CanAfrican Metals and Mining Corp.

(formerly Uganda Gold Mining Ltd.)

Consolidated Financial Statements

October 31, 2006 and 2005

(Expressed in U.S. dollars)

D E V I S S E R G R A Y
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of CanAfrican Metals and Mining Corp. (formerly Uganda Gold Mining Ltd.)

We have audited the consolidated balance sheets of CanAfrican Metals and Mining Corp. (formerly Uganda Gold Mining Ltd.) as at October 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2006 and 2005 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
February 2, 2007

CanAfrican Metals and Mining Corp.

(formerly Uganda Gold Mining Ltd.)
Consolidated Balance Sheets
As at October 31,
(Expressed in U.S. Dollars)

		2006		2005
ASSETS				
Current Assets				
Cash	$	10,813	$	274,534
Amounts receivable		47,638		23,718
Prepaid expenses		643		3,313
		59,094		301,565
Equipment (note 3)		40,727		58,116
Mineral property costs (schedule) (note 4)		3,572		1,567,284
	$	103,393	$	1,926,965
LIABILITIES				
Current Liabilities				
Accounts payable		83,724		32,976
Due to related parties (note 6)		368,064		195,303
		451,788		228,279
SHAREHOLDERS' (DEFICIENCY) EQUITY				
Share capital (note 5 (b))		4,000,623		3,562,137
Contributed surplus (note 5(f))		400,103		314,774
Cumulative translation adjustment		9,042		(5,633)
Deficit		(4,758,163)		(2,172,592)
	$	(348,395)	$	1,698,686
	$	103,393	$	1,926,965

Continuance of Operations (note 1)

Approved by the Directors:

"David Way"

"Mike Hopley"

See notes to consolidated financial statements

CanAfrican Metals and Mining Corp.

(formerly Uganda Gold Mining Ltd.)

Consolidated Statements of Operations and Deficit

For the Years Ended October 31,

(Expressed in U.S. Dollars)

	2006	2005
Expenses		
Accounting and legal fees	$ 54,751	$ 31,115
Amortization	5,330	495
Bank charges	1,761	1,764
Consulting fees	70,257	131,811
Management fees	40,408	34,359
Office and sundry	8,640	8,842
Office rent	6,871	7,545
Promotion	14,004	23,847
Salaries and benefits	24,493	17,890
Stock-based compensation	85,329	151,380
Telephone	10,992	4,938
Transfer agent and filing fees	22,981	16,151
Travel	5,793	29,087
Directors' fees	44,120	-
Property exploration expenses	261,132	-
Loss before other items	(656,862)	(459,224)
Interest income	4,660	4,656
Write-off of mineral property costs	(1,933,369)	(12,286)
Net loss for the year	(2,585,571)	(466,854)
Deficit - beginning of year	(2,172,592)	(1,705,738)
Deficit - end of year	$ (4,758,163)	$ (2,172,592)
Loss per share	$ (0.10)	$ (0.03)
Weighted average number of common shares outstanding	25,380,754	18,498,209

See notes to consolidated financial statements

CanAfrican Metals and Mining Corp.

(formerly Uganda Gold Mining Ltd.)

Consolidated Statements of Cash Flows

For the Years Ended October 31,

(Expressed in U.S. Dollars)

	2006	2005
CASH PROVIDED BY (USED FOR):		
Operating Activities		
Loss for the year	$ (2,585,571)	$ (466,854)
Items not affecting cash:		
Amortization	5,330	495
Write-off of mineral property costs	1,933,369	12,286
Stock-based compensation	85,329	151,380
	(561,543)	(302,693)
Changes in non-cash working capital accounts:		
Amounts receivable	(23,920)	(17,743)
Prepaid expenses	2,670	(2,658)
Accounts payable	50,748	(15,124)
Due to related parties	85,646	(61,558)
	(446,399)	(399,776)
Financing Activi ty		
Issuance of share capital	438,486	1,763,126
Share issue costs	-	(68,433)
	438,486	1,694,693
Investing Activities		
Purchase of equipment	-	(66,139)
Mineral property exploration costs	(270,483)	(976,526)
	(270,483)	(1,042,665)
Cumulative translation	14,675	(5,633)
Net cash provided during the year	(263,721)	246,619
Cash, beginning of year	274,534	27,915
Cash, end of year	$ 10,813	$ 274,534

Supplementary Disclosure of Non-Cash Investing and Financing Activities:

During the current year, $12,059 (2005-$17,358) of equipment amortization and stock-based compensation of $Nil (2004-133,681) were recorded as deferred mineral property costs.

Supplemental cash flow information

During the year the Company received interest of $4,585 (2005 - $4,656).

CanAfrican Metals and Mining Corp.

(formerly Uganda Gold Mining Ltd.)

Consolidated Schedule of Mineral Property Costs

(Expressed in U.S. Dollars)

	October 31, 2004 $	Net Expenditures/ (Write-offs) $	October 31, 2005 $	Net Expenditures $	Net Write-offs $	October 31, 2006 $
British Columbia, Canada						
Bonaparte Property						
Deferred exploration cost						
Company and field cost	-	587	587	2,985	-	3,572
Lode Gold Property						
Acquisition	12,286	(12,286)	-	-	-	-
Uganda, Africa						
Kilembe Mine Property						
Deferred exploration costs						
Accommodation and travel	21,098	60,095	81,193	16,964	(98,157)	-
Amortization	-	15,695	15,695	12,059	(27,754)	-
Drilling	-	418,990	418,990	53,275	(472,265)	-
Exploration salaries and wages	-	65,336	65,336	25,992	(91,328)	-
Field camp and exploration costs	-	154,134	154,134	27,834	(181,968)	-
Foreign exchange	-	(31,143)	(31,143)	1,263	29,880	-
Fuel	-	50,533	50,533	6,981	(57,514)	-
Geological consulting	23,882	332,962	356,844	119,745	(476,589)	-
Mine/underground maintenance	-	170,460	170,460	72,421	(242,881)	-
Office and sundry	-	32,784	32,784	12,261	(45,045)	-
Professional fees	-	27,363	27,363	11,831	(39,194)	-
Repair and maintenance	-	5,270	5,270	792	(6,062)	-
Vehicles	-	10,832	10,832	5,254	(16,086)	-
	44,980	1,313,311	1,358,291	366,672	(1,724,963)	-
Nyanga Property						
Acquisition costs	12,479	-	12,479	-	(12,479)	-
Deferred exploration costs						
Accommodation and travel	8,682	-	8,682	-	(8,682)	-
Amortization	16,237	1,663	17,900	-	(17,900)	-
Company and field costs	47,493	1,198	48,691	-	(48,691)	-
Drilling	20,000	-	20,000	-	(20,000)	-
Foreign exchange	1,052	-	1,052	-	(1,052)	-
Fuel	3,599	-	3,599	-	(3,599)	-
Geological consulting	31,426	1,201	32,627	-	(32,627)	-
Office and sundry	26,312	677	26,989	-	(26,989)	-
Sample analysis	7,094	-	7,094	-	(7,094)	-
Vehicle	7,153	-	7,153	-	(7,153)	-
Wages	17,909	4,231	22,140	-	(22,140)	-
	199,436	8,970	208,406	-	(208,406)	-
Total mineral property costs	**256,702**	**1,310,582**	**1,567,284**	**369,657**	**(1,933,369)**	**3,572**

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Uganda Gold Mining Ltd. 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.

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 $4.7 million at October 31, 2006 (2005 - $2.18 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.

Refer to note 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of the Company and its wholly-owned subsidiaries Nabisoga and Rwenzori, of Kampala, Uganda.

All significant intercompany transactions and balances have been eliminated on consolidation.

Mineral Properties and Deferred Exploration Costs

Mineral property costs include concession acquisition and exploration expenditures, which are recorded at cost and deferred until the property is brought into production, sold or abandoned. If production commences, these costs will be amortized using the unit-of-production method. The carrying values of properties are subject to review at each reporting period. When a property is determined by management to be non-commercial, non-productive, or otherwise subject to an impairment in value, the remaining unamortized costs are charged to operations in the period in which that determination is made.

Cost of Maintaining Mineral Properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Equipment

Equipment is stated at cost less amortization, which is calculated on a declining-balance basis as follows: Vehicles 30%; Equipment 20%; Computer hardware 30%.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, accounts payable and due to related parties. The fair values of cash, amounts receivable and accounts payable approximate their carrying amounts due to the short-term nature of these instruments. The fair value of the amounts due to related parties is not determinable due to the related party nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *(continued)*

Foreign Currency Exchange

The Company's functional Currency is the Canadian Dollar, however for these financial statements the Company is reporting in U.S. Dollars. The Company has translated into its reporting currency income, expenses and cash flow using rates in effect at the dates of the transactions and assets and liabilities are translated using the exchange rate at the end of the period. All resulting exchange differences are reported as a separate component of shareholders' equity.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses incurred during the periods. Actual results could differ from those estimated.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange on the date of the agreement to issue shares.

Flow-through Shares

The Company has adopted EIC-146, which is effective for all flow-through share transactions initiated after March 19, 2004. 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

Stock-based Compensation

The Company records compensation associated with stock options granted using a fair value measurement basis and records the expense when the options vest with the recipients.

consideration received by the Company on the exercise of options is recorded as share capital and the related contributed surplus is transferred to share capital.

Future Income Taxes

The Company accounts for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

Loss Per Share

Basic loss per share has been calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is not presented as it is anti-dilutive.

Comparative Figures

Certain of the prior years' figures have been reclassified to conform with the current year's financial statement presentation.

3. **EQUIPMENT**

	2006 Cost $	2006 Accumulated Amortization $	2006 Net Book Value $	2005 Net Book Value $
Vehicles	98,551	68,928	29,623	41,971
Equipment	33,247	28,809	4,438	7,490
Computer hardware	10,968	4,302	6,666	8,655
	142,766	**102,039**	**40,727**	**58,116**

4. **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.

Lode Gold Property

The Company had an option to earn a 100% interest in two mining claims, subject to 1.5% NSR located near Harrison Lake in the New Westminster Mining Division of British Columbia. Consideration for the interest was the issue of 150,000 shares and the further issue of 350,000 shares within two years. During the comparative year, the Company decided not to pursue the option and wrote-off all associated costs.

Uganda, Africa

Exclusive Prospecting Licenses

The Company obtains tenures to explore for precious metals in Uganda under the terms of Exploration Licenses ("ELs"), which are renewed annually, subject to Ugandan Government approval of exploration programs. Regulatory consent is granted based on the level of Ugandan employment generated through exploration of the property.

When a significant body of mineralization is located, a mining lease of 21 years may be granted with an option to renew the lease for a further 15 years.

Kilembe Mine Property

The Company entered into an exploration and feasibility study agreement on September 27, 2004 with Kilembe Mines Limited under which it acquired the option to earn a 70% interest in the Kilembe Copper-Cobalt Mine in western Uganda and the surrounding EL. The Company is obligated to undertake an exploration program and complete a positive feasibility study within three years, whereupon a 70%-30% joint venture would be formed with annual profits split 50% to the Company until its risk capital investment in exploration and feasibility studies is recouped and 50% to the vendor until certain prior expenditures, facilities and utilities charges borne by the vendor under the agreement are recouped. Once a party has recouped its eligible risk capital or eligible expenditures the profits will be allocated to the joint venture parties based on their interests. During the current year, the Company wrote-off the property.

Nyanga Property

The Company owns a 100% interest in an industrial minerals deposit (Tantalite), comprising one EL and a location (license to mine) known as the Nyanga Deposit, which it had acquired from a Company owned by a director for US$10,000. During the current year, the Company wrote-off the property.

5. SHARE CAPITAL

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

b) Issued:

Common shares

	2006			2005		
	Shares		Amount	Shares		Amount
Issued – beginning of year	23,407,926	$	3,562,137	15,270,038	$	1,867,444
Shares issued for:						
Private placement (1)	2,357,619		429,917	1,387,888		241,343
Public offering, net of commission and costs	-		-	6,550,000		1,429,015
Exercise of warrants	-		-	200,000		24,335
Exercise of stock option	100,000		8,569	-		-
Issued – end of year	**25,865,545**	**$**	**4,000,623**	**23,407,926**	**$**	**3,562,137**

(1) On February 24, 2006, the Company completed a non-brokered private placement of 2,357,619 units at CDN$0.21 per unit for gross proceeds of US$429,917. Each unit consist of one common share and one common share purchase warrant entitling the holder to subscribe for one additional common shares at a price of CDN$0.35 for one year.

c) Stock options continuity:

	2006		2005	
	Number of Shares	Cdn Weighted Price	Number of Shares	Cdn Weighted Price
Opening balance	2,135,000	0.20	993,000	0.10
Granted during the year	2,000,000	0.25	1,142,000	0.29
Exercised during the year	(100,000)	0.10	-	-
Expired/cancelled during the year	(2,880,000)	0.26	-	-
Closing balance	1,155,000	0.16	2,135,000	0.20
Weighted remaining life in years		1.92		3.30
Range of exercise prices		$0.10-$0.45		$0.10-$0.45

d) Share purchase warrant continuity:

	2006		2005	
	Number of Shares	Cdn Weighted Price	Number of Shares	Cdn Weighted Price
Opening balance	9,642,888	0.34	835,000	0.10
Granted during the year	2,357,619	0.21	9,187,888	0.35
Exercised during the year	-	-	(200,000)	0.15
Expired during year	(9,642,888)	0.34	(180,000)	0.25
Closing balance	2,357,619	0.21	9,642,888	0.34
Weighted remaining life in years		0.36		0.35
Range of exercise prices		0.21		0.25-0.36

5. SHARE CAPITAL *(continued)*

e) Shares in escrow:

The Company does not have any shares held in escrow. During 2005 2,010,962 shares were released from escrow in 2005.

f) Stock-based compensation:

The Company recorded nil (2005 – $133,681) as deferred mineral property cost and expensed $62,802 (2005 - $151,380) for a total of $62,802 (2005 - $285,061) in connection with the fair value of stock options that vested during the year ended October 31, 2006. The compensation amounts were offset to contributed surplus.

The fair value of stock options granted was estimated using the Black-Scholes Option Pricing Model with the following assumptions; risk-free interest rate - 3% (2005 – 3.5%); expected dividend yield – nil (2005 – nil); weighted-average expected stock price volatility – 132% (2005 – 195%); expected option life in years – 5 years (2005 – 5 years).

6. DUE TO RELATED PARTIES

The amounts are unsecured, do not bear interest and have no fixed terms of repayment.

	2006	2005
Due to a private company of which a director of the Company is a fifty percent shareholder.	$ 282,418	$ 195,303
Due to a company controlled by a director and President of the Company.	19,026	-
Due to a director of the Company.	22,500	-
Due to a former directors of the Company.	44,120	-
	$ 368,064	**$ 195,303**

7. RELATED PARTY TRANSACTIONS

During the year ended October 31, 2006, the Company entered into the following transactions with related parties:

a) Paid management fees of $40,408 (2005 - $42,045) to a corporation controlled by a director and president of the Company.

b) Paid consulting fees of $90,000 (2005 - $100,716) to another director of the Company.

c) Paid or accrued drilling expenses of $123,062 (2005 - $372,387) to a private company of which a director is a fifty percent shareholder.

d) Accrued director's fees of $44,120 (2005-$Nil) to two former directors of the Company.

8. INCOME TAXES

The Company is abandoning its Uganda mineral property interests and therefore does not disclose its Uganda tax assets.

A reconciliation of income taxes at statutory rates is as follows:

	2006 Cdn $	2005 Cdn $
Unconsolidated loss for the year in Canadian dollars	(477,649)	(622,073)
Expected income tax recovery	(162,878)	(221,582)
Net adjustment for amortization, deductible and non-deductible amounts	31,224	79,237
Valuation allowance	131,654	142,345
Total income taxes	-	-

The significant components of the Company's future income tax assets are as follows:

	2006 Cdn $	2005 Cdn $
Future income tax assets:		
Mineral properties	4,131	5,772
Non-capital loss carryforwards	514,910	504,149
Equipment	734	1,009
	519,775	510,930
Valuation allowance	(519,775)	(510,930)
Net future tax assets	-	-

The Company has non-capital losses of approximately Cdn $1,510,000 (2005 – Cdn$1,406,000), which are available to reduce future taxable income in Canada and which expire between 2007 and 2026. Subject to certain restrictions the Company also has mineral property expenditures of approximately $16,000 available to reduce taxable income in future years. The Company has not recognized any future benefit for these tax losses and resource deductions as it is not considered likely that they will be utilized.

9. SUBSEQUENT EVENT

In addition to items disclosed elsewhere in these notes, the following occurred during the period subsequent to October 31, 2006:

- The Company issued 1,758,260 flow-through shares at $0.115 per share and 1,758,260 warrants exercisable at $0.15 for the first year and $0.20 in the second year.
- The Company granted 2,550,000 stock options exercisable at $0.10 per share expiring November 26, 2011.
- 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%.

CanAfrican Metals and Mining Corp

(formerly Uganda Gold Mining Ltd.)

Management Discussion & Analysis
FORM 51-102F1

For the Year Ending
OCTOBER 31, 2006

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended October 31, 2006, in comparison with the previous period. This report supplements our audited financial statements and should be read in conjunction with our financial statements and the accompanying notes. Our financial statements are prepared in accordance with generally accepted standards in Canada and all monetary values included in this report are in US dollars, unless it is indicated otherwise. Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

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: February 26, 2007

OVERVIEW

CanAfrican Metals and Mining Corp. (the "Corporation") was incorporated on May 27, 1996 under the laws of the Province of Alberta and is in the business of the acquisition, exploration and development of mineral properties. 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 UGM.

On September 27, 2004, the Company entered into a joint venture option agreement with Kilembe Mines Limited., Uganda, Africa that requires the Company to carry out mineral exploration and a positive feasibility study to be completed within three years to earn a 70% joint venture interest The Company officially took over the maintenance of the Kilembe property on February 1, 2005.

In January 2005, the Company formed a second subsidiary Company, Rwenzori Cobalt Mining Ltd. to hold its interest in and manage the Kilembe Mine project in Uganda, (refer to Mineral Properties)

Change Name

On July 10, 2006, the Company changed its name to CanAfrican Metals and Mining Corp. (TSX Venture Exchange – CAF) from Uganda Gold Mining Ltd. There was no consolidation of capital.

Directors Appointment and Resignation

During to the period, the following directors and officers of the Corporation resigned:

John Purkis, director and Ken Morgan, Chief Financial Officer resigned on August 3, 2006.

Richard Barclay, Mike Beley and Patrick Gorman resigned on September 22, 2006 as directors of the Corporation.

Subsequent to the period, the following directors and officers of the Corporation were appointed:

David Rolston Way was appointed director and the CEO of the company on November 10, 2006. Mr Way a British and South African citizen brings 35 years of diverse, multi- national, business experience to the Company. Mr Way's ability to negotiate at international levels is one of his strengths and he has solid connections in Africa with regards to acquisitions and mergers. He will assist in creating big opportunities for the company as the eastern markets are actively exploiting and looking to Africa and North America to source there demands for raw materials. Mr. Way manages a family property portfolio including interests in the UK, South Africa, Europe and USA.

Mike Hopley was appointed a directors and as Chief Financial Officer of the Corporation on November 20, 2006. Mr Hopley has more that 35 years experience as an accountant and auditor and he is a consultant to the profession. His experience in all aspects of management and financing and his contacts to the mining industry will assist greatly in the growth of the Corporation.

Mineral Properties

Uganda, Africa

Exploration Licenses

The Company obtains its tenures to explore for base and precious metals in Uganda under the terms of Exploration Licenses ("ELs"), which are renewed annually subject to the Ugandan Government approval of the exploration programs carried out in the previous year. Regulatory consent is granted based on the level of Ugandan employment generated through exploration on each property.

When a significant body of mineralization is located, a mining lease of 21 years may be granted with an option to renew the lease for a further 15 years.

Kilembe Mine Property

The Company entered into an exploration and feasibility study agreement on September 27, 2004 with Kilembe Mines Limited under which it acquired the option to earn a 70% interest in the Kilembe Copper-Cobalt Mine in western Uganda and a 5 km area of interest exploration license surrounding the Mining Lease #2151. The Company is obligated to undertake a specified exploration program and complete a positive feasibility study within three years. A 70-30 joint venture would then be formed with available annual profits as defined in the agreement split initially as follows: 50% to the Company, the remaining 50% to the vendor until certain facilities and utilities charges borne by the vendor under the agreement are recouped. Once a party or the parties have recouped their eligible expenditures, the remaining profits would then be allocated to the joint venture parties based on their interests.

During the period, the Company decided to curtail its investment at Klembe and thereby initiated a process that will lead to termination of the agreement. Therefore, capitalized mineral property and deferred explorations costs totalling $1,724,963 have been charged to operation.

Nyanga Property

The Company entered into an option agreement on November 24, 1999 with Shinda Ltd. ("Shinda"), a private Ugandan company controlled by a director, pursuant to which it acquired a 100% interest in an industrial minerals deposit (Tantalite), comprising one EPL and a location (license to mine) known as the Nyanga Deposit.

Under the terms of the agreement, the Company paid Shinda US$10,000 upon execution of the agreement and an additional US$70,000 was due by the third anniversary date of the agreement. This agreement was subject to a 3% Net Smelter Returns ("NSR") royalty on minerals located in the loose alluvial material found in the area subject to the EPL and a 2% NSR on hard rock deposits, where drilling and blasting would be required. During the 2001 fiscal year, Shinda agreed to waive payment of the additional US$70,000 as well as the NSRs, and accordingly the Company's option to acquire its interest was completed.

During the period, the company decided that it will not invest further in this property and therefore costs totaling $208,406 associated with this project have been charged to operation.

British Columbia, Canada

Bonaparte Property

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

Bowser Creek Property

Subsequent to the period, 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%.

The Bowser Creek property contains numerous prospects, outcrops and float of mineralization containing zinc, silver, lead and copper. Three types of deposits have been identified of which the skarn type has the best economic potential. The company is planning an exploration program consisting of geological mapping, prospecting, sampling, excavator, trenching and diamond drilling. Permitting for this work, scheduled in the summer and fall of 2007 is underway.

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 October 31, 2006, the Company recorded a loss of $2,585,571 or $0.10 diluted loss per share, compared to $466,854 or $0.03 diluted per share for the same period last year. The loss is due to the write-off of $ 1,933,369 of mineral and deferred exploration costs.

For the year ended October 31, 2006 expenses increased by 197,638 to $656,862 from $459,224. The key increase in the expenses is stock-based compensation expenses of $85,329 (2005-$151,380) which results from the Company expensing options granted and directors fee of $44,120 for the period. Also the Company expensed exploration expenditures of $ 261,132 for the period ended October 31, 2006

Management fees of $40,408 (2005-$34,359) were paid to a company controlled by the President of the Company.

Also, the Company incurred similar levels of expenses office rent of $6,871 (2005-$7,545), transfer agent and filing fees of $22,981 (2005-16,151), consulting fees of $70,257 (2005-$131,811) and telephone of $10,992 (2005-$4,938).

Current liabilities are $83,724 and $368,064 is owed to related parties for a total debt of $451,788 US.

SUMMARY OF QUARTERLY REPORTS

The selected consolidated information set out below has been gathered from quarterly financial statements for the period ending October 31, 2006:

	Three Months Ended			
	October 31 2006 $	July 31 2006 $	April 30 2006 $	January 31 2006 $
Interest Income	22	6	1,410	3,222
Net earnings (loss)	(169,166)	(272,618)	(2,007,549)	(136,238)
Basic and diluted per shares	(0.01)	(0.01)	(0.08)	(0.01)

	Three Months Ended			
	October 31 2005 $	July 31 2005 $	April 30 2005 $	January 31, 2005 $
Interest Income	2,794	1,862	Nil	Nil
Net earnings (loss)	(209,644)	(120,154)	(45,279)	(91,777)
Basic and diluted per shares	(0.01)	(0.00)	(0.00)	(0.01)

Significant changes in key financial data is the recognition of stock-based compensation costs in respect of stock options granted in 2006 and the write-off of $ 1,933,369 of mineral and deferred exploration.

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) capital position at October 31, 2006 was ($392,694) compared to working capital of ($73,286) at October 31, 2005.

TRANSACTIONS WITH RELATED PARTIES

During the year ended October 31, 2006, the Company entered into the following transactions with related parties:

a) Paid management fees of $40,408 (2005 - $42,045) to a corporation controlled by a director and president of the Company.

b) Paid consulting fees of $90,000 (2005 - $100,716) to another director of the Company.

c) Paid or accrued drilling expenses of $123,062 (2005 - $372,387) to a private company of which a director is a fifty percent shareholder.

d) Accrued director's fees of $44,120 (2005-$Nil) to two former directors of the Company.

FOURTH QUARTER

The Company incurred a net loss of $169,166 in the fourth quarter primarily due the property exploration expenses in Rwenzori property of $136,521.

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

No investor relations activities were undertaken by any third party on behalf of the Company during the period.

SUBSEQUENT EVENT

Subsequent to the period ended October 31, 2006, the following occurred during the period:

1. The Company issued 1,758,260 flow-through shares at $0.115 per share and 1,758,260 warrants exercisable at $0.15 for the first year and $0.20 in the second year.

2. The Company granted 2,550,000 stock options exercisable at $0.10 per share expiring November 26, 2011.

3. 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%.

OUSTANDING SHARES

As at February 26, 2007, the Company had the following securities issued and outstanding:

Common shares outstanding: 25,865,545

Type	Number Outstanding	Exercise Price (Cdn)	Expiry Date
Options	20,000	$0.10	March 5, 2007
Options	410,000	$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	2,550,000	$0.10	November 26, 2011
Warrants	2,357,619	$0.21	March 13, 2007

DIRECTORS AND OFFICERS

David Way	*Director, Chief Executive Officer*
Mike Hopley	*Director, Chief Financial Officer*
Al Beaton	*Director, President*
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
Director

"Mike Hopley"

Mike Hopley
Director