Canaf Group Inc.

(formerly CanAfrican Metals and Mining Group)

Consolidated Financial Statements

July 31, 2007 and 2006

(Unaudited – Prepared by Management)

The accompanying unaudited interim financial statements of Canaf Group Inc (formerly Can African Metals and Mining Corp.) for the period ended July 31, 2007 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's independent auditors.

Canaf Group Inc.

(formerly CanAfrican Metals and Mining Corp.)

Consolidated Balance Sheets
As at
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

		July 31, 2007		October 31, 2006
ASSETS				
Current Assets				
Cash	$	144,370	$	10,813
Amounts receivable		2,504		47,638
Prepaid expenses		643		643
		147,517		59,094
Equipment		9,842		40,727
Mineral properties (note 3)		3,388,187		3,572
	$	3,545,546	$	103,393
LIABILITIES				
Current Liabilities				
Accounts payable	$	599,155	$	83,724
Due to related parties (note 5)		2,136,364		368,064
		2,735,519		451,788
SHAREHOLDERS' EQUITY				
Share Capital (note 4)		5,540,244		4,000,623
Contributed surplus (4 (e))		398,130		400,103
Cumulative translation adjustment		9,042		9,042
Deficit		(5,137,389)		(4,758,163)
		810,027		(348,395)
	$	3,545,546	$	103,393

Approved by the Directors:

"David R. Way"	*"Mike Hopley"*
David R. Way, *Chief Executive Officer*	Mike Hopley, *Chief Financial Officer*

Canaf Group Inc.

(formerly CanAfrican Metals and Mining Corp.)

Consolidated Statements of Operations and Deficit

(Expressed in U.S. Dollars)

(Unaudited – Prepared by Management)

	Three Months Period Ended July 31, 2007	Three Months Period Ended July 31, 2006	Nine Months Period Ended July 31, 2007	Nine Months Period Ended July 31, 2006
EXPENSES				
Accounting and legal fees	$ 10,382	$ 28,772	$ 5,902	$ 45,816
Salaries and benefits	-	9,188	-	24,493
Amortization	2,014	6,153	14,322	6,400
Bank charges	58	447	209	1,336
Interest expenses	43,331	-	43,331	-
Consulting fees	21,277	27,266	47,091	61,688
Management fees	-	8,869	-	29,686
Foreign exchange	(7,870)	(1,667)	(24,599)	(9,309)
Interest income	(2,581)	-	(2,581)	-
Office rent	1,384	2,044	3,620	6,201
Office and sundry	1,057	5,718	3,463	8,461
Stock-based compensation	9,263	-	141,355	94,080
Promotion	2,679	397	3,461	14,004
Travel	128	2,995	7,538	5,720
Telephone	1,240	4,052	3,972	9,145
Transfer agent and filing fees	13,424	9,659	26,574	21,222
Directors' fees	-	44,120	-	44,120
Investor relations	11,437	-	11,437	-
Automotive	15,284	-	15,284	-
Property exploration expenses	9,297	124,611	37,142	124,611
Loss before other items	(131,804)	(272,624)	(337,521)	(487,674)
Interest income	-	6	-	4,638
Disposal of equipment	(10,393)	-	(10,393)	
Write-off of mineral properties	(31,312)	-	(31,312)	(1,933,369)
Net loss for the period	(173,509)	(272,618)	(379,226)	(2,416,405)
Deficit - beginning of period	(4,963,880)	(4,322,012)	(4,758,163)	(2,178,225)
Deficit - end of period	$ (5,137,389)	$ (4,594,630)	$ (5,137,389)	$ (4,594,630)
Loss per share				
Basic and Diluted	$ (0.01)	$ (0.01)	$ (0.10)	$ (0.10)
Weighted Average Shares Outstanding				
Basic and Diluted	30,205,901	25,125,545	29,536,029	25,095,545

Canaf Group Inc.

(formerly CanAfrican Metals and Mining Corp.)

Consolidated Statements of Cash Flows

(Expressed in U.S. Dollars)

(Unaudited – Prepared by Management)

	Three Months Period Ended July 31, 2007	Three Months Period Ended July 31, 2006	Nine Months Period Ended July 31, 2007	Nine Months Period Ended July 31, 2006
CASH PROVIDED BY (USED FOR):				
Operating Activities				
Loss for the period	$ (173,509)	$ (272,618)	$ (379,226)	$ (2,416,405)
Item not affecting cash:				
Amortization	2,014	6,153	14,322	6,400
Stock-based compensation	9,263	-	141,355	94,080
Write-off of mineral properties	31,312	-	31,312	1,933,369
Loss on disposal of equipment	10,393		10,393	-
Changes in non-cash working capital accounts:				
Accounts receivable	385	(55,678)	45,134	(66,516)
Prepaid expenses	-	-	-	2,670
Accounts payable	505,507	35,622	515,431	31,070
	385,365	(286,521)	378,721	(415,332)
Financing Activities				
Issuance of share capital (net of issue costs)	1,125,702	-	1,396,293	438,486
Net advance from (to) related parties	1,796,153	21,854	1,768,300	75,128
Cash flows provided by financing activities	2,921,855	21,854	3,164,593	513,614
Investing Activities				
Purchase of equipment	6,170	-	6,170	-
Mineral property exploration costs	(3,377,033)	(364)	(3,415,927)	(357,597)
Cash flows provided by financing activities	(3,370,863)	(364)	(3,409,757)	(357,597)
Increase (Decrease) in cash during period	(63,643)	(265,031)	133,557	(259,315)
Cash, beginning of period	208,013	280,250	10,813	274,534
Cash, end of period	$ 144,370	15,219	$ 144,370	$ 15,219

Canaf Group Inc.

(formerly CanAfrican Metals and Mining Corp.)

Statements of Deferred Exploration Costs

(Expressed in U.S. Dollars)

(Unaudited – Prepared by Management)

	October 31, 2006	Net Expenditures (Option proceeds/ Adjustments)	Write-off	July 31, 2007
British Columbia, Canada				
Bonaparte Property				
Deferred exploration cost				
Company and filed cost	$ 3,572	$ 10,059	$ -	$ 13,631
Alaska, United States				
Bowser Creek Property				
Acquisition costs	-	25,000	(25,000)	-
Deferred exploration cost				
Company and filed cost	-	6,312	(6,312)	-
	-	31,312	(31,312)	-
South Africa				
Quantum Screening and Crushing				
Acquisition costs	-	3,374,556	-	3,374,556
Total mineral property costs	$ 3,572	3,415,927	(31,312)	3,388,187

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Canaf Group Inc. (formerly CanAfrican Metals and Mining Corp.) is incorporated in the Province of Alberta and through its subsidiaries, Nabisoga Mining Ltd. ("Nabisoga") and Rwenzori Cobalt Company Ltd. ("Rwenzori"), is engaged in the acquisition and exploration of mineral properties in Uganda, Africa.

On May 3, 2007, the Company has changed its name from CanAfrican Metals and Mining Corp to Canaf Group Inc.

The recoverability of amounts capitalized for the acquisition of mineral property interests and the related deferred exploration costs is dependent upon the ultimate discovery of economically recoverable mineral reserves, the ability of the Company to obtain financing for further required exploration and development, and upon the profitability of future mineral production or the proceeds from future property dispositions.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of $5.1 million at July 31, 2007 (October 31, 2006 - $4.7 million). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity financing to maintain its working capital.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets may be materially less than the amounts recorded on the balance sheets.

2. INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements as at and for the year ended October 31, 2006. All materials adjustments which, in the opinion of management, are necessary for fair presentation of the results for the interim period have been reflected. The results for the nine months ended July 31, 2007 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicate of the results to be expected for the full year.

3. MINERAL PROPERTIES

British Columbia, Canada

Bonaparte Property

The Company owns six mining claims located approximately 45 kilometres west of the Thompson River in the Kamloops Mining Division.

Alaska, USA

Bowser Creek Property

The Company has signed an option agreement to earn up to 75% interest in the Bowser Creek property located in Alaska. In order for the Company to earn a 50% interest it must spend CDN$1,500,000 in exploration expenditures and a further $1,000,000 in exploration expenditures to earn the remaining 25%. During the period, the Company terminated the agreement and, therefore, capitalized mineral and deferred explorations costs totalling $31,312 have been charged to operation.

South Africa

Quantum Screening and Crushing

During the period, the Company entered into an agreement to purchase 85% of the issued and outstanding shares of Quantum Screening and Crushing (Proprietary) Limited, ("Quantum") a private South African company carrying on the business of the processing of coal products into carbon.

The agreed upon purchase price for 85% of Quantum is 24,000,000 Rand, or approximately $4,000,000. It is anticipated that up to approximately 8,000,000 Rand of the purchase price will be satisfied by the issuance of approximately 5,929,876 shares from treasury. The Company is also negotiating to purchase the remaining 15% of the company for approximately 5,000,000 Rand ($850,000) in total, to be paid in both shares and cash.

4. SHARE CAPITAL

a) Authorized: an unlimited number of common and preferred shares without par value

b) Issued and outstanding:

	Shares		Amount
Issued – October 31, 2006	25,865,545	$	4,000,623
Shares issued for:			
Private placement, net of commission and cots (1)	1,758,260		144,189
Private placement (2)	1,000,000		85,807
Exercised options	453,000		40,595
Property acquisition (see note 3)	5,929,876		1,125,702
Fair value of options transferred	-		143,328
Issued – July 31, 2007	35,006,681	$	5,540,244

(1) On December 29, 2006, the Company completed a flow-through private placement of 1,758,260 shares at a price of Cdn$0.115 per share for a total proceeds of Cdn$202,200. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of Cdn$0.15 for the first year and Cdn$0.20 in the second year. Finders, corporate and legal costs totaling Cdn$28,856 have been offset against the proceeds.

(2) During the period, the Company completed a non-brokered private placement of 1,000,000 common share units at $0.10 per unit for gross proceeds of Cdn $100,000 to the Corporation, to one subscriber. Each Unit will consist of one common share at $0.10 and one common share purchase warrant at $0.15. Each full warrant will entitle the subscriber to purchase one common share for $0.15 per share for a period of one year from the date of closing.

c) Stock options and share purchase warrants continuity

	Number of Shares	Weighted Price
Balance, October 31, 2006	1,155,000	0.16
Granted	2,550,000	0.10
Granced	200,000	0.28
Exercised	(453,000)	0.10
Cancelled	(500,000)	0.10
Balance, July 31, 2007	2,952,000	0.18
Weighted remaining life in years		3.48
Range of exercise prices		$0.10-$0.45

d) The continuity of share purchase warrants is as follows:

	Number of Shares	Weighted Price
Balance, October 31, 2006	2,357,619	0.21
Granted	1,758,260	0.15
Granted	1,000,000	0.15
Expired	(2,357,619)	0.21
Balance, July 31, 2007	2,758,260	0.15
Weighted remaining life in years		1.15
Range of exercise prices		$0.15

d) Shares in escrow:

The Company does not have any shares held in escrow.

e) Stock-based compensation:

The Company expenses $141,355 (2006 – $94,080) in connection with the fair value of stock options that vested during the period ended July 31, 2007. The compensation amounts were offset to contributed surplus.

The fair value of stock options granted was estimated using the Black-Scholes Op tion Pricing Model with the following assumptions; risk-free interest rate - 3.5% (2006 – 3.5%); expected dividend yield – nil (2006 – nil); weighted-average expected stock price volatility – 113% (2006 – 161%); expected option life in years – 5 years (2006 – 5 years).

5. DUE TO RELATED PARTIES

	July 31, 2007	October 31, 2006
Due to a private company of which a director of the Company is a fifty percent shareholder.	$ -	$ 282,418
Due to a company controlled by a President of the Company. The amount includes accrued interest of $43,331 (2006 - $Nil).	1,503,590	-
Due to a director and officer of the Company.	119,471	-
Due to a company controlled by two directors and officers of the Company.	177,188	-
Due to a company controlled by a former director of the Company.	19,197	19,026
Due to a director of the Company.	316,918	22,500
Due to a former directors of the Company.	-	44,120
	$ 2,136,364	**$ 368,064**

6. RELATED PARTY TRANSACTIONS

During the period ended July 31, 2007, the Company entered into the following transactions with related parties:

a) Accrued and paid management fees and expense reimbursements of $Nil (2006 - $20,817) to a corporation controlled by a director and former president of the Company.

b) Accrued and paid consulting fees and expense reimbursements of $ 62,902 (2006 - $53,225) to another director of the Company. Reclassifying $282,418 due to a private company of which a director is a fifty percent shareholder and assume the debt. At July 31, 2007, the aggregate balance due to this director is $316,918.

c) Accrued acquisition cost of $1,460,259 (2006 - $Nil) to a private company controlled by a President of the Company.

d) Accrued acquisition cost of $119,470 (2006 - $Nil) to a director and officer of the Company.

e) Accrued acquisition cost of $177,147 (2006 - $Nil) to a private company controlled by two directors and officers of the Company.

All these related party transactions were in the normal course of operations and are measured at fair value as determined by management.

7. **SUBSEQUENT EVENT**

The following occurred during the period subsequent to July 31, 2007:

- signed a three part arms -length agreement to acquire:

  - a 100% interest in the INDIRAMA Mining Lease located in the central Zimbawean gold belt.
  - majority interest in an operating diamond drill company owning and operating four drills located on the lease.
  - majority interest in three claim groups covering a diamantiferous pipe and other areas anomalous in indicator minerals located in southern Zimbawe adjoining the Botswana diamond fields.

  The Company has paid US$100,000 on the signing of this agreement and on closing will pay US$5,500,000 and will issue 300,000 share options for the interests set out above

  The agreement calls for 120 days to carry out due diligence, which will consist of completion of a 43-101 standard reports on the gold property and on the diamond concessions, as well as obtaining all necessary regulatory approvals.

- announced a non-brokered private placement of a maximum of 8,000,000 units for gross proceeds of $2,000,000. Each unit consists of one share and one half of a warrant, each whole warrant and $0.35 entitling the holder to subscribe for one common share for a one year period.

Canaf Group Inc.

(formerly CanAfrican Metals and Mining Group)

Management Discussion & Analysis
FORM 51-102F1

For the Period Ending

July 31, 2007

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Company's Management's Discussion and Analysis of Operating Results, the unaudited interim financial statements and the accompanying notes for the nine month period ended July 31, 2007 and the audited financial statements for the year ended October 31, 2006.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

DATE OF REPORT: September 21, 2007

OVERVIEW

Canaf Group Inc (*formerly CanAfrican Metals and Mining Corp*.) (the "Corporation") was incorporated on May 27, 1996 under the laws of the Province of Alberta and through its subsidiaries, Nabisoga Mining Ltd. ("Nabisoga") and Rwenzori Cobalt Company Ltd. ("Rwenzori"), is engaged in the acquisition and exploration of mineral properties in Uganda, Africa. The Company has focused primarily on properties in Uganda, Africa and in British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta and its shares are listed on the TSX Venture Exchange under the symbol CAF.

Mineral Properties

South Africa

Quantum Screening and Crushing

On June 7, 2007, the Company entered into an agreement to purchase 85% of the issued and outstanding shares of Quantum Screening and Crushing (Proprietary) Limited, ("Quantum") a private South African company carrying on the business of the processing of coal products into carbon. The agreed upon purchase price for 85% of Quantum is 24,000,000 Rand, or approximately $4,000,000. It is anticipated that up to approximately 8,000,000 Rand of the purchase price will be satisfied by the issuance of approximately 5,929,876 shares from treasury. The Company is also negotiating to purchase the remaining 15% of the company for approximately 5,000,000 Rand ($850,000) in total, to be paid in both shares and cash.

Calcining is a process whereby anthracite coal is fed through a rotary kiln (at temperatures between 1000 and 1200 degrees centigrade and devolatilisation takes place - sulphur content is lowered and gases such as nitrogen are burnt off. The final product is calcine which is a coke substitute with a high carbon content - 82 - 85%. The final product is used as a reductant in the manufacture of steel and manganese.
Quantum, through its wholly owned subsidiary Southern Coal (Proprietary) Limited, ("Southern Coal") has been profitably carrying on this business for the last 3 years.

The Company expects that it will be able to expand the current business of Southern Coal, who have as current customers some of the largest steel and manganese producing companies in the world, including BHP Billiton and Mittal Steel.

Zombabwe, South Africa

Indirama Property

On May 7, 2007, the Company signed a three part arms-length agreement to acquire:

- a 100% interest in the INDIRAMA Mining Lease located in the central Zimbawean gold belt.
- majority interest in an operating diamond drill company owning and operating four drills located on the lease.
- majority interest in three claim groups covering a diamantiferous pipe and other areas anomalous in indicator minerals located in southern Zimbawe adjoining the Botswana diamond fields.

The Company has paid US$100,000 on the signing of this agreement and on closing will pay US$5,500,000 and will issue 300,000 share options for the interests set out above. The agreement calls for 120 days to carry out due diligence, which will consist of completion of a 43-101 standard reports on the gold property and on the diamond concessions, as well as obtaining all necessary regulatory approvals.

The Indirama Mining Lease is a consolidation of more than 18 historical gold mines and showings. It consists of 56 claims and covers 16 square kilometers. Current surface infrastructure consists among other things, of two mills rated at 600 tonnes per day and 120 tonnes per day and other associated recovery facilities. The mines are fully permitted both for surface and underground mining and for expanded operations.

The property was worked in the 1990s by Consolidated Trillion Resources Ltd. (now Viceroy Exploration Ltd.). That company produced from some of the mines on the property and carried out a substantial amount of diamond drilling that formed part of the basis for tonnage and grade calculations. These calculations were done using the Australian Institute of Mining and Metallurgy definitions, which are essentially the same as 43-101 definitions but with more detail. The results are summarized as follows:

- Open Pit - 5 million tonnes grading 2.05 g/tonne gold–measured and indicated
- Under ground - 1.2 million tonnes grading 2.48 g/tonne gold - measured and indicated
- 900 000 tonnes grading 5.02 g/tonne gold - measured and indicated
- 300 000 tonnes grading 7.9 g/tonne gold - measured and indicated
- A resource exceeding one million ounces

A historical scoping study suggested that a production rate of 3000 tonnes per day would be the most economical. Consolidated Trillion Resources terminated its interest in the property in 1999 due to very low gold prices. The mines have been on care and maintenance since then. Currently there are 120 men on the site operating a 600 tonne per day tailings leach plant.

British Columbia, Canada

<u>Bonaparte Property</u>

The Company acquired six mining claims in July 2002 located approximately 45 kilometres west of the Thompson River in the Kamloops Mining Division of British Columbia, in consideration for $10 and the issuance of 50,000 common shares of the Company valued at US$3,288.

On February 21, 2003, the Company signed an option agreement with Clan Resources Inc. (“Clan”) whereby Clan could have acquired a 100% interest in the property for total consideration to the Company of CDN $60,000 and 200,000 common shares of Clan. The Company received CDN$30,000 and 150,000 common shares and was notified during the current year that Clan had returned the property to the Company.

In the fall of 2003, 200 meters of mechanical trenching and 15 diamond drill holes were completed. A new quartz vein containing gold was discovered.

This property has multiple parallel gold bearing quartz veins over an exposed area of 300 meters by 300 meters. In 1995, 4,000 tons of 0.8 ozs. gold of ore was shipped to the Trail smelter from one vein. In 2005, the mining claims were converted to MTO cells and additional cells were acquired. The property is approximately 870 hectares in size.

In December 2005 the Company, added 13.4 sq. km to its mineral tenures for a total of 22.1 sq. kilometres covering the Bonaparte gold occurrences. The additional mineral tenure covers potential extensions of the gold bearing structures to the south. Historical diamond drilling has traced to the south several gold bearing quartz veins to a point where lava flows cover the veins. South of the main showings a stream silt survey program gave anomalous gold values in four creeks draining a portion of the recently acquired mineral tenure. Gold analyses of 453.8 ppb, 59.7 ppb, 118.8 ppb and 190.6 ppb were obtained. The Company intends to carry out further exploration.

In the summer and fall of 2007, the exploration will consist of the geological mapping, sampling, trenching by excavator and diamond drilling. The main focus will be on extending the main vein system to the south where exposure of the veins stopped at the lava cap. Historical diamond drilling has indicated that quartz veins with significant mineralization are open to depth and to the south.

Alaska, USA

<u>Bowser Creek Property</u>

The Company has signed a option agreement to earn up to 75% interest in the Bowser Creek property located in Alaska. In order for the Company to earn a 50% interest it must spend

CDN$1,500,000 in exploration expenditures and a further $1,000,000 in exploration expenditures to earn the remaining 25%. During the period, the Company terminated the agreement and, therefore, capitalized mineral and deferred explorations costs totalling $31,312 have been charged to operation.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company's audited financial statements for the years ended October 31, 2006, 2005 and 2004.

	2006 $	2005 $	2004 $
Net Income	4,660	4,656	Nil
Net loss for the period	656,862	472,487	121,748
Basic and diluted per shares	0.10	0.03	0.01
Total Assets	103,393	1,926,965	301,077
Total long term liabilities	Nil	Nil	Nil
Cash dividend	Nil	Nil	Nil

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

RESULTS OF OPERATIONS

During the period ended July 31, 2007, the Company recorded a loss of $379,226 or $0.01 diluted loss per compared to $2,416,405 or $0.10 diluted per share for the same period last year. The amount deceased due to the write-off of mineral and deferred explorations cost in 2006.

For the nine months period ended July 31, 2007, expenses decreased to $337,511 from $487,674. Management fees of $Nil (2006-$29,686) were paid to a company controlled by a director of the Company. Also, the Company incurred office rent of $3,620 (2006-$6,201), transfer agent and filing fees of $26,574 (2006-21,222), and telephone of $3,972 (2006-$9,145). The Company also expensed $141,355 (2006-$94,080) in connection with the fair value of stock options during the period. The compensation expense amount was offset to contributed surplus.

The Company also incurred property exploration expenses in Rwenzori, Uganda property of $37,142 (2006-$124,611).

SUMMARY OF QUARTERLY REPORTS

The selected consolidated information set out below has been gathered from quarterly financial statements for the period ending July 31, 2007:

	Three Months Ended			
	July 31, 2007 $	April 30, 2007 $	January 31 2007 $	October 31 2006 $
Interest Income	Nil	Nil	Nil	22
Net earnings (loss)	(131,804)	(45,308)	(160,409)	(169,166)
Basic and diluted per shares	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	July 31 2006 $	April 30 2006 $	January 31 2006 $	October 31 2005 $
Interest Income	6	1,410	3,222	2,794
Net earnings (loss)	(272,618)	(2,007,549)	(136,238)	(209,644)
Basic and diluted per shares	(0.01)	(0.08)	(0.01)	(0.01)

Significant items is the recognition of stock-based compensation costs in respect of stock options granted and the mineral properties and deferred exploration write down.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. As the outcome of these matters cannot be predicted at this time, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's working deficiency position at July 31, 20077 was $2,588,002 compared to working deficiency of $392,694 at October 31, 2006.

During the period ended July 31, 2007, the Company:

- received $144,419 from the flow-through private placement for 1,758,260 shares at Cdn$0.115.

- issued 453,000 common shares upon exercise of 453,000 stock options at $0.10 for proceeds of $38,321.

- received $85,807 from a private placement of 1,000,000 shares at Cdn$0.10.

TRANSACTIONS WITH RELATED PARTIES

During the period ended July 31, 2007, the Company entered into the following transactions with related parties:

a) Accrued and paid management fees and expense reimbursements of $Nil (2006 - $20,817) to a corporation controlled by a director and former president of the Company.

b) Accrued and paid consulting fees and expense reimbursements of $ 62,902 (2006 - $53,225) to another director of the Company. Reclassifying $282,418 due to a private company of which a director is a fifty percent shareholder and assume the debt. At July 31, 2007, the aggregate balance due to this director is $316,918.

c) Accrued acquisition cost of $1,460,259 (2006 - $Nil) to a private company controlled by a President of the Company.

d) Accrued acquisition cost of $119,470 (2006 - $Nil) to a director and officer of the Company.

e) Accrued acquisition cost of $177,147 (2006 - $Nil) to a private company controlled by two director s and officers of the Company.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Flow-through Shares

Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and shareholders’ equity is reduced. If the Company has sufficient unused tax loss carry-forwards to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carry-forwards, a portion, of such unrecognized losses, is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of current assets and current liabilities. The fair values of the current assets and liabilities approximate their carrying amounts due to the short-term nature of these instruments.

INVESTOR RELATIONS

June 14, 2007, the Company retained Ascenta Capital Partners Inc. of Vancouver, BC, to provide investor relations services. Ascenta will receive a monthly retainer of $6,000 for a 12-month term, subject to termination by either party with 30 days written notice. The Company will also issue as compensation to Ascenta an option to purchase 200,000 common shares, which will be effective for a period ending 30 days after the termination of the contract. The options granted will vest in accordance with TSX Venture Exchange guidelines and the Company's stock option plan.

Ascenta is a leading provider of investor relations services to public companies in Canada. Ascenta's strength is its disciplined approach to the development and execution of strategic, customized investor relations programs and services.

SUBSEQUENT EVENT

The following occurred during the period subsequent to July 31, 2007:

- signed a three part arms-length agreement to acquire:

  - a 100% interest in the INDIRAMA Mining Lease located in the central Zimbawean gold belt.
  - majority interest in an operating diamond drill company owning and operating four drills located on the lease.
  - majority interest in three claim groups covering a diamantiferous pipe and other areas anomalous in indicator minerals located in southern Zimbawe adjoining the Botswana diamond fields.

  The Company has paid US$100,000 on the signing of this agreement and on closing will pay US$5,500,000 and will issue 300,000 share options for the interests set out above

  The agreement calls for 120 days to carry out due diligence, which will consist of completion of a 43-101 standard reports on the gold property and on the diamond concessions, as well as obtaining all necessary regulatory approvals.

- announced a non-brokered private placement of a maximum of 8,000,000 units for gross proceeds of $2,000,000. Each unit consists of one share and one half of a warrant, each whole warrant and $0.35 entitling the holder to subscribe for one common share for a one year period.

OUSTANDING SHARES

As at September 21, 2007, the Company had the following securities issued and outstanding:

Common shares outstanding: 39,525,181

Type	Number Outstanding	Exercise Price (Cdn)	Expiry Date
Options	360,000	$0.10	June 7, 2009
Options	135,000	$0.25	November 26, 2009
Options	40,000	$0.45	February 1, 2010
Options	167,000	$0.32	March 28, 2010
Options	2,050,000	$0.10	November 26, 2011
Options	200,000	$0.28	June 14, 2012
Warrants	1,758,260	$0.15 / $0.20	December 29, 2007 / December 29, 2008
Warrants	1,000,000	$0.15	January 30, 2009

DIRECTORS AND OFFICERS

David Way *Director, Chief Executive Officer*
Mike Hopley *Director, Chief Financial Officer*
Brad Jefferson *Director*
Zeny Manalo *Director*

OTHER REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at www.sedar.com and the Company's website.

On Behalf of the Board,

CanAfrican Metals and Mining Corp

"David Way"

David Way
Chief Executive Officer

"Mike Hopley"

Mike Hopley
Chief Financial Officer