is offset by the \$ 14,171 in expenses recovered from a company managed by a director, and \$ 882 in interest income.

The Corporation's foreign exchange loss results mostly from the fact that the Corporation has a significant accrued liability denominated in United States dollars (US \$ 400,000). Other monetary assets and liabilities of the Corporation are also denominated in Namibian dollars and United States dollars, but their influence on the size of the foreign exchange loss is negligible. During the period, the Corporation

incurred a \$ 15,795 foreign exchange loss, which represents mostly a non-cash loss incurred due to the Canadian dollar valuation of the accrued liabilities.

According to the agreement entered into between the Corporation and IMDH, the first phase of the exploration program completed on November 22, 2006 which resulted in an accrued liability of US \$ 400,000 will not be invoiced until 30 days after the completion of the resources delineation program (which is presently scheduled to begin during the third quarter of 2009). This means that the Corporation's operational results and liabilities since 2006 will be affected by the exposure of the accrued liability of US \$ 400,000 to fluctuations in the Canadian /US dollar exchange rate.

Summary of Quarterly Results

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

	FISCAL 2009			FISCAL 2008				FISCAL 2007
For the quarter ending:	31/02/09	28/02/09	31/11/08	31/08/08	30/05/08	29/02/08	30/11/06	31/08/07
	\$	\$	\$	\$	\$	\$	\$	\$
General and administrative expenses	363,345	229,474	264,153	307,794	393,586	308,988	332,604	424,621
Loss before write downs and stock based compensation	202,177	234,201	329,108	200,978	297,826	291,784	315,414	472,823
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	294,405	234,201	329,108	340,972	387,428	291,784	275,578	405,932
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	418,396	241,332	152,505	391,827	909,705	1,235,773	1,521,540	1,923,044
Total assets	7,375,446	7,109,728	6,901,077	7,084,557	7,396,087	7,569,768	7,906,372	8,232,960
Current liabilities	500,300	614,778	578,946	484,791	430,827	465,077	468,670	526,430
Due to directors	423,710	418,050	381,408	368,985	393,507	390,357	431,584	458,038
Shareholders' equity	6,451,436	6,076,900	5,940,723	6,230,781	6,571,753	6,714,334	7,006,118	7,248,492

Discussion on the Selected Quarterly Financial Information

General and administrative expenses and losses before write-down and stock-based compensation for the quarter stood at \$ 363,345 and \$ 202,177 respectively versus the average for the last eight quarters of \$ 320,070 and \$ 293,038.

The following factors have had a strong influence on our operating costs: 1) During fiscal 2006 and 2007, the Corporation increased its operational activities year over year which, combined with its marketing efforts, resulted in higher travel costs, remuneration, public relations and information to shareholders and registration related costs. Since fiscal 2008 the Corporation maintained its current operational activities while seeking ways of reducing its operational 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 9 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 \$ 202,177 per quarter, combined with the lower trend seen in general and administrative expenses over the last quarters, management is of the opinion that a range between \$ 225,000 to \$ 285,000 represents a level that is indicative 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 third quarter of fiscal 2009, the Corporation incurred \$ 90,214 in exploration expenses for its Block J marine concession and \$ Nil in base metal exploration expenses related to the Haib project versus \$ 127,028 in exploration expenses for its marine project and \$ 26,263 in base metal exploration expenses related to the Haib project for the same period last year (please refer to Table one for more details).

For the third quarter of fiscal 2009, the Corporation's net loss decreased by \$ 93,023 (or 24%) versus the same period last year, (\$ 294,405 versus \$ 387,428), while general and administrative expenses decreased by \$ 30,241 (or 8 %) (\$ 363,345 versus \$ 393,586).

The general and administrative expense decrease of \$ 30,241 (or 8 %) over the same quarter last year came about as a result of cost cutting strategies. The only accounts that saw increases year over year were public relations expenses with an increase of \$ 6,446 during the quarter (\$ 47,594 versus \$ 41,148) and \$ 9,662 in professional fees (\$ 60,114 versus \$ 50,452). The most significant decrease occurred in the following accounts; \$ 19,731 in traveling expenses (\$ 22,021 versus \$ 41,752); and \$ 22,438 in expenses related to the provision of information to shareholders and registration fees (\$ 11,636 versus \$ 34,074).

The (\$ 68,940) in other costs is comprised of foreign exchange gain of \$ 64,956; \$ 3,970 in expenses recovered from a company managed by a director, and \$ 14 in interest income.

The Corporation's foreign exchange gain results from the fact that some monetary assets of the Corporation are denominated in Namibian and United States dollars while an accrued liabilities of the Corporation is denominated in United States dollars. During the period the Corporation incurred a \$ 64,956 foreign exchange gain which represents a cash and non cash loss incurred during the normal course of operations.

Capital Resources

As of May 31, 2009, the Corporation's working capital deficit stood at \$ 81,904 (versus a deficit of \$ 373,446 as of February 28, 2009 and a deficit of \$ 92,964 as of August 31, 2008).

The Corporation's current assets as of May 31, 2009 include the following items: cash \$ 290,337 (\$ 128,351 as of February 28, 2009, \$ 300,398 as of August 31, 2008); \$ 51,493 (\$ 46,089 as of February 28, 2009, \$ 51,313 as of August 31, 2008) in amounts receivable; and \$ 76,566 (\$ 66,892 as of February 28, 2009, \$ 40,116 as of August 31, 2008) in prepaid expenses.

Afri-Can's current liabilities of \$ 500,300 as of May 31, 2009 (\$ 614,778 as of February 28, 2009, \$ 484,791 as of August 31, 2008) include the following items: \$ 63,380 (\$ 110,778 as of February 28, 2009, \$ 58,991 as of August 31, 2008) in general accounts payable; and \$ 436,920 (\$ 504,000 as of February 28, 2009, \$ 425,800 as of August 31, 2008) in accrued liabilities.

The Corporation's Accrued Liabilities of \$ 436,920 as of May 31, 2009 (\$ 504,000 as of February 28, 2009, \$ 496,080 as at November 30, 2008, \$ 425,800 as of August 31, 2008) represent the Canadian dollar equivalent of exploration related charges incurred during the first phase of the exploration program completed on November 22, 2006. In conformity with Canadian Generally Accepted Accounting Principles, the Accrued Liabilities amount represents management's best estimate, the amount of US \$ 400,000 to be invoiced, based on the US dollars dominated daily chartering cost schedule included in the contract with IMDH.

Under the terms of the agreement, these charges have not yet been invoiced and will not be invoiced until 30 days after the completion of the resources delineation exploration program, presently scheduled to be started during the third quarter of 2009.

Since a large component of the Corporation's working capital fluctuation came about because of the quarterly revaluation of the US \$ 400,000 accrued liabilities, the following sensibility analysis represents the effects of the variations on the amount potentially payable to IMDH, using different foreign exchange rate scenarios.

Table # 2: Sensitivity analysis of US \$ 400,000 accrued liability

Fx Rate:	0.90	1.00	1.10	1.25	1.35
US \$ 400,000 accrued liability	\$ 360,000	\$ 400,000	\$ 440,000	\$ 500,000	\$ 540,000

Because all payments of future invoices from IMDH are subject to an agreement entered into between the parties, and as such, these payment are not due in the coming quarter and there is a probability that the payment of these future invoices will not require the utilization of the Corporation's capital resources, management uses the concept of a working capital position net of accrued liabilities when planning its Capital Resource requirements.

Using this concept, as of May 31, 2009, the Corporation's working capital, net of accrued liabilities, would be \$ 355,016 (versus a working capital, net of accrued liabilities of \$ \$ 130,552 as of February 28, 2009 and a working capital, net of accrued liabilities of \$ 332,836 as of August 31, 2008).

During the third quarter, the Corporation was able to strengthen its working capital position, through the closing of three private placements, one of \$ 200,000, another of \$ 350,000 and a final one of \$ 149,600.

Liquidity

During the quarter ending May 31, 2009, Afri-Can's working capital expenditure was approximately \$ 175,000 for the quarter. During fiscal 2008, Afri-Can's working capital requirement was approximately \$ 200,000 per quarter, but due to cost cutting initiatives undertaken, management believes that, for the remaining quarter of fiscal 2009, this number should now approximate between \$ 150,000 and \$ 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, since, as in the past, these payments could be accrued or reduced if the financial position of the Corporation required it. (Please refer to Discussion on the Selected Quarterly Financial Information and Transaction with Related Parties for more details).

During the quarter ending May 31, 2009 the Corporation's exploration related capital expenditure was \$ 90,214 for the quarter. The Corporation anticipates that the exploration related capital amounts required for fiscal 2009 to finance its marine exploration activities (not including the IMDH contract) should approximate an additional \$ 90,000 per quarter. The Corporation does not anticipate any capital amounts will be required for its base metal exploration project following the signature of the Agreement on the Haib project with Teck Cominco.

Based on the above, the Corporation's minimum capital requirement to maintain our operations are between \$ 240,000 and \$ 290,000 per quarter.

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.

Since the completion of the agreement with IMDH, the Corporation has been able to raise all the funds required to advance the project, and pay ongoing working expenses. One of the key variables that affected the ability of the Corporation to complete the private placement during the 11-month delay in the arrival of the vessel in Cape Town was the fact that investors wanted clarity concerning the vessel time-line to work on the concession.

With the sampling vessel about to depart Cape Town for Namibia, clarity concerning the time-line for the development of a resource on the Block J concession is returning and management is getting renewed interest from key investors concerning the financing of the Company. Based on this renewed interest, management is of the opinion that, if no new negative market events occur, the Corporation should be capable of completing the necessary financing to meet the liquidity needs of the Corporation over the next twelve months.

Therefore, the financial statements do not give effect to adjustments that would be necessary should the Corporation be unable to secure sufficient funds to continue as a going concern. Investors are advised that if such adjustments were required, these adjustments could be material.

Capital Resource Requirements

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

Land based project:

Further to the signature of an Agreement for the Haib Copper project in Namibia between the Corporation, Deep South and Teck Cominco, on July 2, 2008 and its subsequent approval by the Ministry of Mines and Energy of Namibia on July 28, 2008, the Corporation has no financial obligation related to the Haib Copper project for at least the coming two years or until Teck Cominco has incurred exploration expenditures totaling US \$ 2 million.

Marine project:

The terms governing the agreement between Afri-Can and IMDH, including different payment options, and a cancellation clause whereby the Corporation can cancel the agreement by paying a US \$ 250,000 fee to IMDH, were ratified by the shareholders at the Annual General Meeting held on February 23, 2006. (Please refer to the Financial Statements, note 14, Commitments, for details.)

It is important to mention that the entire cost of the conversion of the vessel "MV DP The Explorer" into a dedicated marine sampling vessel is fully supported by IMDH, the owner and operator of the vessel. Once operational on Afri-Can's Block J concession in Namibia, the "MV DP The Explorer" under contract with Afri-Can to perform a diamondiferous resource delineation sampling program, Afri-Can's daily chartering rate established in 2006 will not be influenced by the delays encountered by IMDH during the conversion of the vessel in Singapore.

Therefore, Afri-Can's Capital resource requirements under the terms of the agreement for the periods covered by the MD&A are:

- No minimum-funding obligation to IMDH for fiscal 2008;
- No minimum-funding obligation to IMDH for fiscal 2009, but the Corporation will be responsible for the payment of the fuel consumption of the vessel at the end of each month of utilization. The estimated amount of the fuel expense for the resource delineation sampling program is about US \$ 350,000.

After the completion of the resource delineation sampling program, presently scheduled to be started during the third quarter of 2009, the remaining balance owing to IMDH is estimated to be US \$ 1.8 million. The exact amount due by the Corporation to IMDH will be stipulated no later than 30 days after the completion of the sampling program, at which date IMDH will be required to inform the Corporation of the payment option it elects.

The estimated amount of US \$ 1.8 million is composed of the US \$ 400,000 accrued liability representing management's best estimate of the amount to be invoiced by IMDH for the first phase of the resource delineation program complete in 2006. The remaining US \$ 1,400,000 is composed of US \$ 1,150,000, representing management's best estimate of the cost of chartering the vessel during the second phase of the exploration program, and US \$ 250,000 for contingencies.

Since the Corporation's financial obligations with IMDH are denominated in US dollars, the following sensibility analysis represents the effects of currency variations on the amount potentially payable to IMDH, using different foreign exchange rate scenarios.

Table # 3: Sensitivity analysis regarding the financial obligations with IMDH

US/Cdn Exchange Rate:	0.90	1.00	1.10	1.25	1.35
Accrued liability US \$ 400,000	\$ 360,000	\$ 400,000	\$ 440,000	\$ 500,000	\$ 540,000
Estimated cost of sampling program US \$ 1,150,000	\$ 1,035,000	\$ 1,150,000	\$ 1,265,000	\$ 1,437,500	\$ 1,552,500
Contingency US \$ 250,000	\$ 225,000	\$ 250,000	\$ 275,000	\$ 312,500	\$ 337,500
Total cost estimate US \$ 1,800,000	\$ 1,620,000	\$ 1,800,000	\$ 1,980,000	\$ 2,250,000	\$ 2,430,000

As previously mentioned, the nature of the terms and options attached to the agreement between the parties provide for an alternative such that the payment will not require the utilization of the Corporation's capital resources (please refer to the Financial Statements, note 14, Commitments, for details).

Furthermore, based on documented historical events, it is possible that during the bulk sampling phase of sampling program, a certain quantity of diamonds will be recovered. The sale of these diamonds, which will be the exclusive propriety of the Corporation, could generate some funds that could partially offset the cost of the sampling program.

Because the Corporation has already paid the up-front costs related to the program, and since the bulk of the cost related to the sampling program do not become due until after the completion of the program, the Corporation intends to fund its exploration programs and working capital requirement out of funds to be raised either through private placements, warrants and options exercises or through strategic associations.

This was one of the motivations behind the extension and re-pricing of 14,582,775 share purchase warrants during January 2009, since this gives the Corporation potential access to funding once the share price of the Corporation exceeds \$0.15 per share.

Changes in Accounting Policies including Initial Adoption

Recently adopted standards (Fiscal 2008)

- On September 1, 2007, in accordance with the applicable transitional provisions, the Corporation applied the recommendations of new Section 1506, “Accounting Changes”, of the Canadian Institute of Chartered Accountants’ Handbook (“CICA”). This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Corporation. The new standard has no impact on the Corporation’s financial results.
- On September 1, 2007, in accordance with the applicable transitional provisions, the Corporation adopted the new recommendations in Sections 3855, “Financial Instruments - Recognition and Measurement”, 3861, “Financial Instruments - Disclosure and Presentation” and 3251, “Equity”, of the CICA Handbook.
- Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require that the Corporation remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of deficit at the beginning of the fiscal year of initial application. The financial statements of prior fiscal years are not restated.
- Section 1530 establishes standards for reporting and display of comprehensive income. Section 3251 establishes standards for the presentation of equity and changes in equity during the reporting fiscal year. Pursuant to the transitional provisions of these sections, the Corporation’s financial statements of fiscal years are not restated.

Adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Corporation’s financial instruments, which were previously recognized at cost:

- Cash is classified as held-for-trading assets.
- Amounts receivable are classified as loans and receivables. Amounts receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.
- Accounts payable, accrued liabilities and due to directors are classified as other financial liabilities. They are measured at amortized cost using the effective interest method.

These changes had no impact on the financial statements as at August 31, 2008.

Recently adopted standards (Fiscal 2009)

- Section 1535, "Capital Disclosures" establishes standards for disclosing information about the entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.
- Section 3862, "Financial Instruments - Disclosures" describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks. Section 3863, "Financial Instruments – Presentation" establishes standards for presentation of financial instruments and non-financial derivatives. These Sections complement the principles of recognition, measurement and presentation of financial instruments of Section 3855, "Financial Instruments – Recognition and Measurement" and Section 3865, "Hedges" and replace the presentation standards of Section 3861, "Financial Instruments – Disclosure and Presentation" .
- Section 1400, "General Standards of Financial Statement Presentation" requires that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but not limited to, twelve months from the balance sheet date.

These new accounting standards only address disclosures and have no impact on the Company's financial results.

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 3 to the Annual Consolidated Financial Statements for the year ended August 31, 2008 and 2007.

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.

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.

Financial Instruments

Financial instruments used by the Company consist of cash, amounts receivable, accounts payable, accrued liabilities and dues to directors and corporation held by directors. Cash, accounts receivable and accounts payable are financial instruments used for working capital and any other corporate purposes.

As of May 31, 2009, the Corporation's Canadian and US cash was held in an interest bearing account with HSBC Bank of Canada. The Corporation's Namibian denominated cash, N\$ 40,241 (or CAD \$ 5,453) was held in an interest bearing account with The First National Bank of Namibia.

Cash is classified as held-for-trading assets. Amounts receivable are classified as loans and receivables. Amounts receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts. Accounts payable, accrued liabilities and due to directors are classified as other financial liabilities. They are measured at amortized cost using the effective interest method.

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.

Outstanding Share Data

During the nine-month period, the Corporation completed four private placement totaling \$ 954,100 that resulted in the issuance of 11,416,250 new shares, 5,708,125 warrants, and 11,250 broker warrants. Shareholders are advised that while the Corporation raised \$ 954,100 through the issuance of 11,416,250 new shares, Canadian generally accepted accounting principles require that we only acknowledge \$ 700,897 under Capital Stock and account for the remaining \$ 253,205, representing the fair value of the warrants under Contributed Surplus. Additionally, 300,000 shares were issued for payment of professional fees, no options were exercised, and no warrants were exercised.

As of May 31, 2009, Afri-Can had 158,106,394 (146,367,644 as of August 31, 2008) shares issued and outstanding with a paid in value of \$ 37,562,011 (or \$ 0.238 of paid in value per shares issued), 20,544,183 warrants (14,884,808 as of August 31, 2008) and 7,735,000 options outstanding (7,735,746 as of August 31, 2008), for a fully-diluted share position of 186,385,577.

As of July 28, 2009, Afri-Can had 158,106,394 (146,367,644 as of August 31, 2008) shares issued and outstanding with a paid in value of \$ 37,562,011 (or \$ 0.238 of paid in value per shares issued), 20,544,183 warrants (14,884,808 as of August 31, 2008) and 7,735,000 options outstanding (7,735,746 as of August 31, 2008), for a fully-diluted share position of 186,385,577.

SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of shares and of which 158,106,394 were outstanding as of the date hereof.

Transactions with Related Parties

Legal and secretarial services are provided to the Corporation by a director of Afri-Can. For the nine month period ended May 31, 2009, an amount of \$ 42,207 (\$ 39,800 in 2008) in legal fees was accounted for as professional fees in the Consolidated Statement of Operations and Deficit and \$ 0 (\$ 0 in 2008) in share issuance expenses with regards to legal and secretarial services rendered.

For the nine month period ended May 31, 2009, management services fees for an amount of \$ 97,500 (\$ 97,470 in 2008), 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.

For the nine month period ended May 31, 2009 , \$ 14,171 in expenses (\$ 26,367 in 2008) was recovered from a company managed by directors of the Corporation.

For the nine month period ended May 31, 2009, professional fees for an amount of \$ 56,250 (\$ 56,250 in 2008) representing the Chairman's fees was paid to a company managed by a director in connection with consulting services rendered to Afri-Can.

For the nine month period ended May 31, 2009, professional fees for an amount of \$ 11,500 (nil in 2008) representing directors fees was accounted for in connection with directors services rendered to Afri-Can.

All 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, but the amount due to directors is not reimbursable before a period of 12 months after the date of the signature of the financial statements of the Corporation.

The \$ 423,710 total (\$ 368,985 as of August 31, 2008) due to directors payable at May 31, 2009 is composed of unpaid salaries and other fees payable to two members of management who are also directors and another director of the Corporation.

Management's Report on Internal Control over Financial Reporting

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

RISKS

The Company strongly depends on the business and technical expertise of its management and technical team and there is little possibility that this dependence will decrease in the near term.

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.

A handwritten signature in black ink, appearing to read "Bernard J. Tourillon", is positioned above a horizontal line.

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

Montreal, July 28, 2009