

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

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

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*) of **Cangold Limited** (the issuer) for the interim period ending September 30, 2007;
2. Based on my knowledge, 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. Based on my knowledge, 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 and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, 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; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: November 29, 2007

"Robert A. Archer"

Robert A. Archer
President and Chief Executive Officer

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, **Kaare G. Foy, Chief Financial Officer of Cangold Limited**, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*) of **Cangold Limited** (the issuer) for the interim period ending September 30, 2007;
2. Based on my knowledge, 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. Based on my knowledge, 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 and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, 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; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: November 29, 2007

"Kaare G. Foy"

Kaare G. Foy
Chief Financial Officer

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

CANGOLD LIMITED

Three months ended September 30, 2007 and 2006

**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, 2007	June 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 543,109	\$ 710,753
Marketable securities	13,500	17,000
Amounts receivable	21,968	9,094
Prepaid expenses and advances	12,542	9,301
	<u>591,119</u>	<u>746,148</u>
Reclamation deposit	25,800	25,800
Equipment (note 4)	28,814	30,866
	<u>\$ 645,733</u>	<u>\$ 802,814</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 101,347	\$ 53,804
Due to related parties (note 6)	3,604	2,862
	<u>104,951</u>	<u>56,666</u>
Shareholders' equity:		
Capital stock (note 5)	8,582,589	8,539,254
Contributed surplus (note 5(c))	873,464	882,299
Accumulated comprehensive income (loss)	(3,500)	-
Deficit	<u>(8,911,771)</u>	<u>(8,675,405)</u>
	540,782	746,148
Continuing operations (note 1)		
Subsequent events (note 7)		
	<u>\$ 645,733</u>	<u>\$ 802,814</u>

See accompanying notes to the unaudited interim consolidated financial statements.

Approved on behalf of the Board:

"Robert A. Archer" Director

"Kaare G. Foy" Director

CANGOLD LIMITED

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

Three months ended September 30, 2007 and 2006

	September 30, 2007	September 30, 2006
Expenses:		
Amortization	\$ 2,052	\$ 159
Consulting	31,651	26,200
Director fees	18,750	15,000
Filing fees	7,367	3,343
Foreign exchange loss	6,754	-
Investor relations	23,196	15,513
Mineral property exploration expenditures (note 3)	115,921	432
General exploration expenses	6,869	-
Office and miscellaneous	9,571	6,519
Printing	1,011	-
Professional fees	5,024	2,210
Rent	4,950	5,102
Transfer agent fees	1,995	2,143
Travel	6,293	4,559
Stock-based compensation	-	5,600
	241,404	86,780
Loss before undernoted	(241,404)	(86,780)
Interest income	5,038	6,402
Loss for the period	(236,366)	(80,378)
Other comprehensive income (loss) net of tax		
Unrealized gain (loss) on marketable securities	(3,500)	-
Loss and comprehensive income (loss)	\$ (239,866)	\$ (80,378)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of outstanding Common shares	62,824,026	62,688,483

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

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

Three months ended September 30, 2007 and 2006

	September 30, 2007	September 30, 2006
Deficit, beginning of the period	\$ (8,675,405)	\$ (8,282,469)
Loss for the period	(236,366)	(80,378)
Deficit, end of the period	\$ (8,911,771)	\$ (8,362,847)

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, 2007 and 2006

	September 30, 2007	September 30, 2006
Cash flows used in operating activities:		
Net loss for the period	\$ (236,366)	\$ (80,378)
Adjustment to reconcile net loss to cash provided by operating activities:		
Amortization	2,052	159
Stock-based compensation	-	5,600
Changes in non-cash operating working capital:		
Accounts receivable	(12,874)	(3,678)
Prepaid expenses and advances	(3,242)	2,408
Accounts payable and accrued liabilities	47,543	3,169
Net cash used in operating activities	(202,887)	(72,720)
Cash flows from financing activities:		
Increase (decrease) in due to related parties	743	(20,266)
Proceeds from exercise of warrants	4,500	-
Proceeds from exercise of options	30,000	
Net cash from financing activities	35,243	(20,266)
Increase (decrease) in cash and cash equivalents	(167,644)	(92,986)
Cash and cash equivalents, beginning of period	710,753	1,064,147
Cash and cash equivalents, end of period	\$ 543,109	\$ 971,161

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

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, 2007 and 2006, the Company recorded a loss of approximately \$236,366 and \$80,378, respectively, and used cash for operations of approximately \$202,887 and \$72,720, respectively. As at September 30, 2007, the Company had an accumulated deficit of approximately \$8,911,771 and a positive working capital balance of \$486,168.

The ability of the Company to continue as a going concern and to realize its assets and discharge its liabilities when due in the normal course of business 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. These financial statements do not include any adjustments that might result from the outcome of these uncertainties.

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation:

Certain information and footnote disclosures normally included in unaudited interim financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted in these interim period financial statements and therefore should be read in conjunction with the audited financial statements and the accompanying notes included in the Company's latest annual filing. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the previous year where applicable. In the opinion of the Company, these unaudited interim period financial statements contain all adjustments in order to present a fair statement of the results of the interim period.

The interim period financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in recent annual financial statements.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

These interim period consolidated financial statements should be read together with the 2007 audited annual consolidated financial statements and the accompanying notes included in the Company's 2007 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.

Changes in Accounting Policies

Effective July 1, 2007, the Company has adopted CICA Handbook Section 3855 *Financial Instruments – Recognition and Measurement*, Section 3865 *Hedges*, and Section 1530 *Comprehensive Income*.

Section 3855, *Financial Instruments*, requires that all financial assets, except those classified as held-to-maturity, loans and receivables, are measured at fair value. All financial liabilities are measured at fair value when they are classified as held-for-trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair value (or marked to market) based on quoted market prices with unrealized gains or losses recognized as other comprehensive income. Those instruments classified as held-for-trading, have gains or losses included in earnings in the period in which they arise.

Section 3865, *Hedges*, establishes standards for when and how hedge accounting may be applied. The Company has not designated any agreements as hedges.

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period from transactions and other events arising from non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale. A fair value adjustment of \$3,500 relating to marketable securities has been recognized in other comprehensive income for the three months ended September 30, 2007.

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

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

3. MINERAL PROPERTY EXPLORATION EXPENDITURES:

	Casummit (a)	Thorn (b)	Los Venados (c)	Plomo (d)	2007
Exploration expenditures:					
Option payments	\$ -	\$ -	\$ 24,423	\$ -	\$ 24,423
Field costs	-	-	6,000	-	6,000
Geology	-	-	58,063	12,196	70,259
Legal	-	-	6,646	1,996	8,642
Project Administration	-	-	6,597	-	6,597
Net expenditures during the year	-	-	101,729	14,192	115,921
Cumulative expenditures, beginning of period	1,176,657	2,241,624	-	-	3,418,281
Cumulative expenditures, end of period	\$ 1,176,657	\$ 2,241,624	\$ 101,729	\$ 14,192	\$ 3,534,202

(a) Casummit Lake property:

The Company has a 51% participating interest in, and is 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. Under the terms of the Joint Venture, the operator proposes the exploration programs. The expenditures disclosed in the table above reflect only the Company's proportionate 51% interest in the Casummit Lake property. To date, the Company has initially incurred 100% of costs under exploration programs and recovered 49% of such costs from the 49% owner. No expenditures were incurred during the three months ended September 30, 2007 or 2006.

(b) Thorn property:

The Company has an undivided 51% interest in, and is the operator of, a Joint Venture formed for the exploration of the Check-Mate, Stuart and Thorn Claims which are situated in the Atlin Mining Division, Northwestern British Columbia. Under the terms of the Joint Venture, the operator proposes the exploration programs. The expenditures disclosed in the table above reflect only the Company's proportionate 51% interest in the Thorn property. To date, the Company has initially incurred all 100% of costs under exploration programs and recovered 49% of such costs from the 49% owner. No expenditures were incurred during the three months ended September 30, 2007 (\$432 – Q1FY07).

The Company is contingently liable for the site restoration of the mineral property under the regulations of the Mines Act (the "Act") of the Province of British Columbia. The required deposit under the Act is supported by a term deposit held by the Company in the amount of \$25,800.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

3. MINERAL PROPERTY EXPLORATION EXPENDITURES (continued):

(c) Los Venados:

On July 23, 2007, the Company signed an option agreement to acquire a 100% interest in the Los Venados Property in Sonora, Mexico. Cangold can acquire a 100% interest in the Los Venados property by making staged cash payments totaling CDN\$250,000 and issuing 500,000 shares over 5 years. The acquisition is subject to a 2% NSR, half of which can be purchased for CDN\$500,000.

(d) Plomo:

Subsequent to September 30, 2007, the Company finalized an option agreement to acquire a 100% interest in the Plomo Property in Sonora, Mexico. Cangold can acquire a 100% interest in the Plomo property by making staged cash payments totaling CDN\$100,000 and issuing 700,000 shares over 5 years, subject to a 2% NSR, half of which can be purchased for CDN\$500,000. The Company will also issue to the vendor 500,000 warrants priced at \$0.50 and valid for a two-year period from the date of the signing of the agreement. The acquisition is subject to regulatory approval.

4. EQUIPMENT:

September 30, 2007	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,390	\$ 3,033	\$ 5,357
Field equipment	30,729	7,272	23,457
	\$ 39,119	\$ 10,305	\$ 28,814

June 30, 2007	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 12,926	\$ 7,136	\$ 5,790
Field equipment	30,729	5,653	25,076
	\$ 43,655	\$ 12,789	\$ 30,866

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

5. CAPITAL STOCK:

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued:

	Number of shares	Stated value
Balance, June 30, 2006	62,688,483	8,529,254
Exercise of "L" warrants	100,000	10,000
Balance, June 30, 2007	62,788,483	\$ 8,539,254
Exercise of stock options at \$0.15 per share	200,000	30,000
Exercise of "M" warrants	30,000	4,500
Reclass from contributed surplus on exercise of stock options		8,835
Balance September 30, 2007	63,018,483	\$ 8,582,589

Included in issued capital stock are 39,668 (June 30, 2007 – 79,336) common shares held in escrow. The Company filed an Amendment to the Escrow Agreement dated December 21, 2001 whereby the escrow shares will be released over a 72 month time period. During the three-month period ended September 30, 2007 39,668 escrow shares were released pursuant to the amendment to the escrow agreement, compared to 39,668 in the same period last year.

(c) Contributed surplus:

Balance, June 30, 2006	\$ 836,738
Stock-based compensation for non-employee awards	45,561
Balance, June 30, 2007	\$ 882,299
Reclassification to common shares on exercise of stock options	(8,835)
Balance, September 30, 2007	\$ 873,464

(d) Warrants:

Series	Exercise price	Expiry date	June 30, 2007	Issued	Exercised	Expired	September 30, 2007
Series "M"	0.15	Apr 26, 2008	6,666,667	-	30,000	-	6,636,667

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

5. 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, 2007	Granted	Cancelled/expired	Exercised	September 30, 2007
\$0.16	October 29, 2007	430,000	-	-	-	430,000
0.15	April 22, 2008	1,330,000	-	-	-	1,330,000
0.11	September 21, 2008	100,000	-	-	-	100,000
0.30	January 14, 2009	1,125,000	-	-	-	1,125,000
0.16	September 7, 2009	200,000	-	-	-	200,000
0.12	March 29, 2010	1,700,000	-	-	-	1,700,000
0.17	April 30, 2008	200,000	-	-	-	200,000
0.15	May 7, 2011	500,000	-	-	-	500,000
0.15	August 2, 2007	150,000	-	-	(150,000)	-
0.15	May 3, 2012	500,000	-	-	(50,000)	450,000
		6,235,000	-	-	(200,000)	6,035,000
Weighted average exercise price		\$0.17	-	-	(0.15)	0.17

As at September 30, 2007, 6,035,000 options with a weighted average exercise price of \$0.17 were exercisable.

The weighted average fair value of options granted during the period was nil (Q1FY07 - \$0.15).

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three months ended September 30, 2007 and 2006

5. CAPITAL STOCK (continued):

The average fair value per option was determined using the following weighted average assumptions:

	September 30, 2007	June 30, 2007
Risk-free interest rate	-	4.10%
Dividend yield	-	0%
Expected life	-	4 years
Volatility	-	83%

6. RELATED PARTY TRANSACTIONS:

Included in expenses are amounts totaling \$17,450 (Q1FY07 - \$39,502) for consulting, accounting, rent and office charged to the Company by officers, directors or companies controlled by the directors of the Company.

As at September 30, 2007, \$3,604 (June 30, 2007 - \$2,862) was due to an officer and to a company controlled by a director of the Company.

7. SUBSEQUENT EVENTS

- (a) Subsequent to September 30, 2007, the Company signed an option agreement to acquire a 100% interest in the Plomo Property in Sonora, Mexico. Cangold can acquire a 100% interest in the Plomo property by making staged cash payments totaling CDN\$100,000 and issuing 700,000 shares over 5 years, subject to a 2% NSR, half of which can be purchased for CDN\$500,000. The Company will also issue to the vendor 500,000 warrants priced at \$0.50 and valid for a two-year period from the date of the signing of the agreement. The acquisition is subject to regulatory approval.
- (b) On October 11, 2007, the Company issued 150,000 shares in compliance with the terms of the Los Venados option agreement.
- (c) Subsequent to the period end, 430,000 options expired. The options had an expiry date of October 29, 2007 and an exercise price of \$0.16.

CANGOLD LIMITED

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

For the period ended September 30, 2007

This Management's Discussion and Analysis ("MD&A") prepared as of November 27, 2007, reviews the financial condition and results of operations of Cangold Limited ("Cangold" or "the Company") for the three month financial period ended September 30, 2007, 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, 2007 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, 2007.

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

DESCRIPTION AND OVERVIEW OF BUSINESS

Cangold Limited is an active resource exploration company listed on the TSX Venture Exchange, trading under the symbol "CLD". During the period, the Company signed an option agreement to acquire a 100% interest in the Los Venados Property in Sonora, Mexico. Subsequent to September 30, 2007, the Company signed an option agreement to acquire a 100% interest in the Plomo Property, also in Sonora. The Company still maintains an interest in two precious and base metal exploration properties in Canada, principally in northern Ontario and northwestern British Columbia.

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 equity 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 also makes use of joint ventures to share the costs and risks associated with exploring some of its mineral properties.

RESULTS OF OPERATIONS

The Company reports a loss of \$236,366 and cash outflows from operations of \$202,887 for the quarter ended September 30, 2007 compared with a loss of \$80,378 and cash outflows from operations of \$72,720 for the three months ended September 30, 2006 ("Q1-FY07"). The increased loss in the current period can be attributed to the fact that the Company acquired an exploration property in Mexico and commenced field work thereon. The shift to Mexico is a result of the Company's assessment that there exists a greater potential to secure a quality exploration project in that country, which is amenable to year-round exploration.

General and administrative expenses, excluding mineral property exploration expenditures and stock-based compensation, for the three months ended September 30, 2007 were \$125,483 compared with \$80,748 for the three month period ending September 30, 2006. The increase is primarily attributed to increased consulting fees and investor relations costs.

Consulting costs for the period were \$31,651 compared to \$26,200 in the three months ended September 30, 2006. This \$5,451 increase is primarily due to planning and supervision with respect to the Los Venados Property in Mexico.

The Company incurred investor relation costs of \$23,196 during the three months ended September 30, 2007 compared to \$15,513 for the three months ended September 30, 2006. This increase is a result of the Company's continuing efforts to increase its profile in the investor community.

The Company incurred general exploration expenses of \$6,869 in the three months ended September 30, 2007 compared to \$ nil during the same period last year. These costs were for due diligence relating to the subsequent acquisition of the Plomo Property.

The Company incurred \$115,921 in mineral property exploration expenditures during the three months ended September 30, 2007 (Q1FY07 - \$432). The table in note 3 of the unaudited interim consolidated financial statements for the quarter summarizes the costs by property and type of expenditure.

For the three months ended September 30, 2007, the Company incurred a foreign exchange loss of \$6,754 (Q1FY07 - \$nil). The Canadian dollar strengthened relative to the Mexican peso during the quarter. As such, a foreign exchange loss was incurred on Mexican peso transactions and the revaluation of the Mexican subsidiary's monetary assets and liabilities at the current exchange rate at the quarter end.

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

EXPLORATION ACTIVITIES AND PROPERTY EXPENDITURES

a) *Casummit Lake Property:*

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

No field work was conducted on the Property during the three months ended September 30, 2007. Management believes however, that the Casummit Lake Property justifies further expenditures which will be required to fully test its potential.

b) *Thorn Property:*

The Thorn Property consists of 574 claim units and is located in the Atlin Mining Division, Northwestern British Columbia.

An exploration program, which began in June, 2005 and was completed in July, 2005, consisted of a comprehensive and integrated program of reconnaissance scale mapping, rock sampling and prospecting, contour soil and silt sampling, Induced Polarization ("IP") geophysics and diamond drilling.

A significant part of the 2005 program was tailored towards the evaluation of volcanic rocks adjacent to the Thorn Stock as recent age dating has revealed that these rocks may be affected by mineralizing events at the Thorn and are therefore a prospective host for high sulphidation mineralization. Field work focused on the margins of the Thorn Stock and the volcanic units, which are thought to be the source of the quartz-barite boulder discovered in 2004. Results indicated a suite of higher temperature alteration minerals typically associated with precious metal mineralization within a high sulphidation system. The findings are important in generating targets with the greatest potential for significant mineralization within this extensive area.

Previous exploration at the Thorn has demonstrated that IP geophysical surveying is an effective tool for targeting buried sulphide mineralization in this region. Untested portions of a large airborne resistivity low were covered by IP with the goal of identifying new anomalies that have the same signature as that reflecting Talisker Zone mineralization. The 2005 IP helped to further outline and define the Talisker Zone and located two new anomalies further north, the Balvenie and Cutty Sark Zones.

A total of five diamond drill holes were completed. Two holes tested the continuity of the Talisker Zone with results from one hole indicating a high grade section comparable to the discovery hole drilled in 2004 and numerous other mineralized zones throughout the length of the hole. Results from the other hole indicated that the Talisker may split into two zones to the southwest. Two holes tested the new IP target at the Cutty Sark Zone with results indicating lithologically controlled alteration within volcanic rocks overlying the Thorn Stock, the first noted on the Thorn property. One hole tested the far eastern extent of the Balvenie Zone and intersected a narrow interval of silver-copper mineralization with minor gold.

No field work was conducted on the Property during the three months ended September 30, 2007. Management believes that the Thorn Property justifies further expenditures which will be required to fully test its potential.

c) Los Venados Property:

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

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

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

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

The Company can acquire a 100% interest in the Los Venados property by making staged cash payments totalling CDN \$250,000 and issuing 500,000 shares over 5 years. The acquisition is subject to a 2% Net Smelter Return, half of which can be purchased for CDN\$500,000.

(d) Plomo Property:

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

The 4,279 hectare Plomo project lies within the Altar desert of northwestern Sonora, approximately 320 kilometres northwest of Hermosillo and 52 kilometres northwest of Caborca by paved highway. The eastern boundary of the Plomo claim is within 4 kilometres of the highway and access around the property is excellent via secondary all weather roads. Historical dry placer workings have been noted on the property and, to date, three zones of alteration and mineralization have been located in outcrop. Two have past gold mining activity along low angle shears. The third area has extensive and strongly micro-fractured and brecciated quartz float and outcrop with hematite and rare copper staining that has been traced for approximately 1.5 kilometres by approximately 300 metres wide. Limited grab and chip channel sampling of this third area by Cangold has returned gold values ranging from trace to 7.62 g/t, with 5 of 9 samples returning anomalous gold results greater than 0.1 g/t. Cangold has commenced detailed grid mapping and sampling of the main quartz-hematite zone in order to quickly bring this zone to the drilling stage.

The Mojave-Sonora Megashear (MSM), a northwest-trending left-lateral, Jurassic, strike slip fault zone extending for hundreds of kilometres through northern Sonora, is interpreted to transect the project area. Many of the gold mines and prospects in Sonora occur within or are adjacent to the boundary of this regionally extensive structure. The target at Plomo is a low grade, high-tonnage fault-related gold deposit amenable to open pit mining and heap leaching, similar to the Peñoles/Newmont La Herradura gold deposit which lies 75 kilometres to the northwest and contains a global resource of 104,063,824 tonnes averaging 0.84 g/t gold (Peñoles 2006 Annual Report). The MSM, a mylonitic zone up to 5 kilometres wide, hosts many zones of mesothermal gold mineralization thought to have extensive strike length and related parallel zones.

The Company can acquire a 100% interest in the Plomo property by making staged cash payments totaling CDN\$100,000 and issuing 700,000 shares over 5 years, subject to a 2% NSR, half of which can be purchased for CDN\$500,000. The Company will also issue to the vendor 500,000 warrants priced at \$0.50 and valid for a two-year period from the date of the signing of the agreement. The acquisition is subject to regulatory approval.

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) ⁽²⁾	Net income (loss) per share ⁽¹⁾⁽²⁾
September 30, 2007	\$Nil	\$(236,366)	\$(0.00)
June 30, 2007	\$Nil	\$(184,243)	\$(0.01)
March 31, 2007	\$Nil	\$(48,306)	\$(0.00)
December 31, 2006	\$Nil	\$(80,009)	\$(0.00)
September 30, 2006	\$Nil	\$(80,378)	\$(0.00)
June 30, 2006	\$Nil	\$(327,934)	\$(0.01)
March 31, 2006	\$Nil	\$(73,773)	\$(0.00)
December 31, 2005	\$Nil	\$(195,377)	\$(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.

(2) The financial information has been restated to reflect the Company's change in accounting policy to expense all acquisition costs and exploration and development expenditures incurred prior to commercial feasibility of mining operations being established.

It is the nature of junior exploration companies that there are no sales or revenue. There can also 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. Due to the seasonal nature of exploration and the dependency on the climate, expenditures generally exhibit a seasonal variation. The granting of incentive stock options, which results in the recording of amounts for stock-based compensation can be quite large in relation to other general and administrative expenses incurred in any given quarter.

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. Note 1 to the Company's 2007 audited financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

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 \$543,109 at September 30, 2007 as compared to \$710,753 at June 30, 2007. The Company's financial instruments are all fully cashable at any time so there are no restrictions on availability of funds.

The Company had working capital of \$486,168 as at September 30, 2007 compared with working capital of \$689,482 as at June 30, 2007. Working capital, together with limited additional financing, should be adequate to fund the Company's activities and to cover corporate overhead for the current fiscal year.

Cangold 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, 2007, the Company's cash outflows from investing activities was \$nil (Q1-FY07 – "\$nil").

Financing Activities

As at September 30, 2007, Cangold had 63,018,483 common shares issued and outstanding. No shares were issued for cash during the three month period.

For the three month period ended September 30, 2007, 30,000 "M" warrants to purchase 30,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$4,500.

For the three month period ended September 30, 2007, 200,000 options to purchase 200,000 common shares at a price of \$0.15 per share were exercised for total proceeds of \$30,000.

Shares outstanding

At the date of this MD&A, the Company had 63,168,483 common shares issued and had 6,636,667 warrants and 5,605,000 options outstanding.

If the Company were to issue all 6,636,667 shares issuable upon the exercise of all warrants outstanding and all 5,605,000 shares issuable upon the exercise of all incentive stock options outstanding, it would raise approximately \$1,956,000.

Outlook

It is anticipated that in the foreseeable future, Cangold will rely on the equity markets to meet its financing needs.

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 \$17,450:

- a) Paid or accrued consulting fees totalling \$4,550 to companies with a director in common.
- b) Paid or accrued consulting fees totalling \$6,000 to an officer of the Company.
- c) Paid or accrued office rent and administration costs totalling \$6,900 to a company with a director in common.

As at September 30, 2007, \$3,604 (June 30, 2007 - \$2,862) was due to an officer and to a company controlled by a director of the Company.

CRITICAL ACCOUNTING ESTIMATES

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

CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies introduced during the first quarter of 2008 are described in detail in Note 2 of the unaudited Consolidated Financial Statements for September 30, 2007.

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.

ADDITIONAL DISCLOSURE REQUIREMENTS

Evaluation of Disclosure Controls and Procedures

The Company's management is responsible for establishing and maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed, under the supervision of the Board of Directors and its Officers, so as to provide reasonable assurance that material information relating to the Company is made known to the Board of Directors and its Officers by others within the Company, on a timely basis so that appropriate decisions can be made regarding public disclosure. The Officers of the Company certifying its Annual Filings under Multilateral Instrument 52-109 have evaluated the effectiveness of these disclosure controls and procedures for the period ended September 30, 2007. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws.

Changes in Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the most recent interim period that has materially affected, or is reasonably likely to affect, the internal control over financial reporting.

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 Cangold's

control, including but not limited to: 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; cash flow projections; currency fluctuations; and other general market and industry conditions.

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'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.

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. Risks that could cause the Company's actual results to materially differ from its current expectations are described in this document.

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.