

BC FORM 51-901F

QUARTERLY AND YEAR END REPORT

SCHEDULE A – FINANCIAL STATEMENTS

CANGOLD LIMITED

for the nine months ended March 31, 2004

Refer to the enclosed Financial Statements:

1. Balance Sheets as at March 31, 2004 and June 30, 2003.
2. Statements of Operations and Deficit for the three-month period from January 1, 2004 to March 31, 2004, the nine months ended March 31, 2004, the three-month period from January 1, 2003 to March 31, 2003 and the nine months ended March 31, 2003.
3. Statements of Cash Flows for the three-month period from January 1, 2004 to March 31, 2004, the nine months ended March 31, 2004, the three-month period from January 1, 2003 to March 31, 2003 and the nine months ended March 31, 2003.

CANGOLD LIMITED
BALANCE SHEETS
(Unaudited - Prepared by Management)

	March 31, 2004 \$	June 30, 2003 \$
ASSETS		
Current assets		
Cash and cash equivalents	1,086,933	350,648
Accounts receivable	278,912	76,590
Prepaid expenses	<u>87,584</u>	<u>89,363</u>
	1,453,429	516,601
Mineral properties	2,217,639	1,146,820
Capital assets	<u>6,121</u>	<u>16,069</u>
	<u>3,677,189</u>	<u>1,679,490</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	53,740	216,343
Due to related parties	<u>17,175</u>	<u>31,141</u>
	<u>70,915</u>	<u>247,484</u>
Shareholders' equity		
Capital stock	6,415,043	3,764,682
Contributed surplus	1,875	1,875
Deficit	<u>(2,810,644)</u>	<u>(2,334,551)</u>
	<u>3,606,274</u>	<u>1,432,006</u>
	<u>3,677,189</u>	<u>1,679,490</u>

APPROVED BY THE DIRECTORS

"Robert A. Archer" Director

"Kaare G. Foy" Director

CANGOLD LIMITED
STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)

	Three month period from Jan 1, 2004 to Mar 31, 2004 \$	Nine months ended Mar 31, 2004 \$	Three month period from Jan. 1, 2003 to Mar 31, 2003 \$	Nine months ended Mar 31, 2003 \$
EXPENSES				
Consulting	50,040	151,000	151,669	228,383
Depreciation	593	2,186	527	1,580
Directors fees	8,000	24,000	8,000	24,000
Exploration	950	950	135	635
Filing fees	4,242	27,568	6,899	13,958
Foreign exchange loss	11	37	1,438	3,789
Investor relations	50,909	69,864	14,420	41,568
Management fees	18,000	54,000	18,000	45,000
Office and miscellaneous	5,304	22,443	8,645	28,787
Printing	4,460	10,055	345	7,887
Professional fees	16,026	45,447	13,595	33,392
Rent	6,366	21,674	6,819	19,323
Telephone	9	209	139	227
Transfer agent fees	4,521	12,929	1,295	5,349
Travel	<u>15,156</u>	<u>25,691</u>	<u>9,591</u>	<u>22,799</u>
Loss before undernoted	(184,587)	(468,053)	(241,517)	(476,677)
Other expense				
Loss on disposal of capital asset	-	(5,040)	-	-
Write-off of mineral property	<u>-</u>	<u>(3,000)</u>	<u>(20,143)</u>	<u>(20,143)</u>
	<u>-</u>	<u>(8,040)</u>	<u>(20,143)</u>	<u>(20,143)</u>
Loss for the period	(184,587)	(476,093)	(261,660)	(496,820)
Deficit, beginning of period	<u>(2,626,057)</u>	<u>(2,334,551)</u>	<u>(1,824,591)</u>	<u>(1,589,431)</u>
Deficit, end of period	<u>(2,810,644)</u>	<u>(2,810,644)</u>	<u>(2,086,251)</u>	<u>(2,086,251)</u>
Loss per share		<u>(0.01)</u>		<u>(0.06)</u>

CANGOLD LIMITED
STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

	Three month period from Jan 1, 2004 to Mar 31, 2004 \$	Nine months ended Mar 31, 2004 \$	Three month period from Jan. 1, 2003 to Mar 31, 2003 \$	Nine months ended Mar 31, 2003 \$
Cash flows from (used in) operating activities				
Loss for the period	(184,587)	(476,093)	(261,660)	(496,820)
Items not involving cash:				
Depreciation	593	2,186	527	1,580
Loss on disposal of capital asset	-	5,040	-	-
Write-off of mineral property	-	3,000	20,143	20,143
Change in non-cash working capital items				
Accounts receivable	(130,283)	(202,322)	(6,111)	(39,691)
Prepaid expenses	(63,059)	1,779	20,491	43,715
Accounts payable	(17,523)	(162,603)	(151,033)	(50,482)
Shareholder advances	-	-	(45,000)	(45,000)
Due to related parties	<u>13,560</u>	<u>(13,966)</u>	<u>(106,051)</u>	<u>(5,859)</u>
	<u>(381,299)</u>	<u>(842,979)</u>	<u>(528,694)</u>	<u>(572,414)</u>
Cash flows from (used in) investing activities				
Mineral properties	(480,047)	(1,054,319)	(101,082)	(594,743)
Proceeds on disposal of capital asset	<u>-</u>	<u>2,722</u>	<u>-</u>	<u>-</u>
	<u>(480,047)</u>	<u>(1,051,597)</u>	<u>(101,082)</u>	<u>(594,743)</u>
Cash flows from (used in) financing activities				
Issuance of shares for cash, net of costs	889,550	2,630,861	1,404,287	1,839,412
Subscriptions received in advance	<u>-</u>	<u>-</u>	<u>(67,600)</u>	<u>-</u>
	<u>889,550</u>	<u>2,630,861</u>	<u>1,336,687</u>	<u>1,839,412</u>
Change in cash and cash equivalents	28,204	736,285	706,911	672,255
Cash and cash equivalents, beginning of period	<u>1,058,729</u>	<u>350,648</u>	<u>55</u>	<u>34,711</u>
Cash and cash equivalents, end of period	<u>1,086,933</u>	<u>1,086,933</u>	<u>706,966</u>	<u>706,966</u>

CANGOLD LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
Nine months ended March 31, 2004

1. BASIS OF PRESENTATION

The interim period financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the previous year.

The preparation of financial data is based on accounting principles and practices consistent with those in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance Canadian generally accepted accounting principles has been condensed or omitted.

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

2. NATURE AND CONTINUANCE OF OPERATIONS

Cangold Limited (formerly First Au Strategies Corp.) ("the Company") was continued under the Business Corporations Act (Yukon) on March 17, 1997. The Company changed its name to Cangold Limited on June 4, 2003.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete its exploration and development and upon future profitable production or proceeds from the disposition of the properties.

These interim period financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Continued operations of the Company are dependent on the ability of the Company's management to receive continued financial support and complete equity financing, or generate profitable operations in the future.

	March 31, 2004	June 30, 2003
Deficit	\$ (2,810,644)	\$ (2,334,551)
Working capital	\$ 1,382,514	\$ 269,117

CANGOLD LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
Nine months ended March 31, 2004

3. MINERAL PROPERTIES

	Birch Lake	Casummit Lake (a)	Leg Lake (b)	Thorn (c)	W.A.L.P. (d)	Total	
						Mar 31, 2004	Jun 30, 2003
Balance beginning of period	\$37,689	\$701,844	\$ -	\$407,287	\$ -	\$1,146,820	\$208,046
Option payments:							
Cash	-	20,000	3,000	50,000	-	73,000	39,000
Common shares	-	7,750	-	11,750	-	19,500	27,550
Staking	-	-	-	-	-	-	-
Analysis	3,363	10,882	-	22,144	-	36,389	13,317
Drilling	-	126,116	-	91,092	147,827	365,035	395,833
Field costs	18,931	110,743	-	153,622	-	283,296	272,564
Project admin	3,119	18,203	-	71,552	3,674	96,548	125,780
Geology	17,351	52,060	-	85,548	-	154,959	112,485
Geophysics	41,170	10,931	-	-	-	52,101	71,371
Linecutting	-	-	-	-	-	-	22,837
	83,934	356,685	3,000	485,708	151,501	1,080,828	1,080,737
Written-off during the period	-	-	(3,000)	-	-	(3,000)	(109,131)
Costs recovered	-	(7,009)	-	-	-	(7,009)	(32,832)
	83,934	349,676	-	485,708	151,501	1,070,819	938,774
Balance, end of period	\$121,623	\$1,051,520	\$ -	\$892,995	\$151,501	\$2,217,639	\$1,146,820

a) Casummit Lake Property:

Effective October 31, 2001, the Company entered into an option agreement which grants the Company the exclusive working right and option, for a period of two years, to purchase a 51% undivided interest in the Casummit Lake mining claims situated in the Red Lake Mining Division, Northwestern Ontario. In consideration for the working right and purchase option the Company paid \$10,000 and issued 100,000 common shares. In order to maintain in force the working right and purchase option, the Company must make payments and issue shares as follows:

- i) On or before October 31, 2002, the Company must pay \$10,000 and issue 50,000 common shares and incur expenditures of at least \$250,000 in respect of the mining claims;
- ii) On or before October 31, 2003, the Company must pay \$20,000 and issue 50,000 common shares and incur cumulative expenditures of at least \$650,000 in respect of the mining claims.

The Company may terminate the option agreement at any time or let it lapse by failing to pay any or all of the payments and make any or all of the share issuances referred to above. Upon exercising the option, the Company will then participate in a joint venture for the further exploration and development of the mining claims, with its initial participating interest being 51%.

During the year ended June 30, 2003, the Company made a cash payment of \$10,000, issued 50,000 common shares, and incurred in excess of \$250,000 in respect of the mining claims, in accordance with i) above. During the period ended September 30, 2003, the Company exercised its purchase option for a 51% interest in the Casummit Lake Property by exceeding the required expenditures of \$650,000, making the final payment of \$20,000 and issuing 50,000 common shares in accordance with ii) above. In doing so, the Company exercised its option to acquire the majority interest in the property. The Company is now the operator of the newly formed Joint Venture.

CANGOLD LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
Nine months ended March 31, 2004

b) Leg Lake Property:

Effective November 22, 2001, the Company entered into an option agreement which grants the Company the exclusive working right and option, for a period of four years, to purchase a 100% undivided interest in the mining claims comprising the Leg Lake property situated in the Red Lake Mining Division, Northwestern Ontario. In consideration for the working right and purchase option the Company paid \$5,000 and issued 25,000 common shares. In order to maintain in force the working right and purchase option, the Company must make payments and issue shares as follows:

- i) On or before November 22, 2002, the Company must pay \$8,000 (subsequently amended to \$4,000, amendment approved by the Exchange) and issue 25,000 common shares (subsequently amended to 40,000, amended approved by the Exchange);
- ii) On or before November 22, 2003, the Company must pay \$12,000 and issue 25,000 common shares;
- iii) On or before November 22, 2004, the Company must pay \$15,000 and issue 25,000 common shares;
- iv) On or before November 22, 2005, the Company may exercise the purchase option. Should the Company elect to proceed it must pay an additional \$45,000.

During the year ended June 30, 2003, the Company made a cash payment of \$4,000 and issued 40,000 common shares in accordance with i) above. As at June 30, 2003, it was management's intention to terminate the option agreement and as such the costs incurred on the Property to June 30, 2003 were written off. The Company officially terminated the option agreement on September 5, 2003 and paid \$3,000 as consideration for this termination. The \$3,000 was then written off.

c) Thorn Property:

Effective March 1, 2002, the Company entered into an option agreement which grants the Company the exclusive working right and option, for a period of three years, to purchase a 51% undivided interest in the Thorn Property situated in the Atlin Mining Division, Northwestern British Columbia. The Property is subject to a 3% Net Smelter Return royalty, of which 2% can be purchased from the underlying vendors for \$3,000,000. In consideration for the working right and purchase option the Company must pay \$15,000 and issue 100,000 common shares. In order to maintain in force the working right and purchase option, the Company must make payments and issue shares as follows:

- i) On or before March 1, 2003, the Company must pay \$25,000 and issue 50,000 common shares and incur expenditures of at least \$300,000 in respect of the mining claims;
- ii) On or before March 1, 2004, the Company must pay \$50,000 and issue 50,000 common shares and incur cumulative expenditures of at least \$700,000 in respect of the mining claims;
- iii) On or before March 1, 2005, the Company must pay \$100,000 and issue 50,000 common shares and incur cumulative expenditures of at \$1,200,000 in respect of the mining claims.

The Company may terminate the option agreement at any time or let it lapse by failing to pay any or all of the payments and make any or all of the share issuances referred to above. If the Company wishes to exercise the option, the optionor must first exercise its underlying option and the Company will then participate in a joint venture for the further exploration and development of the mining claims, with its initial participating interest being 51%.

During the year ended June 30, 2003, the Company made a cash payment of \$25,000, issued 50,000 common shares, and incurred in excess of \$300,000 in respect of the mining claims, in accordance with i) above. During the period ended March 31, 2004, the Company made a cash

payment
\$50,000 and issued 50,000 common shares.

of

CANGOLD LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Nine months ended March 31, 2004

d) West Abitibi Lake Property:

Effective January 30, 2004, the Company entered into an option agreement which grants the Company the exclusive working right and option, for a period of years, to purchase a 50% undivided interest in the mining claims comprising the West Abitibi Lake property situated in the Larder Lake Mining Division, Northeastern Ontario. In consideration for the working right and purchase option the Company will pay \$5,000 and issue 25,000 common shares. In order to maintain in force the working right and purchase option, the Company must make payments and issue shares as follows:

- i) On or before January 30, 2005, the Company must pay \$10,000 and issue 75,000 common shares and incur expenditures of at least \$150,000 in respect of the mining claims;
- ii) On or before January 30, 2006, the Company must pay \$10,000 and issue 50,000 common shares and incur additional expenditures of at least \$100,000 in respect of the mining claims;
- iii) On or before January 30, 2007, the Company must issue 50,000 common shares and incur additional expenditures of at least \$150,000 in respect of the mining claims for cumulative expenditures of \$400,000.

Upon exercising the option, the Company will then participate in a joint venture for the further exploration and development of the mining claims, with its initial participating interest being 50%.

4. CAPITAL ASSETS

March 31, 2004	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 7,803	\$ 5,652	\$ 2,151
Furniture and fixtures	-	-	-
Field equipment	<u>6,026</u>	<u>2,056</u>	<u>3,970</u>
	\$ 13,829	\$ 7,708	\$ 6,121

June 30, 2003	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 7,803	\$ 5,027	\$ 2,776
Furniture and fixtures	31,720	23,549	8,171
Field equipment	<u>6,026</u>	<u>904</u>	<u>5,122</u>
	\$ 45,549	\$ 29,480	\$ 16,069

CANGOLD LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
 Nine months ended March 31, 2004

5. CAPITAL STOCK

Authorized:
 Unlimited number of common shares without par value

Issued:

	Number of Shares	Amount
Balance as at June 30, 2002	6,986,466	\$ 1,673,691
Issued on exercise of stock options	40,000	5,200
Issued on short form offering, net of issue costs	2,828,500	429,925
Issued on private placements, net of issue costs	16,506,600	1,628,316
Issued for mineral properties	<u>165,000</u>	<u>27,550</u>
Balance as at June 30, 2003	26,526,566	3,764,682
Issued for mineral properties	100,000	19,500
Issued on exercise of stock options	100,000	13,000
Issued on exercise of "F" warrants	500,000	125,000
Issued on exercise of "G" warrants	6,887,000	1,033,050
Issued on exercise of finders' warrants	547,000	82,050
Issued on exercise of "I" warrants	1,400,000	210,000
Issued on private placements, net of issue costs	<u>9,303,750</u>	<u>1,167,761</u>
Balance as at March 31, 2004	<u>45,364,316</u>	<u>\$ 6,415,043</u>

Included in issued capital stock are 317,344 (June 30, 2003 - 357,010) common shares held in escrow. The Company filed an Amendment to the Escrow Agreement dated December 31, 2001 whereby the escrow shares will be released over a 72 month time period. During the year ended June 30, 2003, 39,666 escrow shares were released and during the nine-month period ended March 31, 2004 an additional 39,666 escrow shares were released.

6. OPTIONS AND WARRANTS

The Company, subject to acceptance by the TSX Venture Exchange (the "Exchange"), has reserved for issuance up to 10% of the issued common shares for incentive stock options to be granted to directors, officers, employees, consultants and other eligible persons. The exercise price of options is determined by the board of directors at the time of grant and may not be less than the discounted market price of the common shares at the date of grant, as determined under the policies of the Exchange. The options have expiry dates of no longer than 5 years.

CANGOLD LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
 Nine months ended March 31, 2004

As at March 31, 2004, the Company has incentive stock options outstanding as follows:

Number Of Shares	Exercise Price	Expiry Date
200,000	\$0.11	August 24, 2005
200,000	\$0.28	December 31, 2005
50,000	\$0.13	November 3, 2006
340,000	\$0.13	December 1, 2006
430,000	\$0.16	October 29, 2007
1,330,000	\$0.15	April 22, 2008
100,000	\$0.11	September 21, 2008
1,125,000	\$0.30	January 14, 2009

As at March 31, 2004, the Company has agents' options outstanding as follows:

Number of Shares	Exercise Price	Expiry Date
304,275	\$0.30	October 28, 2004

As at March 31, 2004, the Company has warrants outstanding as follows:

Type	Number of Warrants	Exercise Price	Expiry Date
Series "E"	3,554,500 (1)	\$0.30	October 28, 2004
Series "G"	4,740,000	\$0.20	March 19, 2005
Finders' Warrants	230,000	\$0.20	March 19, 2005
Series "H"	819,000	\$0.20	December 13, 2004
Finders' Warrants	163,800	\$0.20	December 13, 2004
Series "I"	5,950,000	\$0.15	April 5, 2005
Finders' Warrants	475,000	\$0.15	April 5, 2005
Series "J"	826,875	\$0.38	December 23, 2004
Finders' Warrants	165,375	\$0.38	December 23, 2004

(1) Two warrants for one common share.

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees totalling \$41,290 to a company with a director in common.
- b) Paid or accrued directors' fees totalling \$24,000 to directors of the Company.
- c) Paid or accrued management fees totalling \$54,000 to a company with a director in common.
- d) Paid or accrued office rent and administration costs totalling \$47,596 to a company with a director in common and \$7,750 to an officer of the Company.
- e) Paid or accrued geological consulting costs totalling \$17,420 to a company with a director in common.

Included in due to related parties is \$416 due to companies with directors in common and \$16,759 due to directors of the Company.

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

For the nine months ended March 31, 2004, significant non-cash transactions included:

- a) The Company issued 100,000 common shares for a deemed value of \$19,500 pursuant to the terms of option agreements on the mineral properties.

For the six months ended March 31, 2003, significant non-cash transactions included:

- a) The Company issued 165,000 common shares for a deemed value of \$27,550 pursuant to the terms of option agreements on the mineral properties.

9. LOSS PER SHARE

Loss per share amounts have been calculated and presented in accordance with the new recommendations of the Canadian Institute of Chartered Accountants which requires the use of the treasury stock method of calculating diluted loss per share and requires contingently issuable or returnable shares to be excluded from the calculation of weighted average number of shares outstanding until all conditions necessary for their issuance or release from escrow have been met. Basic loss per share continues to be calculated using the weighted average number of shares outstanding during the reporting period.

The new standard has been applied on a retroactive basis and has no impact on the amounts presented. The diluted loss per share is not disclosed as it is anti-dilutive in effect.

BC FORM 51-901F

QUARTERLY AND YEAR END REPORT

SCHEDULE B - SUPPLEMENTARY INFORMATION

CANGOLD LIMITED

for the nine months ended March 31, 2004

1. Analysis of expenses and deferred costs:

As disclosed separately in Schedule A - Financial Statements attached.

2. Related party transactions are as follows:

(a) Amounts due to related parties consist of:

- (i) \$416 due to companies with directors in common, and,
- (ii) \$16,759 due to directors of the Company.

(b) General and administrative expenses include the following:

- (i) Consulting fees of \$41,290 were paid or accrued to a company with a director in common.
- (ii) Directors' fees of \$24,000 were paid or accrued to directors of the Company.
- (iii) Management fees of \$54,000 were paid or accrued to a company with a director in common.
- (iv) Office rental and administration of \$47,596 were paid or accrued to a company with a director in common and \$7,750 were paid or accrued to an officer of the Company.

(c) Mineral properties include the following:

- (i) Geological consulting costs of \$17,420 were paid or accrued to a company with a director in common.

3. For the current fiscal year-to-date:

(a) Summary of securities issued during the period:

Date Of Issue	Type Of Security	Type Of Issue	Number Of Shares	Price Per Share	Total Proceeds	Type Of Consideration	Commission Paid
Sep 03, 03	Common	Property payment	50,000	\$0.155	\$ 7,750	Mineral property	N/A
Sep 19, 03	Common	Exercise of options	100,000	\$0.130	\$ 13,000	Cash	N/A
Oct 06, 03	Common	Private placement	7,650,000	\$0.100	\$ 765,000	Cash	\$38,000
Dec 24, 03	Common	Private placement	800,000	\$0.280	\$ 224,000	Cash	\$17,920
Dec 24, 03	Common	Private placement	853,750	\$0.320	\$ 273,200	Cash	\$21,856
Jan 28, 04	Common	Exercise "F" warrants	500,000	\$0.250	\$ 125,000	Cash	N/A
Mar 01, 04	Common	Property payment	50,000	\$0.235	\$ 11,750	Mineral property	N/A
Oct 16, 03	Common	Exercise "G" warrants	6,887,000	\$0.150	\$1,033,050	Cash	N/A
to							
Mar 19, 04							
Nov 07, 03	Common	Exercise Mar, 03 finders' warrants	547,000	\$0.150	\$ 82,050	Cash	N/A
to							
Mar 19, 04							
Feb 04, 04	Common	Exercise "I" warrants	1,400,000	\$0.150	\$ 210,000	Cash	N/A
to							
Mar 25, 04							

(b) Summary of options granted during the period:

Date	Number	Optionee	Exercise Price	Expiry Date
Aug 25, 03	200,000	Scott F. Gibson & Company Inc.	\$0.11	Aug 24, 05
Sep 22, 03	100,000	Robert A. Archer	\$0.11	Sep 21, 08
Jan 14, 04	200,000	Donald A. Mosher	\$0.28	Dec 31, 05
Jan 15, 04	250,000	Robert A. Archer	\$0.30	Jan 14, 09
Jan 15, 04	250,000	Kaare G. Foy	\$0.30	Jan 14, 09
Jan 15, 04	250,000	Bryan J. Frost	\$0.30	Jan 14, 09
Jan 15, 04	125,000	Wendy Ratcliffe	\$0.30	Jan 14, 09
Jan 15, 04	250,000	Richard Revelins	\$0.30	Jan 14, 09

4. As at March 31, 2004:

(a) Summary of share capital:

Authorized - unlimited number of common shares without par value

Issued and outstanding -	Number	\$
Issued	45,364,316	\$6,415,043

(b) Summary of options, warrants and convertible securities outstanding:

	Number	Exercise Price	Expiry Date
Stock Options	200,000	\$0.11	Aug 24, 05
Stock Options	200,000	\$0.28	Dec 31, 05
Stock Options	50,000	\$0.13	Nov 03, 06
Stock Options	340,000	\$0.13	Dec 01, 06
Stock Options	430,000	\$0.16	Oct 29, 07
Stock Options	1,330,000	\$0.15	Apr 22, 08
Stock Options	100,000	\$0.11	Sep 21, 08
Stock Options	1,125,000	\$0.30	Jan 14, 09
Agents' Options	304,275	\$0.30	Oct 28, 04
Series "E" Warrants	3,554,500 ⁽¹⁾	\$0.30	Oct 28, 04
Series "G" Warrants	4,740,000	\$0.20	Mar 19, 05
Finders' Warrants	230,000	\$0.20	Mar 19, 05
Series "H" Warrants	819,000	\$0.20	Dec 13, 04
Finders' Warrants	163,800	\$0.20	Dec 13, 04
Series "I" Warrants	5,950,000	\$0.15	Apr 05, 05
Finders' Warrants	475,000	\$0.15	Apr 05, 05
Series "J" Warrants	826,875	\$0.38	Dec 23, 04
Finders' Warrants	165,375	\$0.38	Dec 23, 04

Note ⁽¹⁾ Two warrants for one common share.

(c) Total number of shares subject to escrow or pooling agreements:

Escrow shares	317,344
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5. As at the date of this report:

The names of the directors and officers are as follows:

Robert A. Archer	Director, President
Kaare G. Foy	Director, Chief Financial Officer
Bryan J. Frost	Director, Executive Chairman
Richard Revelins	Director
Wendy Ratcliffe	Secretary

BC FORM 51-901F

QUARTERLY AND YEAR END REPORT

SCHEDULE C - MANAGEMENT DISCUSSION AND ANALYSIS

CANGOLD LIMITED

for the nine months ended March 31, 2004

Description of Business

Effective June 4, 2003, the Company changed its name to CANGOLD LIMITED, with no consolidation of share capital. The new name was chosen to more accurately reflect the Company's business of exploring for and developing precious metal deposits in Canada. The name change was approved by the appropriate regulatory authorities and by shareholders at a special general meeting held on May 28, 2003.

Effective October 31, 2001, the Company entered into an option agreement with Wolfden Resources Inc. ("Wolfden") to acquire an undivided 51% interest in the Casummit Lake Property. In consideration, the Company will make \$40,000 in cash payments, issue 200,000 shares and incur \$650,000 in exploration expenditures. The earn-in period will be two years. During the year ended June 30, 2002, the initial option payment of \$10,000 was made and the initial 100,000 shares, having a deemed price of \$0.17 per share, were issued. The Company also acquired, by staking, 50 claim units located in the Red Lake Mining Division, Northwestern Ontario. These claim units are contiguous to the 51 claim units, which are the subject property of the option agreement with Wolfden, described above, and are collectively designated as the "Casummit Lake Property". During the year ended June 30, 2003, the Company made the second option payment of \$10,000, issued 50,000 shares, at a deemed price of \$0.21 per share and incurred in excess of \$650,000 in exploration expenditures. During the period ended September 30, 2003, the Company exercised its purchase option for a 51% interest in the Property by exceeding the required exploration expenditures of \$650,000, making the final option payment of \$20,000 and issuing 50,000 common shares, at a deemed price of \$0.155 per share, pursuant to the terms of the option agreement. In doing so, the Company exercised its option to acquire the majority interest in the Property. The Company is now the operator of the newly formed Joint Venture.

Effective November 22, 2001, the Company entered into an option agreement with Perry English to acquire an undivided 100% interest in the Leg Lake Property. In consideration, the Company will make \$85,000 in cash payments and issue 100,000 shares on or before the fourth anniversary of the option agreement. During the year ended June 30, 2002 the initial option payment of \$5,000 was made and the initial 25,000 shares, having a deemed price of \$0.20 per share, were issued. The Company also acquired, by staking, 186 claim units in the Red Lake Mining Division, Northwestern Ontario. These claim units together with the 35 claim units, which are the subject property of the option agreement with Perry English, described above, are collectively designated as the "Leg Lake Property". During the year ended June 30, 2003, the option agreement was amended by reducing the cash component, due on the first anniversary date, from \$8,000 to \$4,000 and by increasing the share component, due on the first anniversary date, from 25,000 share to 40,000 shares. The amendment was approved by the Exchange, the 40,000 shares were issued at a deemed price of \$0.17 per share and the \$4,000 cash payment was made. As at June 30, 2003, it was management's intention to terminate the option agreement and as such the costs incurred on the Property to June 30, 2003 were written off. The Company officially terminated the option agreement on September 5, 2003 and paid \$3,000 as consideration for this termination. The \$3,000 was then written off.

Effective March 1, 2002, the Company entered into an option agreement with Rimfire Minerals Corporation to acquire an undivided 51% interest in the Thorn Property located in the Atlin Mining Division, Northwestern British Columbia. The property consists of 11 mineral claims, totalling 207 contiguous claim units. In consideration, the Company will make \$190,000 in cash payments, issue 250,000 shares and incur \$1,200,000 in exploration expenditures. The earn-in period will be three years. During the year ended June 30, 2002, the initial option payment of \$15,000 was made and the initial 100,000 shares, having a deemed price of \$0.25 per share, were issued. During the year ended June 30, 2003, the Company made the second option payment of \$25,000, issued 50,000 shares, at a deemed price of \$0.12 per share and acquired, by staking, an additional 187 claim units, in 10 claims contiguous to the original package, such that the Thorn Property now consists of 21 claims (394 claim units). During the period of this report, the Company made the third option payment of \$50,000 and issued 50,000 shares at a deemed price of \$0.235 per share.

During the year ended June 30, 2002, the Company acquired, by staking, 240 claim units in the Red Lake Mining Division, Northwestern Ontario and are collectively designated as the "Birch Lake Property".

During the period of this report, effective January 30, 2004, the Company entered into an option agreement with Boulder Mining Corporation to acquire an undivided 50% interest in the West Abitibi Lake Property located in the Larder Lake Mining Division, Northeastern Ontario. The property consists of 487 claim units. In consideration, the Company will make \$25,000 in cash payments, issue 200,000 shares and incur \$400,000 in exploration expenditures. The earn-in period will be three years.

Operations and Financial Conditions

The Company reports a loss of \$476,093 and cash outflows from operations of \$842,979 for the nine months ended March 31, 2004 compared with a loss of \$496,820 and cash outflows from operations of \$572,414 for the same nine-month period in the previous year.

As at March 31, 2004, amounts due to related parties consisted of \$416 due to companies with directors in common and \$16,759 due to directors of the Company.

During the period ended March 31, 2004, related party transactions included in general and administrative expenses consisted of consulting fees of \$41,290 paid or accrued to a company with a director in common, directors' fees of \$24,000 paid or accrued to directors of the Company, management fees of \$54,000 paid or accrued to a company with a director in common, office rental and administration of \$47,596 paid or accrued to a company with a director in common and \$7,750 paid or accrued to an officer of the Company and geological consulting costs of \$17,420 paid or accrued to a company with a director in common.

During the year ended June 30, 2002, the Company received approval from the TSX Venture Exchange ("the Exchange") to amend the escrow agreement dated February 27, 1997. The amendment converted the 396,676 shares remaining in escrow to a timed-release basis pursuant to the uniform escrow regime outlined in Canadian Securities administrators' Notice 46-301 and Canadian Venture Exchange Bulletin dated June 15, 2001, subject to an initial release time period of 72 months and providing for early release upon graduation as set out in the proposed uniform escrow regime. A 5% escrow release of 19,833 shares was affected on August 8, 2002, February 10, 2003, August 8, 2003 and February 8, 2004.

During the period ended September 30, 2003, on July 4, 2003, options to purchase 70,000 common shares exercisable at a price of \$0.31 per share expired.

During the period ended September 30, 2003, the Company entered into an agreement with Scott F. Gibson & Company Inc. (the "Consultant") to provide consulting services for a monthly fee of \$5,000 for an initial period of twelve months. The Consultant was also granted an option to purchase up to 200,000 common shares exercisable at \$0.11 per share vesting in four increments and expiring on August 24, 2005.

During the period ended September 30, 2003, the Company granted to a director, options to purchase 100,000 common shares exercisable at a price of \$0.11 per share until September 21, 2008.

During the period of this report, the Company entered into an agreement with AM Capital (now B&D Capital Partners) (the "Consultant") to provide investor relations services for a monthly fee of \$2,000 for an initial period of twelve months. The Consultant was also granted an option to purchase up to 200,000 common shares exercisable at \$0.28 per share vesting in four increments and expiring on December 31, 2005.

During the period of this report, the Company granted to directors and officers, options to purchase 1,125,000 common shares exercisable at a price of \$0.30 per share until January 14, 2009.

During the period ended March 31, 2004, no material contracts or commitments were entered into other than those described above under "Description of Business" and "Operations and Financial Conditions" and below under "Financings, Principal Purposes and Milestones", the Company was without legal proceedings, contingent liabilities, default under debt or other contingent obligations, no management changes were made and no special resolutions were passed by shareholders.

Subsequent Events

No other significant events or transactions have occurred during the time from the date of the financial statements up to the date of this report, other than those described below under "Financings, Principal Purposes and Milestones".

Financings, Principal Purposes and Milestones

During the period ended September 30, 2003, options to purchase 100,000 common shares at a price of \$0.13 per share were exercised for total proceeds of \$13,000.

During the period this report, on March 29, 2004, Series D warrants to purchase 330,000 common shares at a price of \$0.30 per share expired.

During the period of this report, Series F warrants to purchase 500,000 common shares at a price of \$0.25 per share were exercised for total proceeds of \$125,000.

During the period ended December 31, 2003, Series G warrants to purchase 3,382,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$507,300 and finders' warrants to purchase 355,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$53,250. During the period of this report, Series G warrants to purchase 3,505,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$525,750 and finders' warrants to purchase 192,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$28,800.

During the period ended December 31, 2003, the Company received acceptance from the Exchange and issued through a private placement 7,650,000 units at \$0.10 per unit for gross proceeds of \$765,000. Each unit consists of one common share and one non-transferable Series I share purchase warrant ("Series I warrant"). Each Series I warrant entitles the holder to purchase one common share at \$0.15 until April 5, 2005. The Company also granted warrants to finders to purchase up to 475,000 common shares. The finders' warrants are exercisable at the same prices and in the same time periods as the Series I warrants. During the period of this report, Series I warrants to purchase 1,400,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$210,000 and subsequent to the period of this report, Series I warrants to purchase 450,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$67,500.

During the period ended December 31, 2003, the Company received acceptance from the Exchange, and issued through a private placement 1,653,750 units for gross proceeds of \$497,200. The placement consists of 853,750 flow-through units at \$0.32 per flow-through unit and 800,000 non flow-through units at \$0.28 per non flow-through unit. Each flow-through unit consists of one flow-through common share

and one-half of one non flow-through Series J share purchase warrant ("Series J warrant"). Each non flow-through unit consists of one non flow-through common share and one-half of one non flow-through Series J share purchase warrant. Each Series J warrant entitles the holder to purchase one non flow-through common share at \$0.38 until December 23, 2004. The Company also granted warrants to finders to purchase up to 475,000 common shares. The finders' warrants are exercisable at the same prices and in the same time periods as the Series J warrants.

The Company did not undertake any financings during the period of this report.

Liquidity and Solvency

The Company has incurred operating losses and cash outflows from operations in the periods ended March 31, 2004 and 2003 and has a working capital of \$1,382,514 as at the period ended March 31, 2004 compared with a working capital of \$269,117 as at the year ended June 30, 2003. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going-concern basis which assumes the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.