Afri-Can Marine Minerals Corporation

Management's Discussion and Analysis

For the six month period ended February 28, 2013

The attached Management's Discussion and Analysis has been prepared by Management of Afri-Can Marine Minerals Corporation and has not been reviewed by an external auditor.

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AFRI-CAN MARINE MINERALS CORPORATION

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Introduction

This Management's Discussion and Analysis of financial condition and results of operations ("MD&A") of Afri-Can Marine Minerals Corporation ("Afri-Can" or the "Corporation") should be read in conjunction with the accompanying condensed unaudited interim consolidated financial statements of Afri-Can and the notes thereto for the second quarter ended February 28, 2013 and 2012 and with the MDA, the Audited Consolidated Financial Statements of the Corporation and the notes thereto for the fiscal years ended August 31, 2012 and 2011. Unless expressly stated otherwise, all references to dollar amounts are in Canadian dollars.

Afri-Can's condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including comparative figures.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be accessed at www.sedar.com. For additional information, the Corporation's website can be found at www.afri-can.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 Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

Highlights for the six-month period ended February 28, 2013

Afri-Can is a Canadian corporation, actively involved in the acquisition, exploration and development of marine and terrestrial mineral properties in Namibia, mainly in the field of diamonds. Afri-Can's creative and scientific approach targets large marine diamond deposits in prospective territories that offer the potential to become mining projects.

a) EPL 3403:
   - The sampling program on EPL 3403 began on December 2, 2012 and was completed on December 16, 2012. The program successfully extracted 222 samples of 5 square metres each. Results of the sampling program, disclosed by news release on January 31, 2013, confirm the potential of the concession and validate the planned acquisition of EPL 3403.
   - The Corporation completed the acquisition of 20% interest in EPL 3403 on February 27, 2013.

Highlights for the six-month period ended February 28, 2013 (Cont'd)

b) Haib Copper project:

- Between May and September 2012, Teck Namibia (Pty) Limited ("Teck") conducted a 6,500 metres drilling program with the aim of testing the grades of some of the newly discovered outcropping areas and re-assessing some historical results from the main ore body. Assay results have been completed and are under revision.
- In December 2012, Deep-South Mining (Pty) ('Deep-South"), holder of 30% interest in the Haib Copper project, granted an irrevocable option to the Corporation to acquire 50% of Deep-South's share capital in exchange for the Net Profit Interest ("NPI") and production bonus in the Haib project held by the Corporation and subject to the listing of Deep-South's common shares on an Exchange. Upon the listing of Deep-South, Afri-Can intends to transfer its shares in Deep-South to Afri-Can's common shareholders. Deep-South's listing and financing are subject, among other things, to market conditions and to the Corporation's shareholders and regulatory approval.
- At present, the Corporation doesn't have any obligation toward this project.

Marine Exploration Projects

EPL 3403 - Thyme Concession

Under an agreement (the "Thyme Share Sale Agreement") entered into in September 2010 and thereafter amended, the Corporation has been granted the option to acquire up to 100% of Thyme Investments (Pty) Ltd. ("Thyme") from International Mining and Dredging Holding Ltd. ("IMDH") and BV Investments Four Hundred and Nine (Pty) Ltd. ("BVI") in exchange for 16.25 million common shares of the Corporation. Thyme is a Namibian company that has exclusive ownership of the Exploration and Prospecting License ("EPL") 3403 covering about 800 square kilometres and situated about 120 kilometres south of Luderitz in Namibia. It has no other assets or liabilities.

The Corporation currently holds 20% of Thyme's shares. In order to earn its 20% interest the Corporation issued on February 27, 2013, 2,437,500 of its common shares to IMDH and 812,500 of its common shares to BVI. Furthermore, as part of the agreement, Afri-Can completed a sampling program of 350 samples in May 2011 and a geophysical survey of 1,519 line kilometres in April 2012. The fair value of the 3.25 million common shares issued was recorded at an amount of $178,750 under exploration and evaluation assets and has been determined based on the publicly quoted price on the date that the common shares were issued.

In consideration for the remaining 80% of Thyme's shares, the Corporation will complete a first resource delineation sampling program on EPL 3403 covering 300 samples and/or a maximum of 30 days sampling before December 31, 2012, or thereafter, subject to the availability of the sampling vessel and issue of 13 million common shares of the Corporation to the owners of Thyme. The Corporation completed a 2 week sampling program in December 2012. During this program Afri-Can successfully extracted 222 samples. Therefore, the Corporation will earn its interest with an additional 78 samples.

Upon completion of the transaction, IMDH shall have the right to appoint two Directors to the Board of Directors of the Corporation.

Marine Exploration (Cont'd)

EPL 3403 - Thyme Concession (Cont'd)

The first part of the resource delineation sampling program was completed on December 16, 2012. The program extracted 222 samples. The Corporation intends to complete the last part of the program covering a minimum of 78 samples once the availability of the vessel is known. The cost of the remaining 2 week program is estimated to cost $1.2 million. With the completion of this program, the Corporation will have met all the conditions of the agreement and will, therefore proceed to acquire the remaining 80% of Thyme's shares and issue 13 million of its common shares to the owners of Thyme.

Prior to the completion of the sampling program, Thyme will provide the Corporation with its audited financial statements for the years 2006 to 2011 and unaudited financial statements for the year 2012. In the event that the statements are not to the satisfaction of the Corporation or are not provided as promised, the Corporation will hold the option either, to proceed with the acquisition of Thyme, or the Corporation will hold the option to acquire the underlying License EPL 3403 with the Namibian governmental approval.

About EPL 3403
EPL 3403 is 120 kilometres south of the town of Luderitz in Namibia. It covers about 800 km^2 and is adjacent to the north of the Atlantic One Mining Lease ("ML") 47 (owned by Namdeb and operated by De Beers Marine). Atlantic One is the largest marine diamond deposit in the world with a resource estimated at about 100 million carats. Atlantic One is currently producing in excess of 1,300,000 carats per year, with diamonds selling for an average price of US$450 per carat. EPL 3403 is contiguous with ML 128(C), and is close to ML 43 and ML 44. Namdeb is currently conducting a vast exploration program in order to increase the diamond resources in ML 43 by 68 million carats. EPL 3403 also faces the raised beaches on Diamond Area Number One concession where De Beers has mined over 250 million carats since 1932. EPL 3403 is situated about 75 km north from the mouth of the Orange River, which is considered to be the primary route bringing diamonds to the sea.

Previous reconnaissance sampling programs conducted by IMDH and Namdeb on EPL 3403 recovered 33 diamonds weighing 14.07 carats in the Southern region of the EPL. The four largest diamonds weighed 1.15, 1.17, 1.73 and 2.69 carats respectively. Multiple stones were found in 5 IMDH samples, one of which contained 6 diamonds. This is an important indication of concentration and confirms the likelihood of a deposit lying in this specific area. All of these results are comparable to results from Atlantic One.

The aim of the first sampling program conducted by Afri-Can during 25 days in March to April 2011 was to start delineating the diamond potential of the Southern portion of EPL 3403, and to prove diamond presence and find areas of diamond concentration in the Northern region.

On May 10th, 2011 the Corporation summarized the results of its successful sampling program completed on April 19th, 2011. The program comprised 350 sample sites producing 341 acceptable samples of 5 square metres each. The program enabled the discovery of three depositional features and one prospective depositional area. The sampling recovered 84 diamonds, mostly during the last 15 days of the sample program, of which the 4 largest diamonds weighed 1.60, 1.30, 1.15 and 1.15 carats and 15 diamonds weighed over 0.5 carats. All diamonds recovered were of the highest gem quality and 2 of the depositional areas showed an average stone size of 0.50 carat per stone, which is similar to the averages of the adjacent concessions. The successful sampling program confirmed the potential and validated the planned acquisition of EPL 3403.

Marine Exploration (Cont'd)

EPL 3403 - Thyme Concession (Cont'd)

Results are summarized as follows:

Southern Region:	Number of Diamonds	Aggregate Weight (carats)	Average Diamond Weight (carats)
Area 1:	19	10.67	0.56
Area 2:	18	6.68	0.37
Area 3:	45	4.37	0.10
Prospect:	2	0.90	0.45

A total of 117 diamonds have been extracted from EPL 3403: previous programs by IMDH and by De Beers Marine extracted 33 diamonds, 28 of which were from the depositional areas specified in the table above.

Total results are as follows:

Southern Region:	Number of Diamonds	Aggregate Weight (carats)	Average Diamond Weight (carats)
Area 1:	26	14.49	0.56
Area 2:	29	14.25	0.49
Area 3:	55	5.79	0.11
Prospect:	2	0.90	0.45

The diamonds have been weighed on land in the presence of an official of the Ministry of Mines and Energy of Namibia.

Afri-Can Marine completed its geophysical survey on EPL 3403 marine diamond concession in Namibia on May 14th, 2012. The geophysical survey recovered a total of 1,519 line-kilometres of high resolution Sparker and TOPAS seismics as well as 480 line-kilometres of multibeam echosounder data. The survey covered approximately 123 square kilometres in the south end of EPL 3403, representing 15% of the concession area, which measures 800 square kilometres. Notably, 94.7 square kilometres or 77% of the 123 square kilometres show a sediment thickness over bedrock footwall of less than 10 metres, which is well within the penetration parameters of the sampling tool of the MV DP The Explorer, recently contracted for the upcoming sampling program. The survey has mainly covered the Areas 1 and 2 depositional areas and served to prepare the sampling program to be conducted in December 2012. The survey has also enabled the delineation of a new promising target area covering 18 square kilometres.

The first part of the sampling program on EPL 3403 began on December 2, 2012 and was completed on December 16, 2012. The program successfully extracted 222 samples of 5 square metres each and recovered 17 diamonds weighing between 0.05 and 0.75 carats for a total weight of 4.55 carats. Notably, all the diamonds extracted were from the West Bank area (originally called Area 2).

The sampling program has greatly increased our understanding of the geology in certain regions. It also confirms the potential and validates the planned acquisition of EPL 3403, which warrants a second sampling phase and the start of planning for trial mining on certain areas.

Marine Exploration (Cont'd)

EPL 3403 - Thyme Concession (Cont'd)

Since the completion of the geophysical survey, the prospective areas have been divided into 12 features. The following table shows the total samples and diamond recoveries from all the programs carried out by Afri-Can, IMDH and De Beers Marine in EPL 3403 South:

No	Region	Area* (km^2)	Total Samples	Positive Samples	Total Diamonds	Total Carats
1	Ridges	17.8	86	3	4	0.59
2	South Channel	8.3	43	8	29	3.15
3	East Channel	3.8	43	10	24	2.31
4	Side Channel	3.7	50	3	4	1.70
5	East Bank	3.5	65	3	4	3.67
6	Central Channel	1.9	32	1	1	1.15
7	North Channel	3.9	14	2	2	0.50
8	West Bank	7.4	268	28	34	10.13
9	Plateau	7.8	16	2	2	0.55
10	Basin	3.3	52	3	3	1.00
11	Crater	4.5	254	20	25	13.74
12	Horseshoe	4.5	2	0	0	0
	TOTAL	**70.4**	**925**	**83**	**132**	**38.49**

Note: The area coverage of some regions differs from that given in the Sampling Program Report (De Decker, 2012) and there also is an additional region. This forms part of the on going evaluation of 3403S and further refinements are possible. It is important to note that eventual resource estimations shall be done by specific deposits and not for individual regions outlined or for the overall areas combined together.

It is important to note that at this stage, the most important factors behind the evaluation of the economic potential of EPL 3403 are the manner in which the diamonds are discovered and the stone size. Finding diamonds grouped together in a clear and defined environment indicates diamond concentration. Diamond values are not linearly linked to the size of stones: larger stones are disproportionately more valuable than smaller ones. Therefore, while the number of stones recovered during an exploration program is important, this information is less significant in evaluating the potential economics of a project than either the diamond concentration or the average diamond size.

Qualified Person
Leonard Gardner, B.Sc. (Honours, Geology), Pr.Sci. Nat., is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this section of the document.

Marine Exploration (Cont'd)

Mining Leases 111, 138, 139 & 32

On March 21, 2013, Afri-Can announced that it has entered into an option agreement that enables Afri-Can to acquire a 90% interest in diamond Mining Leases 111, 138, 139 and 32 off the coast of Namibia in the region of Luderitz. Mining Lease ("ML") 111 hosts an historical resource of 950,000 carats of gem quality diamonds.

The option agreement is valid for 2 years and in order to complete the acquisition, Afri-Can will be required to spend US$800,000 in exploration expenditures on the MLs before the first year anniversary and an additional US$2.5 million in exploration expenditures before the second year anniversary of the option agreement. Afri-Can entered into the option with its Namibian partner Woduna Mining Holding (PTY) Ltd ("Woduna"). Upon exercise of the option on MLs 111, 138 & 139, the interests in the MLs will be: Afri-Can 80%, Diamond Fields International Ltd. ("DFI") 10% and Woduna 10%. Upon exercise of the option on ML 32, the interests in the ML will be Afri-Can 90%, Woduna 10%, DFI 7% and Full Screen Investments (PTY) Ltd 3%.

Afri-Can's technical team is currently reviewing the extensive database and planning work programs. The primary goal is to resume diamond production as soon as possible. Some areas will need further exploration such as geophysical surveying and sampling, in order to better define the resource and to establish a definitive mining plan. Afri-Can also intends to identify areas that could resume mining as soon as possible.

About the Mining Leases

ML 111 lies between 5 to 20 kilometres north of Luderitz. It covers 312 square kilometres and sits in water ranging from 30 to 70 metres in depth. ML 111 hosts 4 different depositional areas. The ML was originally granted for a period of 15 years and is renewable on December 4th, 2015. A resource estimate and a feasibility study were prepared by MRDI and AGRA-Simons in 2000. The historic resource, which is not National Instrument 43-101 compliant, amounted to 1.1 million carats with an average grade of 0.30 carats per square metre. The resource existed in the Marshall Fork, Staple Basin/Conical Beach and Diaz Reef areas. DFI produced intermittently between 2001 and 2007 some 158,200 carats, mainly from the Marshall Fork area, implying remaining historical resources of approximately 950,000 carats. Special stones recovered from Marshall Fork included a gem quality 17.42 carat stone, a rare 5.26 carat light blue diamond which sold for US$10,457 per carat, and a 2.45 carat pink gem diamond which sold for US$16,771 per carat.

Afri-Can does not intend treating the historical resource as a current mineral resource but prefers to prepare a NI 43-101 compliant resource estimate as part of its exploration program. In order to comply with NI 43-101 and to upgrade the historical resource to an inferred or indicated level, Afri-Can will carry out a geophysical survey covering a minimum of 1,000 line kilometres and a sampling program of a minimum of 400 samples of 5 square metres over targeted areas.

In 2006, SRK Consulting estimated a NI 43-101 compliant Indicated Resource (IR) on a small area of ML 111 called Diaz Prospect 1 of 63,000 carats over 315,000 square metres with an average grade of 0.2 carats per square metre. Production to the end of September 2007 amounted to 16,245 carats with an average size of 0.43 carats per stone. DFI ceased production following the world financial crisis.

Marine Exploration (Cont'd)

Mining Leases 111, 138, 139 & 32 (Cont'd)

ML 32 extends 65 kilometres north of Luderitz, covers 176 square kilometres and extends from the high-water mark to 30 metres of water depth. Between 1987 and 1997, a total of 37,335 carats were found by various contract divers working from the shore with small vessels. No significant production has been undertaken in this property since that time. The ML is renewable on February 18th, 2019.

ML 138 and ML 139 (originally EPL 1607 A & B) are adjacent to the west of ML 32 and ML 111 and cover 92 and 130 square kilometres respectively in water ranging from 30 to 120 metres in depth. Previous sampling data from ML 138 and ML 139 will be reviewed in order to plan further work and potential resource estimation. ML 138 is renewable on November 4th 2019. ML 139 is renewable on November 4th, 2029.

Leonard Gardner, B.Sc. (Honours, Geology), Pr.Sci. Nat., is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this section of the document.

EPL 2499 - Block J

Exclusive Prospecting Licence (EPL) 2499, called "Block J", is located approximately 25 kilometres off the coast of the Republic of Namibia, in the south west region of Africa. The area covers about 1,000 km^2 and the Namibian company Woduna Mining Holdings (Pty) Ltd ("Woduna") has been granted the Exclusive Prospecting License over the concession area.

The Corporation's 70% interest in Block J is held through a joint venture between the Corporation and Woduna. Afri-Can is the operator and manager of the exploration and development programs. Furthermore, in the event that Block J becomes a commercial mining lease, the Corporation will be reimbursed its full investment (exploration, development and acquisition costs) with interest before Woduna is paid its 30% share of the net profit of the project.

Between years 2000 and 2003, Afri-Can conducted 2 geophysical surveys and 2 sampling programs that resulted in the discovery and delineation of many prospective geological Features, of which 4 Features are considered prospective marine diamond deposits.

The 2 sampling programs enabled the recovery of 107 diamonds weighing a total of 15.69 carats, with the largest stone weighing 0.64 carats.

The exploration results were re-assessed and compiled into a National Instrument 43-101 compliant report dated 1st May 2006.

The first part of the program was carried out in October and November 2006 and entailed a geophysical survey of 854 line/kilometres and the extraction of 38 vibracore samples at a cost of $1,017,659 (US$963,343). The results were published in a series of reports and culminated in a National Instrument 43-101 report dated March 30, 2008, which included a revision of the geological models and selection of targets for quantitative sampling.

The second part of the program was carried out in May 2010 with the extraction of 314 samples of 5 square meters each. The program enabled the recovery of 398 diamonds weighing 48.27 carats. All the diamonds were individually weighed on land and in the presence of an official of the Ministry of Mines and Energy of Namibia in June 2010. The diamonds ranged in weight from 0.01 carats to 0.64 carats.

Marine Exploration (Cont'd)

EPL 2499 - Block J / Woduna Concession (Cont'd)

On October 25, 2010 The Corporation announced that it had completed a report compliant with the National Instrument 43-101 covering the 2010 sampling program. The report includes a resources estimation completed by the independent consultants Z Star Mineral Resource Consultants (Pty) Ltd. ("Z*").

The current estimated Inferred Diamond Resource in Feature 8 is 154,000 carats in 1,720,000 m^2 at an average grade of 0.09 carats/m^2. Within the blocked-out area, there is a 78,000 carats higher grade zone, measuring about 400,000 m^2 with an average block grade of 0.20 carats/m^2. The sampling results and the revised geological models outside the area of Inferred Resource enabled the estimation for a potential for further mineralization ranging between 1.2 million carats at an average grade of 0.03 carats/ m^2 and 1.5 million carats at an average grade of 0.04 carats/ m^2 in Block J. The report is available at www.afri-can.com and on SEDAR.

Results of the 2010 sampling program justify a stage 4 sampling and trial mining program on Block J in order to define which areas hold larger diamonds and in which areas the grades would be economically viable.

For the six-month period ended February 28, 2013, the Corporation recorded impairment charges of $9,688,752 for the Block J Woduna concession. The impairment was driven by the announcement of a new option agreement to acquire a 90% interest in diamond mining leases and the Corporation's decision to finalize the acquisition of EPL 3403 in 2013. Accordingly, no further exploration or evaluation is budgeted on the Block J concession in the near future.

Qualified Person
Richard W. Foster (BSc (Hons), ARCS, Pr.Sci.Nat) is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this section of the document.

Marine Exploration (Cont'd)

Copper Exploration Project

EPL 3140 - Haib Copper Project

The Haib Copper project is an Exploration and Prospecting License (EPL) covering 37,000 hectares, located in the Karas region, 8 km from the Orange River in the south of Namibia. The EPL hosts a large, low grade copper porphyry deposit. Past exploration work carried out mainly by Rio Tinto has enabled the delineation of an historical estimate of about 4 billion pounds of copper. The deposit is a classic porphyry copper-molybdenum dating from the Archean age. The principal mineralised hosts at Haib are quartz feldspar porphyry ("QFP") and a feldspar porphyry ("FP") rock.

Previous work on the concession was carried out by several companies including Rio Tinto and Falconbridge. In 1996, Behre Dolbear calculated an historical estimate, using the Nearest Neighbour method, of 630 million tonnes of 0.34% Cu at a cut off grade of 0.2% Cu, equivalent to 4.7 billion lbs of Cu in situ. With a cut off grade 0.3% Cu, the Haib historical estimate is 292 million tonnes of 0.46% Cu, equivalent to 2.9 billion lbs of Cu in situ.

On July 2, 2008, Afri-Can announced that Afri-Can and Deep South signed an option and joint venture agreement ("Agreement") with Teck Cominco Namibia Ltd., a wholly owned subsidiary of Teck Resources Limited. The agreement was approved by the Ministry of Mines and Energy of Namibia and became effective on July 28, 2008.

In September, 2011, Deep-South confirmed that Teck had exercised its option to earn a 70% undivided interest in the Haib copper project. Teck has completed US$2 million exploration expenditures on Haib and has paid US$700,000 to Deep South as per the agreement. Teck has completed 7,120 metres of drilling on Haib and is currently planning further work programs.

The agreement with Teck stipulates that upon Teck earning its 70% interest, Deep-South shall fund its 30% share of costs of the development of the project. In the event that Deep South does not fund its share of an approved program, its interest in the joint-venture shall be diluted and, should it be diluted to under 20%, the remaining Deep-South interest will be converted into a 12% Net Profit Interest (NPI). In the event that Teck should decide to bring the Property into commercial production, Teck will pay a production bonus to Deep South totalling US$1 million within 60 days of the completion date of the mine. The agreement also states that the NPI and any production bonus will be divided equally between Deep South and Afri-Can.

Under an agreement (the "Share option agreement") entered into on December 1, 2012, Deep-South granted an irrevocable option to the Corporation whereby the Corporation holds the right to acquire 50% of Deep-South's share capital. The option may be exercised by the Corporation at any time or at the latest the day before any dilution of Deep-South's share capital or the day before Deep-South's shares are listed on the TSX Venture Exchange or any other suitable exchange.

The Corporation shall transfer its holding in the NPI and production bonus in the Property to Deep-South upon the exercise of its option to acquire 50% of Deep-South's share capital.

Upon listing of Deep South's share capital on an exchange, the Corporation intends to transfer its shares of Deep South to Afri-Can's common shareholders. Deep South's listing and financing are subject, among other things to market conditions and to the Corporation's shareholders and regulatory approval. Under the current financial markets conditions, the Corporation and Deep-South are not in a position to estimate a time schedule for the listing of Deep-South shares.

Marine Exploration (Cont'd)

Copper Exploration Project (Cont'd)

EPL 3140 - Haib Copper Project (Cont'd)

Teck Exploration Model:
Teck operates a number of large tonnage copper mines, and some of them are porphyry copper deposits similar to the Haib Copper deposit, such as; Highland Valley Copper in Canada, and Quebrada Blanca and Andacollo in Chile.

According to Teck, *"… due too several factors, including its remote location and general low grade, the Richtersveld Subprovince is relatively underexplored and has the potential to host a major ore deposit. The objective of Teck Haib Project exploration program is the discovery of a large tonnage, open-pittable, Cordilleran-style, porphyry-hosted copper +/- molybdenum, gold and silver deposit."*

Teck is confident that the deposit has the potential for large-scale mining, particularly if the tonnage or grade, or both, could be improved. Teck decided to investigate the open ended parts of the deposit (deep drilling and extension drilling) and to explore for new undiscovered outlying ore bodies. This had not been previously attempted. Teck suspects that it was unlikely that the Haib body was isolated, rather that it would be one of several similar bodies.

Teck's geologists came up with a model that suggested that the folding and faulting only re-distributed the mineralization and that the mineralization was essentially syngenetic and coeval with the mineralizing vulcanism. This would be similar to modern porphyry systems. Furthermore they believed from detailed mapping of the alteration zones that the deposit was not only dipping but overturned. This model had enormous advantages as it suggested that the higher grade upper porphyry zones could still be preserved at depth. What was being seen at surface was the poorer mineralization associated with the root zones of a porphyry system. If this was the case then deep drilling should indicate higher grade zones.

Following this model Teck, from 2008 to date, completed the following work and invested more then US $ 2 million:-

- A total of 13 diamond drillholes (totalling 7,126 metres). These were drilled within the historically defined deposit and on the north-eastern IP defined anomaly;
- Using the Anaconda mapping method Teck has mapped about 75% of the area around the main deposit (at a scale of 1:10,000) and about 1/3 of the main deposit at 1:2,000;
- Teck re-logged some 70 of the old RTZ boreholes in detail. These were mostly on the eastern side of the main deposit around some of the projected deep drill holes;
- Teck re-sampled 14 of the old drillholes for their molybdenum content;
- Teck re-assayed 29 of the old RTZ drill hole cores and concluded that the results correlated well with the original RTZ assays, and
- Teck completed some 37 kms of pole dipole Reconnaissance Induced Polarization (RIP); and another 6 km of Audio Magnetotellurics (AMT).

Marine Exploration (Cont'd)

Copper Exploration Project (Cont'd)

EPL 3140 - Haib Copper Project (Cont'd)

The Teck drilling program comprised 13 diamond drillholes. These drillholes were in two groups. The first group of 9 drill holes was drilled within the existing ore body. These holes were drilled to test existing assay values; to test the higher grade portion of the body; and to investigate deeper portions of the known orebody. The second group of four drillholes was drilled to the east of the main Haib deposit to start testing the Haib east geophysical anomaly. Table1 below gives the basic data for these 13 drillholes.

Drilling summary results

Hole #	From (m)	To (m)	Width (m)	Copper (%)	Molybdenum (%)	Hole Angle (^{o})
TCDH-01	0	434.17	434.17	0.010	0.0002	-90
TCDH-02	0	350.04	350.04	0.047	0.001	-90
TCDH-03	0	383.23	383.23	0.005	0.0001	-90
TCDH-04	0	357.91	357.91	0.009	0.0005	-90
TCDH-05	0	806.52	806.52	0.167	0.005	-80
TCDH-06	0	842.78	842.78	0.285	0.012	-50
Including	534.00	598.00	64.00	0.543	0.031	
Including	598.00	832.00	234.00	0.370	0.022	
TCDH-07	0	822.86	822.86	0.250	0.007	-65
Including	321.00	405.00	84.00	0.364	0.007	
Including	704.00	764.90	60.90	0.370	0.011	
TCDH-08	0	370.00	370.00	0.047	0.0006	-60
TCDH-09	0	602.10	602.10	0.158	0.0055	-55

The above table shows that several drillholes were drilled deeper than the original average grid depth (about 400 metres). The deepest of these was drillhole TCDH-06 that was drilled to 842.78 metres. The hole was drilled at an azimuth of 194 (just west of south) at 50 degrees inclination. This hole was very interesting as the average grade throughout the drillhole was significantly higher than found on previous drilling.

The program confirmed Teck's hypothesis that the tonnage and/or grades could be increased. In May 2012 Teck started a 2 year follow-up drilling and RIP program. The goal will be to define the extensions of the main ore body and investigate the newly discovered outcropping areas where RIP has shown high chargeability.

Teck conducted a 6,500 meter drilling program between May and September 2012 with the aim of testing the grades of some of the newly discovered outcropping areas and re-assessing some historical results from the main ore body. Assay results have been completed and are under revision.

Qualified Person
Mr. Vivian Stuart-Williams ("SACNASP") is the Qualified Person under National Instrument 43-101 who has reviewed the scientific and technical information in this section of the document.

General Discussion on Afri-Can's Business Model

The Corporation's decision to invest in Namibian exploration projects is based on management confidence that the properties chosen can generate significant added value to Afri-Can shareholders.

Geologists estimate that the total Southern African west coast potential is in excess of 2 billion carats and less than 400 million carats have been delineated to date. Namibian marine diamond deposits host the highest gem quality content in the world at 95% and Namibia has the highest average selling price in the world at US$440 per carat (source: Kimberley Process). More than 50% of the Namibian diamond production is derived from the sea and, according to De Beers information, its marine production unit is its second most profitable diamond project.

Decisions concerning future investments in a project are always based on pro-forma economic valuation models of the project, which can be derived from the geological information available to date.

For the Corporation's marine projects, the two most important factors behind the evaluation of the economic potential of an exploration project are the fashion in which the diamonds are discovered and the stone size. Finding diamonds grouped together in a clear and defined environment indicates diamond concentration. Diamond values are not linearly linked to the size of stones: larger stones are disproportionately more valuable than smaller ones. Therefore, while the number of stones recovered during an exploration program is important, this information is less significant in evaluating the potential economics of a project than either the diamond concentration or the average diamond size.

Selected Quarterly Financial Information

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

	FISCAL 2013		FISCAL 2012				FISCAL 2011	
For the quarter ended:	**February 28, 2013**	**November 30, 2012**	**August 31, 2012**	**May 31, 2012**	**February 29, 2012**	**November 30, 2011**	**August 31, 2011**	**May 31, 2011**
						$	$	$
Expenses	9,935,811	397,440	355,803	318,781	223,980	319,578	299,415	413,994
Less: Impairment of exploration & evaluation assets	9,688,752	-	-	-	-	-	-	-
Less: Share-based compensation cost	-	56,000	1,667	-	4,722	9,166	17,499	6,944
Expenses less share-based compensation cost and impairment	247,059	341,440	354,136	318,781	219,258	310,412	281,916	407,050
Net loss	9,934,856	395,643	358,278	327,608	234,944	323,270	305,070	416,915
Loss per share, basic and diluted	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at	**February 28, 2013**	**November 30, 2012**	**August 31, 2012**	**May 31, 2012**	**February 29, 2012**	**November 30, 2011**	**August 31, 2011**	**May 31, 2011**
Current assets	190,544	1,306,549	1,792,598	98,848	68,577	95,491	150,443	352,897
Total assets	4,788,275	14,184,794	14,617,161	12,840,409	12,421,753	12,422,287	12,441,351	12,583,435
Current liabilities	508,308	167,471	268,333	1,050,758	804,494	574,806	279,766	1,116,433
Non-current liabilities	463,116	444,366	431,866	356,866	356,866	356,866	356,866	356,866
Total liabilities	971,424	611,837	700,199	1,407,624	1,161,360	931,672	636,632	1,473,299
Equity	3,816,851	13,572,957	13,916,962	11,432,785	11,260,393	11,490,615	11,804,719	11,110,136

Discussion on the Selected Quarterly Financial Information

Expenses excluding non-cash share-based compensation for the second quarter of Fiscal 2013 stood at $247,059 versus the average for the last seven quarters of $318,999.

Over the last two years, management estimated that on average, a range between $250,000 and $300,000 represented a level that was indicative of the quarterly cost of operating the Corporation. Of this amount, $37,500 represented the President's salary and approximately $51,000 represented compensation payable to the Chief Financial Officer and professional fees payable to the Chairman of the Corporation. (Please refer to the section entitled Transactions with Related Parties for more details). In March 2013, the Corporation adopted cost cutting measures to reduce its operating cost to a range of $150,000 to $200,000 on a quarterly basis. Of this amount, $37,500 will represent the President's salary and approximately $23,000 will represent compensation payable to the Chief Financial Officer and professional fees payable to the Chairman of the Corporation.

Operating activities

For the first six months of fiscal 2013, the Corporation's net loss increased by $9,772,285 versus the same period last year ($10,330,499 versus $558,214).

The variance in net loss this quarter as compared to the same period last year is analyzed as follows:

a) $9,688,752 impairment charge for the Block J concession this quarter as compared to nil the same period of last year;
b) $56,000 in share-based compensation cost relating to 800,000 options granted and vested this period as compared to $13,888 the same period of last year; and
c) an increase of $40,727 in investor relations and promotion expenses following an increase in communication efforts with institutional investors and business development work.

Professional and consulting fees consist of:

	Q2-2013	Q2-2012
	$	$
Accounting and audit fees	113,318	111,624
Legal fees	15,445	20,212
Consulting fees: Chairman	37,500	37,500
Consulting fees: Others	13,350	21,235
Total professional and consulting fees	179,613	190,571

Investing Activities

During the second quarter of Fiscal 2013, the Corporation incurred $1,283,170 in exploration and evaluation expenses on its marine diamond concessions versus $62,268 in the same period in Fiscal 2012.

Details of exploration and evaluation expenses are as follows:

	Q2-2013	Q2-2012
	$	$
Marine projects:		
EPL 3403		
Sampling program	1,201,394	-
Geology	63,053	66,413
Geophysics	18,243	-
Travel and other	480	403
	1,283,170	66,816
Block J		
Sampling program	-	-
Geology	-	-
Travel and other	-	(4,548)
	-	(4,548)
Haib Copper project	-	-
Addition to exploration and evaluation expenses during the period	1,283,170	62,268
Impairment – Block J concession	(8,792,547)	-
Balance, beginning of period	11,845,943	11,312,288
Balance, end of period	4,336,566	11,374,556

During the first quarter of fiscal 2013, the Corporation advanced planning work related to the sampling program on EPL 3403. This work was initiated and completed during the second quarter of fiscal 2013.

During the first six-months of fiscal 2012, the Corporation advanced planning work related to the geophysical program on EPL 3403. This work was initiated and completed during the third quarter of Fiscal 2012.

Financing Activities

Private placement
The Corporation did not complete a financing during the first six-months of fiscal 2013 and 2012.

Short-term loan
Under a loan agreement signed on November 1, 2011 and amended on January 31 and March 30, 2012, the Corporation arranged for an unsecured loan repayable at anytime without penalty by June 30, 2012, in the amount of $150,000 at a monthly interest rate of 2.5%. As of August 31, 2012, the Corporation had repaid this amount.

Liquidity

During fiscal 2012, the Corporation's exploration related capital expenditure totalled $533,655. The Corporation anticipates that the exploration related capital amounts required for fiscal 2013 in order to maintain its ongoing marine exploration activities should approximate on average $40,000 to $60,000 per quarter excluding sampling and geophysics.

Management estimates that excluding exploration related expenditures, on average, a range between $90,000 and $140,000 represents an indicative level of the quarterly cost of operating the Corporation. Note that these amounts do not include $60,000 per quarter of management's salaries and fees, or professional fees owed to other insiders of the Corporation, which, from time to time, are accrued and paid later or reduced if the financial position of the Corporation necessitates it.

Based on the above, the Corporation's minimum capital requirements to maintain its operations for fiscal 2013 are between $130,000 and 200,000 per quarter.

Currently at a development stage, the Corporation does not generate any cash flow from 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 or quasi-equity-related fund raising programs.

The Corporation's present cash position is not sufficient to meet the Corporation's minimum capital requirements for the coming four quarters. Since the execution of the original agreement with IMDH in 2006, the Corporation has been able to raise the funds required to advance the project, and pay ongoing working and exploration expenses. While the Corporation has been successful in the past, there can be no assurance it will be successful in the future. As a result of the planned acquisition of EPL 3403, combined with its new option to acquire a 90% interest on several mining leases over the next two years, Afri-Can now has the foundation to strengthen its development and to achieve its primary goal of developing an economic diamond resource ready for production.

Therefore, the condensed interim consolidated 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 Resources

As at February 28, 2013, the Corporation's working capital, consisting of current assets less current liabilities, stood at negative $317,764 (versus $1,524,265 as at August 31, 2012). In addition to the cost cutting measures adopted in March 2013 to reduce its operating cost, the Corporation is in discussion with its major shareholders for a financing in the near future to fund the ongoing working capital and exploration expenditures.

Outstanding Share, Warrant and Option Data

as of April 25 2013	Number
Common shares	86,527,864
Warrants	26,127,790
Options	1,453,750
Fully-diluted	114,109,404

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Corporation carried out the following transactions with directors or with corporations whose directors, officers and shareholders are also directors and officers of the Corporation:

	2013	2012
	$	$
Management fees from an officer	65,000	65,000
Professional fees from a director	37,500	37,500

For the six month period of Fiscal 2013, a management service fee for an amount of $65,000 ($65,000 for the same period in Fiscal 2012) was accounted for to a Corporation owned by the Chief Financial Officer and director of the Corporation.

For the six month period of Fiscal 2013, consulting fees for an amount of $37,500 ($37,500 for the same period in Fiscal 2012) were charged by a company managed by the Chairman of the Corporation.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

As at February 28, 2013, an amount of $146,885 ($168,890 as at August 31, 2012) due to a director and corporations held by directors, is classified as current liabilities, does not bear interest and is repayable at any time on demand. This amount is composed of advances and unpaid salaries and other fees payable to two members of management who are also directors of the Corporation.

As at February 28, 2013, amounts due to a director and corporations held by directors in the amount of $463,116 ($431,866 as at August 31, 2012), classified as long term liabilities, do not bear interest and the lenders will not request the repayment before 12 months from the date of the publication of these consolidated financial statements. This amount is composed of unpaid salaries and other fees payable to two members of management who are also directors and another director of the Corporation.

Post-Reporting Data Event

Under an agreement entered into on March 15, 2013, the Corporation has the option to acquire a 90% interest in diamond mining leases 111, 138, 139 and 32 (the "Leases") off the coast of Namibia in the region of Luderitz.

In order to complete the acquisition, the Corporation is required to spend US$800,000 of exploration expenditures on the Leases before March 15, 2014 and an additional US$2.5 million of exploration expenditures before March 15, 2015.

The Corporation entered in the option with its Namibian partner Woduna. Upon exercise of the option on mining leases 111, 138 and 139, the interests in the mining leases will be: The Corporation 80%, Woduna 10% and the seller 10%. Upon exercise of the option on mining lease 32, the interests in the mining lease will be: the Corporation 90%, Woduna 10%, and the sellers 10%. Woduna's interest is a non-contributory interest. Woduna shall have the right to profit from operation only after Afri-Can shall have recuperated its development expenses.

Management's responsibility for financial information and accounting estimates

Afri-Can's condensed interim consolidated financial statements are the responsibility of the Corporation's management. These consolidated financial statements were prepared by the Corporation's management in accordance with IFRS.

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 to Consolidated Financial Statements for the six-month period ended February 28, 2013.

A detailed summary of the entire Corporation's significant accounting policies derived there from is included in Notes 2 to the Consolidated Financial Statements for the fiscal year ended August 31, 2012.

Financial Instruments

Afri-Can is exposed to various financial risks resulting from both its operations and its investments activities. Afri-Can does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Afri-Can's main financial risk exposure and its financial risk management policies are disclosed in Note 10 to the annual consolidated financial statements for the years ended August 31, 2012 and 2011.

Stock Option Plan

The purpose of the Stock Option Plan (the "Plan") is to serve as an incentive for the directors, officers, employees and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no objective attached to the Plan and no relationship to manage the Corporation's risks.

Accounting Standard issued but not yet adopted

Information on accounting standard effective in future periods and not yet adopted remains unchanged from that disclosed in the consolidated financial statements as at and for the year ended August 31, 2012 and can be found in Note 2 of Afri-Can's annual consolidated financial statements.

Risks

The Corporation 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.

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

Montreal, April 25, 2013