

APPENDIX B
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

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

1. I have reviewed the interim financial statements and interim MD&A (together the interim filings) of **Cangold Limited** (the issuer) for the interim period ending December 31, 2007.
2. 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, for the period covered for the interim filings.
3. 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: February 28, 2008

“Robert A. Archer”

Robert A. Archer
President and Chief Executive Officer

NOTE TO READER

In contrast to the certificate required under Multilateral Instrument 52-109 *Certification of Disclosure in Issuer’s Annual and Interim Filings (MI 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 MI 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 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 s venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 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.

APPENDIX B
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

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

4. I have reviewed the interim financial statements and interim MD&A (together the interim filings) of **Cangold Limited** (the issuer) for the interim period ending December 31, 2007.
5. 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, for the period covered for the interim filings.
6. 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: February 28, 2008

“Raakel S. Iskanius”

Raakel S. Iskanius
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required under Multilateral Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings (MI 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 MI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- iii) 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
- iv) 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 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 MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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

CANGOLD LIMITED

Three and six months ended December 31, 2007 and 2006

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONSOLIDATED INTERIM CONSOLIDATED 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)

	December 31, 2007	June 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 256,974	\$ 710,753
Marketable securities	13,500	17,000
Amounts receivable	46,898	9,094
Prepaid expenses and advances	13,677	9,301
	<u>331,049</u>	<u>746,148</u>
Reclamation deposit	25,800	25,800
Equipment (note 4)	26,962	30,866
	<u>\$ 383,811</u>	<u>\$ 802,814</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 144,915	\$ 53,804
Due to related parties (note 6)	11,040	2,862
	<u>155,955</u>	<u>56,666</u>
Shareholders' equity:		
Capital stock (note 5)	8,628,089	8,539,254
Contributed surplus (note 5(c))	987,764	882,299
Accumulated comprehensive income (loss)	(3,500)	-
Deficit	<u>(9,384,497)</u>	<u>(8,675,405)</u>
	227,856	746,148
Continuing operations (note 1)		
Subsequent events (note 7)		
	<u>\$ 383,811</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 and six months ended December 31, 2007 and 2006

	Three months ended December 31,		Six months ended December 31,	
	2007	2006	2007	2006
Expenses:				
Amortization	\$ 1,852	159	3,904	\$ 319
Consulting	39,154	12,529	70,805	38,729
Director fees	18,750	15,000	37,500	30,000
Filing fees	-	2,510	7,367	5,853
Foreign exchange loss/(gain)	11,024	(89)	17,778	(89)
Investor relations/corporate development	24,589	11,302	47,785	26,815
Mineral property exploration expenditures (note 3)	232,627	2,412	348,548	2,843
General exploration expenses	84	-	6,953	-
Office and miscellaneous	6,893	4,332	16,464	10,850
Printing	4,477	4,163	5,488	4,163
Professional fees	24,474	24,031	29,498	26,240
Stock based compensation	114,300	-	114,300	5,600
Rent	5,038	3,870	9,988	8,972
Transfer agent fees	2,635	906	4,630	3,050
Travel	-	54	6,293	4,612
Loss before under noted	(485,897)	(81,179)	(727,301)	(167,957)
Interest income	13,171	1,170	18,209	7,570
Loss for period	(472,726)	(80,009)	(709,092)	(160,387)
Other comprehensive income (loss) net of tax				
Unrealized gain (loss) on marketable securities	-	-	(3,500)	-
Loss and comprehensive income (loss)	(472,726)	(80,009)	(712,592)	(160,387)
Loss per share (note 2(k)), basic and diluted	(0.01)	\$(0.00)	(0.01)	\$(0.00)
Weighted average number of outstanding Common share	63,184,787	62,688,483	63,058,392	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 and six months ended December 31, 2007 and 2006

	Three months ended December 31,		Six months ended December 31,	
	2007	2006	2007	2006
Deficit, beginning of period	(8,911,771)	(8,362,847)	(8,675,405)	(8,282,469)
Loss for the period	(472,726)	(80,009)	(709,092)	(160,387)
Deficit, end of the period	\$ (9,384,497)	(8,442,856)	(9,384,497)	\$ (8,442,856)

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Three and six months ended December 31, 2007 and 2006

	Three months ended December 31,		Six months ended December 31,	
	2007	2006	2007	2006
Cash flows used in operating activities:				
Net loss for the period	\$ (472,726)	\$ (80,009)	\$ (709,092)	\$ (160,387)
Items not involving cash:				
Amortization	1,852	159	3,904	319
Stock-based compensation	114,300	-	114,300	5,600
Shares issued for mineral property acquisition	45,500	-	45,500	-
Changes in non-cash operating working capital:				
Accounts receivable	(24,930)	(8,210)	(37,804)	(11,888)
Prepaid expenses and advances	(1,135)	(5,779)	(4,376)	(3,371)
Accounts payable and accrued liabilities	43,568	(8,176)	91,111	(5,008)
Net cash used in operating activities	(293,571)	(102,015)	(496,457)	(174,735)
Cash flows from (used in) financing activities:				
Proceeds from exercise of warrants	-	-	4,500	-
Proceeds from exercise of options	-	-	30,000	-
Increase/(decrease) in due to related parties	7,436	-	8,178	(20,266)
Net cash from financing activities	7,436	-	42,678	(20,266)
Increase (decrease) in cash and cash equivalents	(286,135)	(102,015)	(453,779)	(195,001)
Cash and cash equivalent, beginning of period	543,109	971,161	710,753	1,064,147
Cash and cash equivalent, end of period	\$ 256,974	\$ 869,146	\$ 256,974	\$ 869,146

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three and six months ended December 31, 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 and six months ended December 31, 2007 and 2006, the Company recorded a loss of approximately \$472,726 and \$709,092, respectively, and used cash for operations of approximately \$293,571 and \$496,457, respectively. As at December 31, 2007, the Company had an accumulated deficit of approximately \$9,384,497 compared with \$8,442,856 for the same period ending December 31, 2006. As at December 31, 2007, the Company had a positive working capital balance of \$175,094 compared with \$893,545 for the period ending December 31, 2006.

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:

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

consistent with those in the preparation of the Company's annual financial statements. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted.

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 six months ended December 31, 2007.

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

3. MINERAL PROPERTY EXPLORATION EXPENDITURES:

	Casummit (a)	Thorn (b)	Los Venados (c)	Plomo (d)	2007
Exploration expenditures:					
Option payments	\$ -	\$ -	\$ 45,698	\$ 31,212	\$ 76,910
Field costs	-	-	10,243	1,227	11,470
Geology	-	-	120,871	65,101	185,972
Legal	-	-	17,523	13,986	31,509
Project Administration	-	1,090	33,331	8,266	42,687
Net expenditures during the year	-	1,090	227,666	119,792	348,548
Cumulative expenditures, beginning of period	1,176,657	2,241,624	-	-	3,418,281
Cumulative expenditures, end of period	\$ 1,176,657	\$ 2,242,714	\$ 227,666	\$ 119,792	\$ 3,766,829

(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 and six months ended December 31, 2007.

(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.

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.

3. 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 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:

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 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 also issued 500,000 warrants to the vendor priced at \$0.50 and valid for a two-year period from the date of the signing of the agreement.

4. EQUIPMENT:

December 31, 2007	Cost	Accumulated amortization	Net book value
Computer equipment 4,955	\$ 8,390	\$ 3,435	\$
Field equipment 22,007	30,729	8,722	
	\$ 39,119	\$ 12,157	\$
26,962			

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

5. CAPITAL STOCK:

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued:

	Number of shares	Stated value
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
Issuance of shares	350,000	45,500
Reclass from contributed surplus on exercise of stock options		8,835
Balance December 31, 2007	63,368,483	\$ 8,628,089

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 six-month period ended December 31, 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, 2007	\$ 882,299
Reclassification to common shares on exercise of stock options	(8,835)
Stock-based compensation	114,300
Balance, December 31, 2007	\$ 987,764

(d) Warrants:

Series	Exercise price	Expiry date	June 30, 2007	Issued	Exercised	Expired	December 31, 2007
Series "M"	0.15	Apr 26, 2008	6,666,667	-	30,000	-	6,636,667
Purchase Warrants	0.50	Dec 16, 2009	-	500,000	-	-	500,000
			6,666,667	500,000	(30,000)	-	7,136,667

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	December 31, 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	-	(50,000)	-	450,000
0.15	August 2, 2007	150,000	-	-	(150,000)	-
0.15	May 3, 2012	500,000	-	(150,000)	(50,000)	300,000
0.15	December 20, 2012		650,000	-	-	650,000
0.15	December 20, 2009		440,000	-	-	440,000
0.15	December 31, 2009		150,000	-	-	150,000
		6,235,000	1,240,000	(630,000)	(200,000)	6,645,000
Weighted average exercise price		\$0.17	-	-	(0.15)	0.17

As at December 31, 2007, 6,645,000 options with a weighted average exercise price of \$0.17 were exercisable.

The weighted average fair value of options granted during the period was \$0.15 (Q2FY07 - \$0.17).

5. CAPITAL STOCK (continued):

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

	December 31, 2007	June 30, 2007
Risk-free interest rate	3.93	4.10%
Dividend yield	0%	0%
Expected life	4 years	4 years
Volatility	74%	83%

6. RELATED PARTY TRANSACTIONS:

Included in expenses are amounts totaling \$47,438 (Q2FY07 - \$17,870) for consulting, accounting, rent and office charged to the Company by officers, directors or companies controlled by the directors of the Company.

As at December 31, 2007, \$11,040 (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) On January 30, 2008, the Company announced a non-brokered private placement financing of up to \$1,008,000 consisting of up to 5.6 million units at \$0.18 per unit. Each unit comprises one common share and one-half non-transferable share purchase warrant. The financing proceeds will be used for further exploration of its Los Venados and Plomo properties, property acquisition investigations, and for working capital.
- (b) On February 18, 2008, the Company entered into an agreement to receive drilling services for a minimum value of approximately \$150,000.

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

For the period ended December 31, 2007

This Management's Discussion and Analysis ("MD&A") prepared as of February 26, 2008, reviews the financial condition and results of operations of Cangold Limited ("Cangold" or "the Company") for the six month financial period ended December 31, 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 December 31, 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".

On November 9, 2007, the Company, through its Mexican subsidiary, signed an Option Agreement 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.

The Company also holds an option to acquire a 100% interest in the Los Venados property located in Sonora, Mexico. 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, the Company 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 for the three and six months ended December 31, 2007 of \$472,726 and \$709,092, respectively, compared to a loss of \$80,009 and \$167,957 for the same periods in the prior year. Cash outflows from operations of \$293,571 and \$496,457 for the three and six months ended December 31, 2007 compared to cash outflows from operations of \$102,015 and \$195,001 for the same period in fiscal 2007. The increased loss in the current period is attributed to the fact that the Company acquired two exploration properties 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 were \$138,970 and \$264,453, respectively, for the three month and six months ended

December 31, 2007 compared with \$78,767 and \$165,114 for the same period in 2006. The increase is primarily attributed to increased consulting fees and investor relations costs.

Consulting costs were \$39,154 and \$70,805, respectively, for the three and six months ending December 31, 2007 compared to \$12,529 and \$38,729 for the same periods in 2006. This increase is primarily due to planning and supervision with respect to the Los Venados and Plomo properties in Mexico.

The Company incurred investor relation and corporate development costs of \$24,589 and \$47,785, respectively, for the three and six months ended December 31, 2007 compared to \$11,302 and \$26,815 for the same period in 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 \$84 and \$6,953, respectively for the three and six months ended December 31, 2007 compared to \$ nil during the same period last year. The majority of these costs were for due diligence relating to the subsequent acquisition of the Plomo Property.

The Company incurred \$232,627 and \$348,548, respectively in mineral property exploration expenditures during the three and six months ended December 31, 2007 (Q2FY07 - \$2,412 and \$2,843 respectively for the same period in 2006). 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 December 31, 2007, the Company incurred a foreign exchange loss of \$11,024 and \$17,778, respectively for the three and six months ended December 31, 2007, compared to \$89 gain for the same period in fiscal 2007. The Canadian dollar strengthened relative to the Mexican peso during the last two quarters. 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 and six months ended December 31, 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.

No field work was conducted on the Property during the six months ended December 31, 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 commenced during the first quarter of fiscal 2008 with a diamond drilling program planned upon completion and analysis of the first phase of exploration.

During the second quarter of fiscal 2008, the Company announced a gold bearing zone had been discovered. Initial chip and grab sampling of silica vein material on the Duraznito Zone resulted in 20 of 35 samples returning significant gold values greater than 0.1 g/t, nine of the 20 assaying greater than 1.0 g/t and one sample assaying 50.9 g/t gold. The dimension of the area sampled to date is approximately 120 metres long by 65 metres wide.

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

The Company can acquire a 100% interest in the Los Venados property by making staged cash payments totalling 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.

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 25 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.

Phase I mapping and sampling on the Plomo property conducted during the second quarter of fiscal 2008 have identified five zones of gold mineralization within a northeast trending structural zone that is at least five kilometres long by one kilometre 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 the five zones have been named Banco de Oro, San Perfecto, Pavorreal, San Crecencio, and Bonancita. The gold mineralization at Banco de Oro is related to brecciated quartz veins hosted in foliated sericitized rhyolite at the intersection of a low angle northwest striking fault with a northeast trending strike-slip fault. Historic, small scale mine workings extend over 70 metres and of the 36 samples taken to date, the vast majority is anomalous in gold. Initial rock chip sampling across the low angle fault in this area returned 298.0g/t Au over 2.35 metres, 15.1g/t Au over 0.65 metres, 14.5g/t Au over 0.80 metres and 11.0g/t Au over 0.60 metres, while 7 other samples assayed higher than 1.0g/t Au and an additional 7 returned grades above 0.1g/t Au. Copper oxides have also been noted at Banco de Oro, filling or staining the strike slip faults, with the same 36 samples assaying up to 0.53% copper.

The San Perfecto area hosts structurally related stockwork zones, in andesite and fine grained diorite, formed by the intersections of northwest oriented low and high angle fractures and east-northeast oriented faults. Initial grab and chip sampling returned up to 3.32g/t Au over 0.80 metres, with 13 of 29 rock samples assaying more than 0.1g/t Au and most are also strongly anomalous in copper. The areal extent of San Perfecto is still being evaluated but mineralization and alteration have been noted over one kilometre in a northwest orientation.

The Pavorreal structure is hosted in fine grained diorite and is approximately one kilometre long, northwest-trending with a moderate dip. Sericite, hematite, quartz tourmaline breccias, clays and brecciated quartz veins can be traced along the structure and are locally copper stained. In the north portion, preliminary sampling returned 4.82g/t Au in a grab sample and 2.65g/t over 2.0 metres in a chip channel sample. To the south, quartz tourmaline breccias are found to be anomalous in gold, with the only sample to date returning 0.11g/t Au.

At San Crecencio, a northwest oriented zone of quartz veining, with sericite and hematite alteration, is presently being geologically mapped and sampled. Initial sampling has returned locally anomalous results that are being followed up with more detailed investigations.

On the Bonancita zone a grid has been established over a 550 by 550 metre area containing both north-south and northwest trending quartz vein swarms and associated alteration. A chip sampling program of all outcropping areas has been initiated. Gold mineralization appears to be closely related to quartz veining and sheared andesite with disseminated oxidized pyrite. Initial assay results have returned up to 2.53g/t Au over 5.0 metres in chip channel samples and up to 7.62g/t Au in grab samples. Overall, 51% of the 171 samples taken to date on the Bonancita grid are considered anomalous in gold.

The identification of gold mineralization spread over a five by one kilometre area within a complex structural environment is an excellent indication of the potential of the Plomo Property. The relationship of gold mineralization to flat-lying structures is typical of deposits within the MSM. On-going exploration at the Plomo Property includes 1:5000 property scale geological mapping and rock sampling, and detailed rock sampling within the five known mineralized zones. Efforts to synthesize the structural controls on alteration and mineralization are being aided by Dr. Lucas Ochoa of the University of Sonora in Hermosillo, and Dr. Matt Gray of Resource Geosciences de Mexico, also based in Hermosillo. A 1,500 metre Phase I drilling program is being planned for February/March 2008.

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 also issued 500,000 warrants to the vendor priced at \$0.50 and valid for a two-year period from the date of the signing of the agreement.

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⁾
December 31, 2007	\$Nil	\$(472,726)	\$(0.01)
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)

(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 in Canada, 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 \$256,974 at December 31, 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 \$175,094 as at December 31, 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.

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 and six months ended December 31, 2007, the Company's cash outflows from investing activities was \$nil. (Q2-FY07 – "\$nil").

Financing Activities

As at December 31, 2007, Cangold had 63,368,483 common shares issued and outstanding. No shares were issued for cash during the three or six month periods ended December 31, 2007. During the three month period ended December 31, 2007, the Company issued 200,000 shares at \$0.115 and 150,000 shares at \$0.15, respectively, for the acquisition of the Plomo and Los Venados properties.

No warrants were exercised during the three month period ended December 31, 2007 (Q2 FY07 – "\$nil"). 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 during the six months ended December 31, 2007, compared to "\$nil" in the same period in fiscal 2007.

No options were exercised during the three month period ended December 31, 2007 (Q2 FY07 – "\$nil"). 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 during the six months ended December 31, 2007, compared to "\$nil" in the same period in fiscal 2007.

Subsequent to the period ending December 31, 2007, the Company announced a non-brokered private placement financing of up to \$1,008,000 consisting of up to 5.6 million units at \$0.18 per unit. Each unit comprises one common share and one-half non-transferable share purchase warrant. The financing proceeds will be used for further exploration of its Los Venados and Plomo properties, property acquisition investigations, and for working capital.

Shares outstanding

At the date of this MD&A, the Company had 63,368,483 common shares issued and had 7,136,667 warrants and 6,645,000 options outstanding.

If the Company were to issue all 7,136,667 shares issuable upon the exercise of all warrants outstanding and all 6,645,000 shares issuable upon the exercise of all incentive stock options outstanding, it would raise approximately \$2,400,000.

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 \$47,438:

- a) Paid or accrued consulting fees totalling \$17,050 to companies with a director in common.
- b) Paid or accrued consulting fees totalling \$16,500 to officers of the Company.
- c) Paid or accrued office rent and administration costs totalling \$13,888 to a company with a director in common.

As at December 31, 2007, \$11,040 (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 December 31, 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.

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: 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 the Company 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.