

FORM 52-109FV2

CERTIFICATION OF INTERIM FILINGS - VENTURE ISSUER BASIC CERTIFICATE

I, **Robert A. Archer, President and Chief Executive Officer of Cangold Limited**, certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of **Cangold Limited** (the issuer) for the interim period ended **March 31, 2010**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: May 31, 2010

*"Robert A. Archer"*

Robert A. Archer  
President and Chief Executive Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that the inherent limitations on the ability of the certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV2

CERTIFICATION OF INTERIM FILINGS - VENTURE ISSUER BASIC CERTIFICATE

I, **Raakel S. Iskanius, Chief Financial Officer of Cangold Limited**, certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of **Cangold Limited** (the issuer) for the interim period ended **March 31, 2010**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: May 31, 2010

“*Raakel S. Iskanius*”

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Raakel S. Iskanius  
Chief Financial Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that the inherent limitations on the ability of the certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Interim Consolidated Financial Statements  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

**CANGOLD LIMITED**

Three and nine months ended March 31, 2010 and 2009

## **MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM FINANCIAL STATEMENTS**

### NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# CANGOLD LIMITED

Consolidated Balance Sheets  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	March 31, 2010	June 30, 2009
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 169,093	\$ 35,089
Marketable securities	94,760	53,250
Amounts receivable (note 4)	127,733	143,631
Prepaid expenses and advances	19,539	7,820
	<u>411,125</u>	<u>239,790</u>
Mineral properties and equipment (note 6)	90,000	108,162
	<u>\$ 501,125</u>	<u>\$ 347,952</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 108,225	\$ 147,915
Due to related parties (note 9)	123,304	36,027
	<u>231,529</u>	<u>183,942</u>
Shareholders' equity:		
Capital stock (note 7)	10,563,423	10,036,563
Contributed surplus (note 7(c))	1,182,264	1,180,296
Accumulated comprehensive income (loss) (note 8)	16,760	(24,750)
Deficit	(11,492,851)	(11,028,099)
	<u>269,596</u>	<u>164,010</u>
Continuing operations (note 1)		
	<u>\$ 501,125</u>	<u>\$ 347,952</u>

See accompanying notes to the unaudited interim consolidated financial statements.

Approved on behalf of the Board:

"Kaare G. Foy" Director

"Martin B. Carsky" Director

# CANGOLD LIMITED

Consolidated Statements of Operations and Deficit  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

Three and nine months ended March 31, 2010 and 2009

	Three months ended		Nine months ended	
	2010	March 31, 2009	2010	March 31, 2009
<b>Expenses:</b>				
Amortization	\$ 515	\$ 1,328	\$ 2,765	\$ 4,266
Consulting	14,231	23,256	36,979	73,121
Director fees	18,750	18,750	56,250	56,250
Filing fees	1,400	2,226	8,452	9,818
Foreign exchange loss/(gain)	(578)	9,400	13,742	26,820
Investor relations	15,356	18,825	39,563	50,592
Mineral property exploration expenditures (note 5)	30,430	25,226	78,848	156,996
General exploration expenses	51,886	1,152	117,623	5,346
Office and miscellaneous	4,760	5,887	24,860	20,723
Professional fees	12,889	17,113	55,253	58,268
Stock based compensation	-	-	-	7,975
Rent	7,466	5,693	19,557	16,585
Transfer agent fees	1,703	1,062	4,755	3,742
Loss before under noted	(158,808)	(128,918)	(458,647)	(490,502)
Interest income	54	148	1,216	1,971
Interest expense	(521)	-	(2,913)	-
Loss on disposal of fixed assets	(3,261)	-	(4,408)	-
<b>Loss for period</b>	<b>\$ (162,536)</b>	<b>\$ (128,770)</b>	<b>\$ (464,752)</b>	<b>\$ (488,531)</b>
Deficit, beginning of the period	(11,330,315)	(10,740,211)	(11,028,099)	(10,380,450)
Deficit, end of the period	\$(11,492,851)	\$(10,868,981)	\$(11,492,851)	\$(10,868,981)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of outstanding Common share	87,875,745	71,117,967	80,906,219	70,399,820

See accompanying notes to the unaudited interim consolidated financial statements.

# CANGOLD LIMITED

Consolidated Statements of Comprehensive Loss  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

Three and nine months ended March 31, 2010 and 2009

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2010	2009	2010	2009
Loss for the period	\$ (162,536)	\$ (128,770)	\$ (464,752)	\$ (488,531)
Unrealized gain (loss) on marketable securities	13,200	(39,500)	41,510	(72,750)
Comprehensive loss for the period	\$ (149,336)	\$ (168,270)	\$ (423,242)	\$ (561,281)

See accompanying notes to the unaudited interim consolidated financial statements.

# CANGOLD LIMITED

Consolidated Statements of Cash Flows  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

Three and nine months ended March 31, 2010 and 2009

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
Cash flows used in operating activities:				
Net loss for the period	\$ (162,536)	\$ (128,770)	\$ (464,752)	\$ (488,531)
Items not involving cash:				
Amortization	515	1,328	2,765	4,266
Stock-based compensation	-	-	-	7,975
Shares issued for mineral property acquisition	-	-	6,750	10,500
Loss on sale of fixed assets	3,261	-	4,408	-
Changes in non-cash operating working capital:				
Accounts receivable	(1,809)	(11,746)	15,898	(9,727)
Prepaid expenses and advances	3,311	2,527	(11,719)	19,179
Accounts payable and accrued liabilities	(74,733)	(68,848)	(39,690)	(83,595)
Net cash used in operating activities	(231,991)	(205,509)	(486,340)	(539,933)
Cash flows from (used in) investing activities:				
Proceeds from disposal of capital assets	10,989	-	10,989	-
Net cash from investing activities	10,989	-	10,989	-
Cash flows from (used in) financing activities:				
Proceeds from release of reclamation deposit	-	-	-	25,800
Proceeds from private placement issue	-	215,640	522,078	215,640
Increase/(decrease) in due to related parties	(27,867)	3,616	87,277	9,846
Net cash from financing activities	(27,867)	219,256	609,355	251,286
Increase (decrease) in cash and cash equivalents	(248,869)	13,747	134,004	(288,647)
Cash and cash equivalents, beginning of period	417,962	65,055	35,089	367,449
Cash and cash equivalents, end of period	\$ 169,093	\$ 78,802	\$ 169,093	\$ 78,802

See accompanying notes to the unaudited interim consolidated financial statements.

# CANGOLD LIMITED

Consolidated Statements of Cash Flows  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

Three and nine months ended March 31, 2010 and 2009

	Three months ended		Nine months ended	
	2010	March 31, 2009	2010	March 31, 2009
<b>Supplementary cash flow information:</b>				
Interest income received	\$ -	\$148	\$1,163	\$3,129
Interest expense paid	-	-	1,877	100

See accompanying notes to the unaudited interim consolidated financial statements.

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

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## 1. NATURE AND CONTINUANCE OF OPERATIONS:

Cangold Limited (the "Company") was continued under the Business Corporation Act (Yukon) on March 17, 1997 and continued under the Business Corporations Act (British Columbia) on December 22, 2004.

The Company is in the business of acquiring, exploring and developing mineral resource properties and is directing substantially all of its efforts towards the exploration and related development of the properties. None of the properties in which the Company has an interest were in production at the balance sheet date and therefore, the Company has not generated revenue from these principal business activities.

Notwithstanding these continued losses and operating cash flow deficiencies, these financial statements have been prepared by management on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities and commitments in the normal course of business. During the three months and nine months ended March 31, 2010, the Company recorded losses of \$162,536 and \$464,752, respectively, and used cash for operations of \$231,991 and \$486,340, respectively. As at March 31, 2010, the Company had an accumulated deficit of \$11,492,851 and a working capital balance of \$179,596.

The ability of the Company to continue as a going concern and to realize its assets and discharge its liabilities is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Coboro Minerales de Mexico, S.A. de C.V. Significant inter-company balances and transactions are eliminated on consolidation.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of these interim consolidated financial statements is based on accounting principles and practices consistent with those in the preparation of the Company's annual financial statements. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted.

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

These interim period consolidated financial statements should be read together with the 2009 audited annual consolidated financial statements and the accompanying notes included in the Company's 2009 annual report. In the opinion of the Company, these unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain comparative figures have been reclassified to conform to the current period presentation.

## 3. RECENT ACCOUNTING PRONOUNCEMENTS:

### (a) Financial Instruments - Disclosures:

In June 2009, the CICA amended Section 3862, *Financial Instruments - Disclosures*, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

### (b) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests:

The AcSB issued CICA sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which replaced sections 1581, *Business Combinations*, and 1600, *Consolidated Financial Statements*. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Early adoption is permitted for these new standards. The Company does not expect the adoption of these sections to have a material impact on its consolidated financial statements.

### (c) Amendment to CICA 3855 – Financial Instruments – Recognition and Measurement:

The AcSB amended CICA 3855 to clarify when an embedded prepayment option is separated from its host debt instrument for accounting purposes. The amendment is applicable to interim and annual financial statements relating to years beginning on or after January 1, 2011. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

### (d) International Financial Reporting Standards ("IFRS"):

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

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### 3. RECENT ACCOUNTING PRONOUNCEMENTS:

(d) International Financial Reporting Standards ("IFRS") (continued):

statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company has developed an IFRS conversion plan and has completed a preliminary assessment which prioritizes how each IFRS standard will impact the financial statements. The Company anticipates there will be changes in accounting policies and these changes may materially impact our financial statements but the impact cannot be reasonably estimated at this time. The Company does anticipate an increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the required information.

### 4. AMOUNTS RECEIVABLE:

	March 31, 2010	June 30, 2009
Value added tax recoverable	\$ 125,300	\$ 141,718
Other	2,433	1,913
	<u>\$ 127,733</u>	<u>\$ 143,631</u>

The Company, through its Mexican subsidiary, pays value added tax on the purchase and sale of goods and services at a rate of 16%. The net amount paid or payable is recoverable, but such recovery is subject to review and assessment by local tax authorities.

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

## 5. MINERAL PROPERTY EXPLORATION EXPENDITURES:

The continuity of expenditures on mineral properties for nine months ended March 31, 2010 is as follows.

	Casummit (a)	Thorn (b)	Los Venados (c)	Plomo (d)	2009
Exploration expenditures:					
Option payments	\$ -	\$ -	\$ 32,118	\$ 14,683	\$ 46,801
Legal	7,819	-	-	-	7,819
Project Administration	4,753	-	10,019	9,456	24,228
Net expenditures					
during the period	12,572	-	42,137	24,139	78,848
Cumulative expenditures,					
beginning of period	1,176,657	1,979,941	532,971	731,529	4,421,098
Cumulative expenditures,					
end of period	\$ 1,189,229	\$ 1,979,941	\$ 575,108	\$ 755,668	\$ 4,499,946

## 6. MINERAL PROPERTIES AND EQUIPMENT:

	March 31, 2010	June 30, 2009
Canada		
Mineral properties:		
Argosy mine	\$ 90,000	\$ 90,000
Equipment:		
Computer equipment	-	8,390
Field equipment	-	6,026
	-	14,416
Accumulated depreciation	-	(10,380)
	-	4,036
Mexico		
Field equipment	-	24,702
Accumulated depreciation	-	(10,576)
	-	14,126
	\$ 90,000	\$ 108,162

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

## 7. CAPITAL STOCK:

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued:

	Number of shares	Stated value
Balance June 30, 2008	69,925,722	\$ 9,727,992
Issue of shares pursuant to mineral property option agreements Los Venados and Plomo properties	200,000	10,500
Issue of shares pursuant to mineral property purchase agreement Argosy property	2,000,000	80,000
Issue of shares to transfer agent in trust for unexchanged shares	23	-
Private placement at \$0.05 per unit, net of costs <sup>(i)</sup>	4,700,000	220,385
Issue of warrants for financing services	-	(2,314)
Balance June 30, 2009	76,825,745	10,036,563
Issue of shares pursuant to mineral property option agreement Los Venados property	50,000	2,250
Issue of shares pursuant to mineral property option agreement Plomo property	100,000	4,500
Private placement at \$0.05 per unit, net of costs <sup>(ii)</sup>	10,900,000	522,078
Issue of warrants for financing services	-	(1,968)
Balance March 31, 2010	87,875,745	\$ 10,563,423

(i) On March 13, 2009, the Company issued 4,700,000 units by private placement at a price of \$0.05 per unit ("Unit"), for gross proceeds of \$235,000 and paid cash issuance costs of \$14,615. Each Unit consisted of one common share and one-half of one non-transferable share purchase warrant. Each full warrant entitled the holder to acquire, upon exercise, one additional common share at \$0.10 until March 12, 2010.

The Company also issued 161,000 finder warrants which entitled the holder to acquire, upon exercise, one common share of the Company at \$0.10 until March 12, 2010. The fair value of finder warrants of \$2,314 was recorded as a cost of financing and is included in contributed surplus.

(ii) On December 21, 2009, the Company issued 10,900,000 units by private placement at a price of \$0.05 per unit ("Unit"), for gross proceeds of \$545,000 and paid cash issuance costs of \$22,922. Each Unit consists of one common share and one non-transferable share purchase warrant. Each full warrant entitles the holder to acquire, upon exercise, one additional common share at \$0.10 until December 20, 2010. After the expiration of the hold period, the Company has the right to accelerate the expiry date of the warrants should the closing price of the Company's shares on the TSX Venture Exchange be at least \$0.20 for 20 consecutive trading days.

The Company also issued 201,000 finder warrants entitling the holder to acquire, upon exercise, one common share of the Company at \$0.10 until December 20, 2010. The fair value of finder warrants of \$1,968 is recorded as a cost of financing and is included in contributed surplus.

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

## 7. CAPITAL STOCK (continued):

(c) Contributed surplus:

Balance, June 30, 2008	\$ 1,170,007
Warrants issued for financing services	2,314
Stock-based compensation	7,975
Balance, June 30, 2009	\$1,180,296
Warrants issued for financing services	1,968
Balance March 31, 2010	\$ 1,182,264

(d) Warrants:

The continuity of share purchase warrants for 2009 is as follows:

Series	Exercise price	Expiry date	June 30, 2009	Issued	Exercised	Expired	March 31, 2010
Purchase Warrants	0.50	Dec 16, 2009	500,000	-	-	(500,000)	-
Series "N" <sup>(i)</sup>	0.10	March 24, 2010	2,962,500	-	-	(2,962,500)	-
Series "O" <sup>(ii)</sup>	0.10	March 12, 2010	2,350,000	-	-	(2,350,000)	-
Finder Warrants	0.10	March 12, 2010	161,000	-	-	(161,000)	-
Series "P" <sup>(iii)</sup>	0.10	Dec 20, 2010	-	10,900,000	-	-	10,900,000
Finder Warrants	0.10	Dec 20, 2010	-	201,000	-	-	201,000
			5,973,500	11,101,000	-	(5,973,500)	11,101,000

(i) On March 6, 2009, the Board of Directors approved amending the terms of the 2,962,500 outstanding "N" warrants by reducing the exercise price from \$0.25 to \$0.10 and extending the expiry date from March 24, 2009 to March 24, 2010.

(ii) Note 7(b)(i).

(iii) Note 7(b)(ii).

(e) Stock options:

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to qualified persons as incentive for their services. Pursuant to the Company's 2003 Incentive Stock Option Plan, stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the outstanding issue of the Company at the time of granting and may not exceed 5% of the outstanding issue to any individual (maximum of 2% to any consultant) in any 12-month period. The exercise price of stock options is determined by the board of directors of the Company by reference to the market value of the shares at the date of grant. Options have expiry dates of no longer than five years from the date of grant and terminate 30 days following the termination

# CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three and nine months ended March 31, 2010 and 2009

## 7. CAPITAL STOCK:

(e) Stock options (continued):

of the participant's employment. Vesting of options is made at the time of granting of the options at the discretion of the board of directors unless otherwise specified. Once approved and vested, the options are exercisable at any time.

Exercise price	Expiry date	June 30, 2009	Granted	Cancelled/ expired	Exercised	March 31, 2010
0.16	September 7, 2009	200,000	-	(200,000)	-	-
0.12	March 29, 2010	900,000	-	(900,000)	-	-
0.15	May 7, 2011	25,000	-	-	-	25,000
0.15	May 3, 2012	125,000	-	-	-	125,000
0.15	December 20, 2012	525,000	-	-	-	525,000
0.15	December 20, 2009	440,000	-	(440,000)	-	-
0.15	December 31, 2009	150,000	-	(150,000)	-	-
0.15	April 30, 2013	1,925,000	-	-	-	1,925,000
		4,290,000	-	(1,690,000)	-	2,600,000
Weighted average exercise price		\$0.14	-	(\$0.14)	-	\$0.15

As at March 31, 2010, 2,600,000 options with a weighted average exercise price of \$0.15 (June 30, 2009 - \$0.14) were exercisable. The weighted average remaining contractual life of the options is 2.95 years.

## 8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):

	March 31, 2010	June 30, 2009
Balance, beginning of period	\$ (24,750)	\$ (44,500)
Unrealized gain (loss) on marketable securities	41,510	(48,250)
Other than temporary impairment loss on marketable securities	-	68,000
Balance, end of period	\$ 16,760	\$ (24,750)

## 9. RELATED PARTY TRANSACTIONS:

Included in expenses are amounts totaling \$147,281 (Q3FY09 - \$75,628) for consulting, accounting, rent and office expenses charged to the Company by officers, companies controlled by the directors of the Company and by a company with common directors.

As at March 31, 2010, \$123,304 (June 30, 2009 - \$36,027) was due to officers, companies controlled by directors of the Company and to a company with common directors.

**CANGOLD LIMITED****MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORM 51-102F1**

For the period ended March 31, 2010

This Management's Discussion and Analysis ("MD&A") prepared as of May 28, 2010, reviews the financial condition and results of operations of Cangold Limited ("Cangold" or "the Company") for the three and nine month financial period ended March 31, 2010, and other material events up to the date of this report. The following discussion should be read in conjunction with the Company's June 30, 2009 annual audited consolidated financial statements and related notes together with Management's Discussion and Analysis and the unaudited interim consolidated financial statements and related notes for the period ended March 31, 2010.

The financial data included in the discussion provided in this report has been prepared in accordance with Canadian generally accepted accounting principles, and all dollar amounts are in Canadian dollars, unless otherwise noted.

**DESCRIPTION AND OVERVIEW OF BUSINESS**

Cangold Limited is an active resource exploration company listed on the TSX Venture Exchange, trading under the symbol "CLD".

The Company holds options to acquire a 100% interest in the Los Venados and Plomo properties located in Sonora, Mexico. The Company also maintains a 100% interest in a past producing gold mine in northern Ontario, Canada.

Currently, there are no mineral reserves delineated on the properties in which the Company has an interest. Therefore there are no producing properties, and consequently no operating income or cash flow. In the past, Cangold has accessed, and in the future will continue to access, the equities markets to raise the funds needed to continue exploration programs on its various property holdings and to meet its ongoing working capital requirements. Because of the magnitude of the expenditures needed to fund exploration programs, the Company has made use of joint ventures in the past to share the costs and risks associated with exploring some of its mineral properties.

**RESULTS OF OPERATIONS**

The Company reported losses for the three months and nine months ended March 31, 2010 of \$162,536 and \$464,752, compared to losses of \$128,770 and \$488,531 for the same period in the prior year. Cash outflows from operations of \$231,991 and \$486,340 for the three and nine months ended March 31, 2010, respectively, compared to cash outflows from operations of \$205,509 and \$539,933 for the same periods in fiscal 2009. The decreased year to date loss in fiscal 2010 is primarily due to decreased exploration expenditures on its two exploration properties in Mexico compared to the same period in fiscal 2009.

Consulting costs were \$36,979 for the nine months ending March 31, 2010 compared to \$73,121 for the same period in fiscal 2009. This decrease is primarily due to lower overhead costs during the current year.

The Company incurred \$78,848 in mineral property exploration expenditures during the nine months ended March 31, 2010 compared to \$156,996 in fiscal 2009. The table in note 5 of the unaudited interim consolidated financial statements for the quarter summarizes the costs by property and type of expenditure. The decrease is due to no exploration activities being conducted on the Los Venados and Plomo properties in Mexico during the current fiscal year.

General exploration expenses were \$117,623 for the nine months ending March 31, 2010 compared to \$5,346 for the same period in fiscal 2009. This increase is due to evaluation costs associated with two significant acquisition opportunities being pursued in South America and Mexico.

The Company is in the exploration stage and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company has no producing properties, and consequently no sales and nominal interest revenues from interest bearing cash accounts.

The above explanations for the nine-month period ended March 31, 2010 are largely the same for the third quarter.

## **EXPLORATION ACTIVITIES AND PROPERTY EXPENDITURES**

The Company has not conducted any exploration activities on either of its two Mexican projects since the first quarter of fiscal 2009 in order to preserve cash. Cangold is currently seeking a more advanced gold project upon which to recapitalize the company. The resumption of exploration on the Mexican projects will depend upon the success of this search and the condition of the equity markets in general. In the interim, Cangold has no expenditure obligations on any of its projects beyond payments on options which Cangold intends to continue to maintain in good standing.

### **a) *Casummit Lake Property:***

The Casummit Lake Property consists of 101 claim units and is located in the Red Lake Mining Division, Northwestern Ontario.

No field work was conducted on the Property during the three and nine months ended March 31, 2010. Management believes however, that the Casummit Lake Property justifies further expenditures which will be required to fully test its potential.

On June 19, 2009, Premier Gold Mines Limited ("Premier") sold its 49% interest in the Argosy property to the Company. Under the terms of the acquisition, the Company issued Premier a total of two million shares of Cangold with a fair value of \$80,000 and made a cash payment of \$10,000. Premier retained a 0.5% net smelter return ("NSR"), which can be purchased for \$500,000. A further underlying 2% NSR remains in force and Cangold can purchase 1% for \$500,000.

### **b) *Los Venados Property:***

On July 13, 2007, the Company signed an Option Agreement to acquire a 100% interest in the Los Venados property contiguous with, and along strike from, the Mulatos Gold Mine in the prolific Sierra Madre gold belt of Sonora, Northern Mexico.

Los Venados lies within the emerging Mulatos gold mining district – a 15-20 kilometre long northwest trending belt of strong hydrothermal alteration and gold mineralization in Tertiary volcanic rocks within the Sierra Madre Mountains. The target at Los Venados is a multimillion ounce high sulphidation epithermal gold deposit amenable to open pit mining and heap leaching, similar to Alamos Gold Inc.'s (AGI: TSX) Mulatos gold deposit, which contains a global resource of 3.71 million ounces at a 0.5 g/t Au cut-off grade (Alamos Gold website). The southern boundary of the Los Venados claim is located within 1,500 metres of the Estrella open pit, which contains Proven & Probable Reserves of 31,900,000 tonnes at a grade of 1.64 g/t Au for a total of 1,683,000 ounces of gold.

The 3,200 hectare Los Venados claim is easily accessible by an all-weather road, approximately 220 kilometres southeast of Hermosillo, and covers a large hydrothermal system where three zones of intense argillic alteration, silicification and gold mineralization have already been identified. The property has been subjected to very little historical work and initial grab sampling has yielded gold values ranging from 0.01 to 1.84 g/t.

Geological mapping and prospecting, and detailed sampling of the property commenced during the first quarter of fiscal 2008 with a diamond drilling program planned upon completion and analysis of the first phase of exploration.

During the second quarter of fiscal 2008, the Company announced a gold bearing zone had been discovered. Initial chip and grab sampling of silica vein material on the Duraznito Zone resulted in 20 of 35 samples returning significant gold values greater than 0.1 g/t, nine of the 20 assaying greater than 1.0

g/t and one sample assaying 50.9 g/t gold. The dimension of the area sampled to date is approximately 120 metres long by 65 metres wide.

The aforementioned samples were taken from multi-directional quartz vein swarms hosted along a contact between Tertiary age andesite tuff and porphyritic dacite volcanics. These units are host to more than four square kilometres of intense argillic and silica alteration which is presently being systematically mapped and sampled. Geological field evidence and initial PIMA analysis (to classify the argillic alteration) indicates that the alteration is high-sulfidation epithermal in nature, similar to that on the adjacent Mulatos Mine project.

The Company can acquire a 100% interest in the Los Venados property by making staged cash payments totalling \$250,000 (\$90,000 paid as of March 31, 2010) and issuing 500,000 shares (300,000 share issued as of March 31, 2010) over 5 years. The acquisition is subject to a 2% net smelter return, half of which can be purchased for \$500,000.

No field work has been conducted on the Los Venados property since the first quarter of fiscal 2009. Management believes however, that the property justifies further expenditures which will be required to fully test its potential.

### ***c) Plomo Property:***

On November 9, 2007, the Company signed an Option Agreement, through its Mexican subsidiary, to acquire a 100% interest in the Plomo property located within the Sonoran "Golden Triangle", a prolific gold belt extending through northern Sonora and into southern California and Arizona. Examples of gold deposits within this belt include La Herradura (Mexico's largest gold mine), La Choya, and El Chanate in the Caborca region of northwestern Sonora, and Mesquite and Picacho in the Yuma area of southwestern Arizona and southeastern California.

The 4,279 hectare Plomo project lies within the Altar desert of northwestern Sonora, approximately 320 kilometres northwest of Hermosillo and 52 kilometres northwest of Caborca by paved highway. The eastern boundary of the Plomo claim is within 4 kilometres of the highway and access around the property is excellent via secondary all weather roads. Historical dry placer workings have been noted on the property and, to date, three zones of alteration and mineralization have been located in outcrop. Two have past gold mining activity along low angle shears. The third area has extensive and strongly micro-fractured and brecciated quartz float and outcrop with hematite and rare copper staining that has been traced for approximately 1.5 kilometres by approximately 300 metres wide.

Mapping and sampling on the Plomo property conducted during the second and third quarters of fiscal 2008 identified seven zones of gold mineralization within a northeast trending structural zone that is at least five kilometres long by three kilometres wide. Gold mineralization is related to quartz veining, with sericite and hematite alteration, in subsidiary north-south to northwest striking structures with modest to shallow southwest or northeast dips. The northeast structure is reflected by a distinct linear valley which in the past was the focus of dry placer gold exploitation.

From southwest to northeast, six zones of gold mineralization have been named Banco de Oro, San Perfecto, Pavorreal (2 zones), San Crecencio, and Bonancita. The most recently discovered zone, called Culebra, is associated with the south bounding, NE trending, moderately NW dipping shear which presently defines the southeast side of the prospective area.

The Company completed the Phase I core drilling program on the Plomo project in September 2008. The objective of the first-pass drilling was to gain a better understanding of the structural control of the gold mineralization within the 5 by 3 kilometre structural corridor identified by surface mapping and sampling, and to look for areas where the flat-lying gold-bearing structures coalesce into a larger zone with resource potential.

The Phase 1 drilling program comprised 1,498.5 metres in 10 widely-spaced holes. Targets tested in this program included the gold-bearing, altered, low angle structures of Banco de Oro (1 hole), Pavorreal (6 holes), San Perfecto (2 holes), and Bonancita (1 hole) zones. In most holes, the targeted structures were intersected as planned and, to some degree, were gold-bearing.

Hole SP08-001, drilled immediately below the Banco de Oro workings (up to 298.0g/t gold), did not intersect the structure, likely due to a fault offset. Drill holes SP08-002 and SP08-003 were drilled at San Perfecto. The low angle structural zones noted on surface were intersected and show variable intensity of fracturing, brecciation, chloritization, quartz veining, silicification and disseminated pyrite. SP08-002 intersected 4.0 metres grading 0.92g/t gold starting at 5.7 metres. SP08-003 was more intensely fractured and altered and intersected 11.65 metres grading 0.66g/t gold starting at 18.3 metres, including 2.28g/t over 2.0 metres. Drill intersections are believed to represent true widths.

Core holes SP08-004 to SP08-009 were drilled in the Pavorreal area and intersected wide sections of intense alteration. SP08-006 intersected 30 metres of well foliated rock with tourmaline and hematite-jarosite alteration but yielded no significant assays. Holes SP08-005 and SP08-008 intersected wide intervals of silicified, fractured, and pyritic diorite but contained only narrow intervals of gold mineralization with anomalous copper, lead and zinc (see table below). SP08-010 was drilled at Bonancita with the objective of hitting the very fractured/sheared pyritic zone observed on surface. It intersected 130 metres of sheared and crackle-brecciated andesite, with disseminated pyrite and sporadic brecciated quartz veins but returned no significant assays.

The Phase I widely-spaced drilling at Plomo has demonstrated that the flat-lying structures observed on surface play an important role in localizing gold mineralization. It would appear that another set of controls, such as cross-cutting structures, is required in order to upgrade the gold. As such, detailed geological mapping and rock sampling continued in the San Perfecto area after the drilling was completed, with a particular effort towards identifying major structures, alteration types and geological units in order to better discern the spatial relationships and controls of the gold mineralization. This work continued to outline significant gold mineralization, over an area approximately 400 metres across, associated with tourmaline-sericite alteration, gossan, and low angle structures in diorite and granodiorite east of SP08-003. Of 21 new chip channel samples collected across veins, structures, and more intensely altered areas, 13 assayed greater than 0.3g/t gold, and of those 5 were greater than 1.0g/t gold.

At Pavorreal, where widespread gold was encountered in surface sampling yet no significant values encountered in the subsequent drilling, a similar program of detailed geological, alteration and structural mapping is proposed. A new compilation of all this data will then be used to generate new targets for future drilling.

**Highlights of Phase I Drilling:**

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au g/t</b>
<b>SP08-002</b>	5.70	9.70	4.00	0.92
<i>including</i>	7.70	9.70	2.00	1.60
<b>SP08-003</b>	18.30	29.95	11.65	0.66
<i>including</i>	21.00	23.00	2.00	2.28
<b>SP08-005</b>	30.00	32.00	2.00	1.06
<b>SP08-008</b>	9.30	11.30	2.00	0.59

In a regional context, gold mineralization at the Plomo project is believed to be related to the Mojave-Sonora Megashear ("MSM"). The MSM is a northwest-trending left-lateral, strike slip fault zone up to 5 kilometres wide and extending for hundreds of kilometres through northern Sonora, southern California and Arizona, and is interpreted to transect the southwest corner of the Plomo Project area. Many of the gold mines and prospects in Sonora occur within or are adjacent to the boundary of this regionally extensive structure, including Mexico's largest gold mine, the Peñoles/Newmont La Herradura deposit,

which lies 25 kilometres to the west of Plomo and contains a global resource of 104,063,824 tonnes averaging 0.84 g/t gold (Peñoles 2006 Annual Report). Other gold mines along the MSM include La Choya, and El Chanate in the Caborca region of north-western Sonora, and Mesquite and Picacho in the Yuma area of south-western Arizona and south-eastern California. The targets at Plomo are low grade, high-tonnage fault-related gold deposit amenable to open pit mining and heap leaching, similar to the aforementioned mines. The relationship of gold mineralization to flat-lying structures is typical of deposits within the MSM and the Company is encouraged by the confirmation of this relationship on the Plomo property.

The Company can acquire a 100% interest in the Plomo property by making staged cash payments totaling \$100,000 (\$30,000 paid as of March 31, 2010) and issuing 700,000 shares (400,000 shares issued as of March 31, 2010) over 5 years, subject to a 2% NSR, half of which can be purchased for \$500,000. The Company also issued 500,000 warrants to the vendor priced at \$0.50 per share which expired on December 16, 2009.

No field work has been conducted on the Plomo property since the first quarter of fiscal 2009. Management believes however, that the property justifies further expenditures which will be required to fully test its potential.

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Revenue	Net income (loss)	Net income (loss) per share <sup>(1)</sup>
March 31, 2010	\$Nil	\$(162,536)	\$(0.00)
December 31, 2009	\$Nil	\$(120,222)	\$(0.00)
September 30, 2009	\$Nil	\$(181,994)	\$(0.00)
June 30, 2009	\$Nil	\$(159,118)	\$(0.00)
March 31, 2009	\$Nil	\$(128,770)	\$(0.00)
December 31, 2008	\$Nil	\$(131,247)	\$(0.01)
September 30, 2008	\$Nil	\$(228,514)	\$(0.00)
June 30, 2008	\$Nil	\$(585,845)	\$(0.01)

<sup>(1)</sup> Diluted loss per share amounts would be the same as the basic loss per share as the dilutive factors would be anti-dilutive.

It is the nature of junior exploration companies that there are no sales or revenue. There can be significant variances in the Company's reported loss from quarter to quarter arising from factors that are difficult to anticipate in advance or to predict from past results. For example, the granting of incentive stock options, which results in the recording of amounts for stock-based compensation, can be quite large in any given quarter.

There will not be variations due to seasonality as the climate in Mexico is amenable to year round exploration. However, mineral property expenditures can vary from quarter to quarter depending on when option payments are due and the stage of the exploration program (e.g. drilling may slow down for a period of time while results are analyzed, resulting in lower costs during that period).

## LIQUIDITY AND CAPITAL RESOURCES

Cangold does not have any operations that generate cash flow. The Company's financial success relies on management's ability to find economically viable mineral deposits. This process can take many years and is largely based on factors that are beyond the control of Cangold.

In order to finance its exploration activities and corporate overhead, the Company is dependent on investor sentiment remaining positive towards the exploration business generally, and towards Cangold in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate for mineral exploration, a company's track record and the

experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities.

The unaudited consolidated financial statements of the Company for the three and nine months ended March 31, 2010 were prepared in accordance with GAAP applicable to a going concern which assumes that the Company will realize its assets, discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the financial statements do not include any adjustments to the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Cangold has financed its activities through brokered and non-brokered private placements and a short form offering. Debt financing has not been used to fund property acquisitions and exploration and the Company has no current plans to use debt financing.

On December 21, 2009, the Company closed a non-brokered private placement financing of \$545,000 consisting of up to 10.9 million units at \$0.05 per unit (see "Financing Activities" section below).

#### *Cash and Financial Conditions*

The Company's cash and cash equivalents balance was \$169,093 at March 31, 2010 as compared to \$35,089 at June 30, 2009. The increase was due to a non-brokered private placement financing closed on December 21, 2009. The Company's financial instruments are all fully cashable at any time so there are no restrictions on availability of funds.

The Company had working capital of \$179,596 as at March 31, 2010 compared to \$55,848 as at June 30, 2009. The financing referred to above, will be adequate to fund the Company's activities and to cover corporate overhead for the current fiscal year.

The Company has no debt, does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

#### *Investing Activities*

Total cash proceeds of \$10,989 from the sale of capital assets were received during the third quarter of fiscal 2010.

#### *Financing Activities*

As at March 31, 2010, Cangold had 87,875,745 common shares issued and outstanding. During the nine months ended March 31, 2010, the Company issued 50,000 shares at \$0.045 towards the acquisition of the Los Venados property and 100,000 shares at \$0.045 for the acquisition of the Plomo property.

Cash flows from financing activities were \$609,355 for the nine months ended March 31, 2010. In December 2009, the Company closed a private placement offering of 10,900,000 units of the Company ("Units") at a price of \$0.10 per Unit to raise gross proceeds of \$545,000. The Company received \$522,078 net of cash issue costs during the quarter ended December 31, 2009. Each Unit comprised one common share and one non-transferable share purchase warrant. The securities issued in the private placement were subject to a hold period that expired April 22, 2010. Each whole warrant entitles the holder, upon exercise, to acquire one common share of the Company at a price of \$0.10 until December 20, 2010. The Company paid financing fees totaling \$22,922 of which \$10,500 related to finders' fees. The Company also issued 201,000 finder's warrants, which are exercisable at \$0.10 until December 20, 2010.

The financing proceeds will be used for further property acquisition investigations, and for general working capital.

During the nine month periods ended March 31, 2010 and 2009, no warrants were exercised to purchase common shares.

During the nine month periods ended March 31, 2010 and 2009, no options were exercised to purchase common shares.

### *Shares outstanding*

At the date of this MD&A, the Company had 87,875,745 common shares issued and had 11,101,000 warrants and 2,600,000 options outstanding.

### *Outlook*

It is anticipated that in the foreseeable future, Cangold will rely on the equity markets to meet its financing needs. However, in light of the weak global economic conditions, there is no assurance that equity market financings will be adequate or viable to fund the Company's exploration activities and to cover corporate overhead for the next twelve months. As a result, management has undertaken a plan to significantly reduce costs through a series of actions including, curtailing exploration activities, reducing overhead, and considering other financing alternatives for its operations. Although there is no assurance the Company will be successful in these actions, management expects that working capital will be sufficient to fund the Company's corporate activities without raising any additional capital during the next twelve months. Should the Company choose to initiate an exploration program or pursue acquisition opportunities within the next twelve months, additional financing will be required.

While the financial statements for the three and nine months ended March 31, 2010 were prepared on the basis of accounting principles applicable to a going concern, current market conditions including limited availability of financing cast substantial doubt upon the validity of this assumption.

Management reviews the approved work plans and budgets for the various exploration projects at regular intervals throughout the year and make revisions to the budgets for individual projects in response to exploration success (or the lack thereof) on such projects.

Management and the Board of Directors continuously review and examine proposals and projects for the Company and conduct their due diligence in respect of same.

### **TRANSACTIONS WITH RELATED PARTIES**

Included in expenses for the nine months ended March 31, 2010 are the following transactions with related parties totalling \$147,281:

- a) Paid or accrued consulting fees totalling \$19,843 to a company with directors in common.
- b) Paid or accrued consulting fees totalling \$17,133 to officers of the Company.
- c) Paid or accrued consulting fees totalling \$25,200 to companies controlled by directors of the Company.
- d) Paid or accrued consulting fees totalling \$58,361 to a company controlled by an officer of the Company.
- e) Paid or accrued office rent and administration costs totalling \$26,744 to a company with a director in common.

As at March 31, 2010, \$123,304 (June 30, 2009 - \$36,027) was due to officers, companies controlled by directors and an officer of the Company and to a company with common directors.

### **CRITICAL ACCOUNTING ESTIMATES**

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles and requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the assumptions used in determining the fair value of non-cash stock-based compensation. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from these estimates.

### **CHANGES IN ACCOUNTING POLICIES**

There were no changes in accounting policies during the three and nine months ended March 31, 2010.

## FUTURE ACCOUNTING PRONOUNCEMENTS

(a) Financial Instruments - Disclosures:

In June 2009, the CICA amended Section 3862, *Financial Instruments - Disclosures*, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

(b) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests:

The AcSB issued CICA sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which replaced sections 1581, *Business Combinations*, and 1600, *Consolidated Financial Statements*. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Early adoption is permitted for these new standards. The Company does not expect the adoption of these sections to have a material impact on its consolidated financial statements.

(c) Amendment to CICA 3855 – Financial Instruments – Recognition and Measurement:

The AcSB amended CICA 3855 to clarify when an embedded prepayment option is separated from its host debt instrument for accounting purposes. The amendment is applicable to interim and annual financial statements relating to years beginning on or after January 1, 2011. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

(d) International Financial Reporting Standards ("IFRS"):

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company has developed an IFRS conversion plan and has completed a preliminary assessment which prioritizes how each IFRS standard will impact the financial statements. The Company anticipates there will be changes in accounting policies and these changes may materially impact our financial statements but the impact cannot be reasonably estimated at this time. The Company does anticipate an increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the required information.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these instruments. Due to their short-term nature, the fair values of these financial instruments approximate their carrying values, unless otherwise noted.

## **FORWARD-LOOKING STATEMENTS**

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: risks and uncertainties relating to the interpretation and assumptions used in calculating resource estimates; the execution and outcome of current or future exploration activities; information included or implied in the various independently produced and published technical reports; anticipated drilling and resource estimation plans; differences in actual recovery rates, grades, and tonnage from those expected; the inherent uncertainty of production and cost estimates, risks and uncertainties relating to timing and amount of estimated future production, capital expenditures and cash flows; risks relating to our ability to obtain adequate financing for our planned activities and to complete further exploration programs; foreign currency fluctuations; commodity price fluctuations; risks related to governmental regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at [www.sedar.com](http://www.sedar.com).

Although Cangold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Cangold's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Cangold will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking statements, even if new information becomes available, as a result of future events or for any other reason.

## **ADDITIONAL SOURCES OF INFORMATION**

Additional information relating to Cangold can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.cangold.ca](http://www.cangold.ca).