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 **September 30, 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: November 19, 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 **September 30, 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: November 19, 2010

"Raakel S. Iskanius"

____

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 months ended September 30, 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)

	September 30, 2010	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 77,965	$ 103,163
Marketable securities	87,010	82,190
Amounts receivable (note 4)	127,404	126,569
Prepaid expenses and advances	15,185	19,858
	307,564	331,780
Mineral properties and equipment (note 6)	90,000	90,000
	$ 397,564	$ 421,780
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 114,365	$ 79,668
Due to related parties (note 9)	205,586	174,247
	319,951	253,915
Shareholders' equity:		
Capital stock (note 7)	10,563,423	10,563,423
Contributed surplus (note 7(c))	1,182,264	1,182,264
Accumulated comprehensive income (loss) (note 8)	34,771	22,451
Deficit	(11,702,845)	(11,600,273)
	77,613	167,865
Continuing operations (note 1)		
Subsequent events (note 10)		
	$ 397,564	$ 421,780

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 months ended September 30, 2010 and 2009

	September 30, 2010	September 30, 2009
Expenses:		
Amortization	$ -	$ 1,162
Consulting	12,885	11,001
Director fees	18,750	18,750
Filing fees	4,868	4,716
Foreign exchange loss	2,183	15,323
Investor relations/corporate development	12,799	13,372
Mineral property exploration expenditures (note 5)	14,449	24,415
General exploration expenses	5,924	54,244
Office and miscellaneous	3,607	8,627
Professional fees	22,449	23,660
Rent	6,890	5,450
Transfer agent fees	875	1,274
	105,679	181,994
Loss before undernoted	(105,679)	(181,994)
Interest expense	(2,023)	-
Gain on sale of marketable securities	5,130	-
	3,107	-
Loss for the period	(102,572)	(181,994)
Deficit, beginning of the period	(11,600,273)	(11,028,099)
Deficit, end of the period	$ (11,702,845)	$ (11,210,093)
Loss per share, basic and diluted	$ (0.00)	$ (0.01)
Weighted average number of outstanding Common shares	87,875,745	76,871,941

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 months ended September 30, 2010 and 2009

	September 30, 2010	September 30, 2009
Loss for the period	$ (102,572)	$ (181,994)
Unrealized gain on marketable securities	12,320	8,170
Comprehensive loss for the period	$ (90,252)	$ (173,824)

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Three months ended September 30, 2010 and 2009

	September 30, 2010	September 30, 2009
Cash flows used in operating activities:		
Net loss for the period	$ (102,572)	$ (181,994)
Adjustment to reconcile net loss to cash provided by operating activities:		
Amortization	-	1,162
Shares issued for mineral property exploration expenditures	-	2,250
Gain on sale of marketable securities	(5,130)	-
Changes in non-cash operating working capital:		
Accounts receivable	(835)	16,427
Prepaid expenses and advances	4,673	772
Accounts payable and accrued liabilities	34,697	(13,327)
Net cash used in operating activities	(69,167)	(174,710)
Cash flows provided by investing activities:		
Proceeds from sale of marketable securities	12,630	-
Net cash from investing activities	12,630	-
Cash flows from financing activities:		
Increase (decrease) in due to related parties	31,339	152,559
Net cash from financing activities	31,339	152,559
Increase (decrease) in cash and cash equivalents	(25,198)	(22,151)
Cash and cash equivalents, beginning of period	103,163	35,089
Cash and cash equivalents, end of period	$ 77,965	$ 12,938

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Three months ended September 30, 2010 and 2009

	September 30, 2010	September 30, 2009
Supplementary cash flow information:		
Interest expense paid	$ (1,055)	$ -

See accompanying notes to the consolidated financial statements.

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 ended September 30, 2010 and 2009, the Company recorded a loss of approximately $103,000 and $182,000, respectively, and used cash for operations of approximately $69,000 and $175,000, respectively. As at September 30, 2010, the Company had an accumulated deficit of approximately $11,700,000 and a negative working capital balance of $12,387. Furthermore, the Company has insufficient cash on hand to sustain operations for the next twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Notwithstanding 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.

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. The Company will need to raise approximately $500,000 within the next 12 months to sustain the current level of activity. The Company is actively looking for a significant acquisition which it will fund with a concurrent financing.

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.

Subsequent to September 30, 2010, the Company sold its remaining marketable securities for proceeds of $119,078 (Note 10).

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 have been condensed or omitted.

These interim period consolidated financial statements should be read together with the 2010 audited annual consolidated financial statements and the accompanying notes included in the Company's 2010 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.

3. RECENT ACCOUNTING PRONOUNCEMENTS:

(a) 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 Section 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 Section 1601 and CICA Section 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.

(b) 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.

(c) International Financial Reporting Standards (IFRS):

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 and restatement of the opening balance sheet as at July 1, 2010.

(Expressed in Canadian dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS (continued):

The execution of the Company's IFRS conversion plan is underway, including the evaluation of financial impact upon IFRS adoption, development of IFRS accounting policies, and redesign of business processes. 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.

4. AMOUNTS RECEIVABLE:

	September 30, 2010	June 30, 2010
Value added tax recoverable	$ 123,281	$ 124,716
Other	4,123	1,853
	$ 127,404	$ 126,569

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.

5. MINERAL PROPERTY EXPLORATION EXPENDITURES:

The continuity of expenditures on mineral properties for three months ended September 30, 2010 is as follows.

	Casummit (a)	Thorn (b)	Los Venados (c)	Plomo (d)	2010
Exploration expenditures:					
Option payments	$ -	$ -	$ -	$ -	$ -
Field costs	-	-	-	-	-
Drilling	-	-	-	-	-
Geology	-	-	-	-	-
Legal	-	-	-	-	-
Project Administration	1,040	-	5,352	8,057	14,449
Net expenditures during the period	-	-	5,352	8,057	14,449
Cumulative expenditures, beginning of period	1,189,229	1,973,691	576,404	755,668	4,494,992
Cumulative expenditures, end of period	$ 1,190,269	$1,973,691	$ 581,756	$ 763,725	$ 4,509,441

5. MINERAL PROPERTY EXPLORATION EXPENDITURES (continued):

(a) Casummit Lake property:

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.

The Company previously had a 51% participating interest in, and was the operator of, a Joint Venture formed for the exploration and development of the Casummit Lake mining claims located in the Red Lake Mining Division, Northwestern Ontario, commonly known as the Argosy Gold Mine property (the Argosy Property). Under the terms of the Joint Venture, the operator proposed the exploration programs. The expenditures disclosed in the table above reflect only the Company's proportionate 51% interest in the Casummit Lake property. The Company initially incurred 100% of costs under the exploration programs and recovered 49% of such costs from the 49% owner.

(b) Thorn property:

The Company had an undivided 51% interest in, and was the operator of, a Joint Venture formed for the exploration of the Check-Mate, Stuart and Thorn Claims ("Thorn property") which are situated in the Atlin Mining Division, Northwestern British Columbia. Under the terms of the Joint Venture, the operator proposed the exploration programs. The expenditures disclosed in the table above reflect only the Company's proportionate 51% interest in the Thorn property. The Company had initially incurred 100% of the costs under exploration programs and recovered 49% of such costs from the 49% owner.

On April 11, 2008, the Company signed an agreement with Rimfire Minerals Corp. (Rimfire) whereby Rimfire purchased Cangold's 51% interest in the Thorn Property in exchange for a cash payment of $100,000 and 100,000 shares in Rimfire with a fair value of $129,000. The Company is also entitled to 25% of any proceeds from the future sale or optioning of this property by Rimfire. Furthermore, the Company is to receive from Rimfire $1,000,000 or 250,000 Rimfire common shares, at Rimfire's election, should the Thorn property be placed into commercial production while Rimfire owns at least 10% of the property.

On August 5, 2009, Rimfire Minerals Corp. combined with Geoinformatics Exploration Inc. to form a new entity, Kiska Metals Corporation. Geoinformatics Exploration Inc. completed a one for three share consolidation and name change to Kiska Metals Corporation. Rimfire ceased trading and its shareholders received 0.87 common shares of Kiska Metals Corporation for each Rimfire common share held. Kiska Metals Corp. commenced trading under TSX-V symbol KSK on August 6, 2009.

On June 3, 2010, Kiska Metals Corp. entered into an option agreement with Brixton Metals Corporation on the Thorn Property. Under the Brixton/Kiska option agreement, Brixton may earn a 51% interest in the Thorn property by making cash payments totaling $200,000 and by issuing 400,000 shares and incurring $5 million in exploration expenses over a four year period. Brixton may earn an additional 14% by spending an additional $10 million over an additional three years if Kiska elects not to join venture. As per the Kiska (formerly Rimfire) and Cangold agreement, Cangold is entitled to receive 25% of cash and share payments made to Kiska in connection with future project deals.

(Expressed in Canadian dollars)

5. MINERAL PROPERTY EXPLORATION EXPENDITURES (continued):

(c) Los Venados:

On July 13, 2007, the Company signed an option agreement to acquire a 100% interest in the Los Venados Property in Sonora, Mexico. The Company could acquire a 100% interest in the Los Venados property by making staged cash payments totaling $250,000 ($90,000 was paid) and issuing 500,000 shares (300,000 shares were issued) over five years. The acquisition was subject to a 2% NSR, half of which could be purchased for $500,000.

The Company terminated its option on the Los Venados property on July 16, 2010.

(d) Plomo:

On November 9, 2007, the Company signed an option agreement to acquire a 100% interest in the Plomo Property in Sonora, Mexico. The Company can acquire a 100% interest in the Plomo property by making staged cash payments totaling $100,000 ($30,000 paid as of September 30, 2010) and issuing 700,000 shares (400,000 shares issued as of September 30, 2010) over five years. The Plomo Property is 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.

In consideration for the purchase, the Company must make further payments totaling $70,000 and issue 300,000 shares as follows:

In the calendar year of	2010	2011	2012	Total
Cash payments	$ 15,000	$ 25,000	$ 30,000	$ 70,000
Share payments	100,000	100,000	100,000	300,000

6. MINERAL PROPERTIES AND EQUIPMENT:

	September 30, 2010	June 30, 2010
Canada		
Mineral properties:		
Argosy mine (note 5(a))	$ 90,000	$ 90,000
	$ 90,000	$ 90,000

7. CAPITAL STOCK:

(a) Authorized:

Unlimited number of common shares without par value

(Expressed in Canadian dollars)

7. CAPITAL STOCK (continued):

(b) Issued:

	Number of shares	Assigned value
Balance, June 30, 2009	76,825,745	$10,036,563
Issue of shares pursuant to mineral property option agreements Los Venados and Plomo properties	150,000	6,750
Private placement at $0.05 per unit, net of costs(i)	10,900,000	522,078
Issue of warrants for financing services	-	(1,968)
Balance, June 30, 2010	87,875,745	10,563,423
Balance, September 30, 2010	87,875,745	$ 10,563,423

(i) 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 consisted 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.

(c) Contributed surplus:

Balance, June 30, 2009	$ 1,180,296
Issue of warrants for financing services	1,968
Balance, June 30, 2010	1,182,264
Balance, September 30, 2010	$ 1,182,264

(d) Warrants:

The continuity of share purchase warrants for 2010 is as follows:

Series	Exercise price	Expiry date	June 30, 2010	Issued	Exercised	Expired	September 30, 2010
Series "P"(i)	$0.10	Dec 20, 2010	10,900,000	-	-	-	10,900,000
Finder Warrants	$0.10	Dec 20, 2010	201,000	-	-	-	201,000
			11,101,000	-	-	-	11,101,000

(*i*) Note 7(b)(*i*).

(Expressed in Canadian dollars)

7. CAPITAL STOCK (continued):

(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

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, 2010	Granted	Cancelled/ expired	Exercised	September 30, 2010
$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	April 30, 2013	1,925,000	-	-	-	1,925,000
		2,600,000	-	-	-	2,600,000
Weighted average exercise price		$0.15	-	-	-	$0.15

As at September 30, 2010, 2,600,000 options with a weighted average exercise price of $0.15 (June 30, 2010 - $0.15) were exercisable. The weighted average remaining contractual life of the options is 2.44 years.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):

	September 30, 2010	June 30, 2010
Balance, beginning of period	$ 22,451	$ (24,750)
Unrealized gain loss on marketable securities	12,320	35,951
Other than temporary impairment loss on marketable securities	-	11,250
Balance, end of period	$ 34,771	$ 22,451

9. RELATED PARTY TRANSACTIONS:

Included in expenses are amounts totaling $26,161 (Q1FY10 - $60,595) 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 September 30, 2010, $205,586 (June 30, 2010 - $174,247) was due to officers, companies controlled by directors of the Company and to a company with common directors.

10. SUBSEQUENT EVENTS

(a) On November 9, 2010, the Company retained its option on the Plomo property by making the scheduled cash payment of $15,000 and issuing 100,000 shares to the owner of the Plomo property.

(b) Subsequent to September 30, 2010, the Company received proceeds of $119,078 from the sale of the remainder of its marketable securities.

CANGOLD LIMITED
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORM 51-102F1
For the period ended September 30, 2010

This Management's Discussion and Analysis ("MD&A") prepared as of November 19, 2010, reviews the financial condition and results of operations of Cangold Limited ("Cangold" or "the Company") for the three month financial period ended September 30, 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, 2010 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 September 30, 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.

RECENT DEVELOPMENTS

For the last two years, financing opportunities for junior exploration companies have been challenging. As such, Cangold's management has been looking for a project to acquire that is either in production or could be quickly brought into production, in order to provide cash flow and reduce the Company's reliance on capital markets. Two such opportunities were identified in the last fiscal year, out of many projects that were reviewed and, in some cases, visited. One of these was a producing gold mine in South America and the other was an open pit target in northern Mexico. After many months of due diligence and negotiations, however, both projects were removed from the market by the respective vendors who decided not to sell.

Set-backs such as these are frustrating and time-consuming but unavoidable. Nonetheless, Cangold's management is committed to finding a suitable project to revitalize the company and restore shareholder value. The focus remains on gold in Latin America. However, recent success by Gold Canyon Resources at their Springpole Project in the Birch Lake area of northern Ontario has revived attention in this region east of Red Lake that also hosts Cangold's 100% owned Argosy gold mine. As such, the Company may consider a renewed exploration effort at Argosy in the coming months.

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 an option to acquire a 100% interest in the Plomo property located in Sonora, Mexico. The Company also maintains a 100% interest in the past producing gold mine, Argosy, 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 a loss for the three months ended September 30, 2010 of $102,572, compared to a loss of $181,994 for the same period in the prior year. Cash outflows from operations of $69,167 for the three months ended September 30, 2010 compared to cash outflows from operations of $174,710 for the same period in fiscal 2010. The decreased loss in the current period compared to the first quarter of fiscal

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The Company incurred $14,449 in mineral property exploration expenditures during the three months ended September 30, 2010 (Q1FY10 - $24,415). The table in note 5 of the unaudited interim consolidated financial statements for the quarter summarizes the costs by property and type of expenditure.

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EXPLORATION ACTIVITIES AND PROPERTY EXPENDITURES

The Company did not conduct any exploration activities on its one Mexican project during the first quarter of fiscal 2011 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 its Plomo option 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.

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No field work was conducted on the Property during the three months ended September 30, 2010. Management believes however, that the Casummit Lake Property justifies further expenditures which will be required to fully test its potential.

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The Company could acquire a 100% interest in the Los Venados property by making staged cash payments totalling $250,000 ($75,000 paid) and issuing 500,000 shares (300,000 share issued) over 5 years. The acquisition was subject to a 2% net smelter return, half of which could be purchased for $500,000.

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The Company spent $576,000 in option and exploration costs, and additional expenditures would be required to adequately test the property's full potential. However, given the relatively low grades observed so far, management felt that the additional imminent payments required to keep the option current, as well as further exploration costs, were not justified in view of the current climate of market uncertainty.

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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.

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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 continues 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:

Drill Hole	From (m)	To (m)	Interval (m)	Au g/t
SP08-002	5.70	9.70	4.00	0.92
including	7.70	9.70	2.00	1.60
SP08-003	18.30	29.95	11.65	0.66
including	21.00	23.00	2.00	2.28
SP08-005	30.00	32.00	2.00	1.06
SP08-008	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 September 30, 2010) and issuing 700,000 shares (400,000 shares issued as of September 30, 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 [1]
September 30, 2010	$Nil	$(102,572)	$(0.00)
June 30, 2010	$Nil	$(107,442)	$(0.00)
March 31, 2010	$Nil	$(162,536)	$(0.00)
December 31, 2009	$Nil	$(120,222)	$(0.00)
September 30, 2009	$Nil	$(181,994)	$(0.01)
June 30, 2009	$Nil	$(159,118)	$(0.00)
March 31, 2009	$Nil	$(128,770)	$(0.00)
December 31, 2008	$Nil	$(131,247)	$(0.00)

[1] 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 months ended September 30, 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.

Cash and Financial Conditions

The Company's cash and cash equivalents balance was $77,965 at September 30, 2010 as compared to $103,163 at June 30, 2010. The Company's financial instruments are all fully cashable at any time so there are no restrictions on availability of funds.

The Company had a negative working capital of $12,387 as at September 30, 2010 compared with positive working capital of $77,865 as at June 30, 2010.

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

For the three months ended September 30, 2010, the Company's sold some marketable securities and generated cash inflows of $12,630 from investing activities (2009 - $nil).

Financing Activities

As at September 30, 2010, Cangold had 87,875,745 common shares issued and outstanding. No shares were issued for cash during the three months ended September 30, 2010.

During the three month period ended September 30, 2010, no warrants were exercised to purchase common shares (Q1 FY10 – nil). During the three month period ended September 30, 2010, no warrants were issued (Q1 FY10 – nil).

During the three month period ended September 30, 2010, no options were exercised to purchase common shares (Q1 FY10 – nil).

Cash flows from financing activities were $31,339 for the three months ended September 30, 2010, representing an increase in amounts due to related parties.

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. The level of exploration during the upcoming year will depend on the Company's ability to raise financing.

Management and the Board of Directors review 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 are the following transactions with related parties totalling $26,161:

a) Paid or accrued consulting fees totalling $4,443 to a company with directors in common.
b) Paid or accrued consulting fees totalling $4,500 to officers of the Company.
c) Paid or accrued consulting fees totalling $4,253 to companies controlled by directors of the Company.
d) Paid or accrued consulting fees totalling $3,825 to a company controlled by an officer of the Company.

e) Paid or accrued office rent and administration costs totalling $9,140 to a company with a director in common.

As at September 30, 2010, $205,586 (June 30, 2010 - $174,247) 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 and assessing mineral properties for impairment. 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 first quarter of fiscal 2011.

FUTURE ACCOUNTING PRONOUNCEMENTS

(a) 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.

(b) 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.

(c) International Financial Reporting Standards (“IFRS”):
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 and restatement of the opening balance sheet as at July 1, 2010.

The Company is developing 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.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no material off-balance sheet arrangements.

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.

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 or on the Company's website at www.cangold.ca.

CANGOLD LIMITED
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORM 51-102F1
For the period ended September 30, 2010

This Management's Discussion and Analysis ("MD&A") prepared as of November 19, 2010, reviews the financial condition and results of operations of Cangold Limited ("Cangold" or "the Company") for the three month financial period ended September 30, 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, 2010 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 September 30, 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.

RECENT DEVELOPMENTS

For the last two years, financing opportunities for junior exploration companies have been challenging. As such, Cangold's management has been looking for a project to acquire that is either in production or could be quickly brought into production, in order to provide cash flow and reduce the Company's reliance on capital markets. Two such opportunities were identified in the last fiscal year, out of many projects that were reviewed and, in some cases, visited. One of these was a producing gold mine in South America and the other was an open pit target in northern Mexico. After many months of due diligence and negotiations, however, both projects were removed from the market by the respective vendors who decided not to sell.

Set-backs such as these are frustrating and time-consuming but unavoidable. Nonetheless, Cangold's management is committed to finding a suitable project to revitalize the company and restore shareholder value. The focus remains on gold in Latin America. However, recent success by Gold Canyon Resources at their Springpole Project in the Birch Lake area of northern Ontario has revived attention in this region east of Red Lake that also hosts Cangold's 100% owned Argosy gold mine. As such, the Company may consider a renewed exploration effort at Argosy in the coming months.

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 an option to acquire a 100% interest in the Plomo property located in Sonora, Mexico. The Company also maintains a 100% interest in the past producing gold mine, Argosy, 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

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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 continues 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:

Drill Hole	From (m)	To (m)	Interval (m)	Au g/t
SP08-002	5.70	9.70	4.00	0.92
including	7.70	9.70	2.00	1.60
SP08-003	18.30	29.95	11.65	0.66
including	21.00	23.00	2.00	2.28
SP08-005	30.00	32.00	2.00	1.06
SP08-008	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 September 30, 2010) and issuing 700,000 shares (400,000 shares issued as of September 30, 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 [(1)]
September 30, 2010	$Nil	$(102,572)	$(0.00)
June 30, 2010	$Nil	$(107,442)	$(0.00)
March 31, 2010	$Nil	$(162,536)	$(0.00)
December 31, 2009	$Nil	$(120,222)	$(0.00)
September 30, 2009	$Nil	$(181,994)	$(0.01)
June 30, 2009	$Nil	$(159,118)	$(0.00)
March 31, 2009	$Nil	$(128,770)	$(0.00)
December 31, 2008	$Nil	$(131,247)	$(0.00)

[(1)] 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 months ended September 30, 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.

Cash and Financial Conditions

The Company's cash and cash equivalents balance was $77,965 at September 30, 2010 as compared to $103,163 at June 30, 2010. The Company's financial instruments are all fully cashable at any time so there are no restrictions on availability of funds.

The Company had a negative working capital of $12,387 as at September 30, 2010 compared with positive working capital of $77,865 as at June 30, 2010.

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

For the three months ended September 30, 2010, the Company's sold some marketable securities and generated cash inflows of $12,630 from investing activities (2009 - $nil).

Financing Activities

As at September 30, 2010, Cangold had 87,875,745 common shares issued and outstanding. No shares were issued for cash during the three months ended September 30, 2010.

During the three month period ended September 30, 2010, no warrants were exercised to purchase common shares (Q1 FY10 – nil). During the three month period ended September 30, 2010, no warrants were issued (Q1 FY10 – nil).

During the three month period ended September 30, 2010, no options were exercised to purchase common shares (Q1 FY10 – nil).

Cash flows from financing activities were $31,339 for the three months ended September 30, 2010, representing an increase in amounts due to related parties.

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. The level of exploration during the upcoming year will depend on the Company's ability to raise financing.

Management and the Board of Directors review 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 are the following transactions with related parties totalling $26,161:

a) Paid or accrued consulting fees totalling $4,443 to a company with directors in common.
b) Paid or accrued consulting fees totalling $4,500 to officers of the Company.
c) Paid or accrued consulting fees totalling $4,253 to companies controlled by directors of the Company.
d) Paid or accrued consulting fees totalling $3,825 to a company controlled by an officer of the Company.

e) Paid or accrued office rent and administration costs totalling $9,140 to a company with a director in common.

As at September 30, 2010, $205,586 (June 30, 2010 - $174,247) 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 and assessing mineral properties for impairment. 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 first quarter of fiscal 2011.

FUTURE ACCOUNTING PRONOUNCEMENTS

(a) 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.

(b) 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.

(c) International Financial Reporting Standards ("IFRS"):
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 and restatement of the opening balance sheet as at July 1, 2010.

The Company is developing 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.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no material off-balance sheet arrangements.

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.

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 or on the Company's website at www.cangold.ca.