

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. **Review:** I have reviewed the interim financial statements and interim MD&A (together the interim filings) of **Cangold Limited** (the issuer) for the interim period ending **March 31, 2008**.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered for the interim filings.

3. **Fair Presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: May 21, 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 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.

APPENDIX B

CERTIFICATION OF INTERIM FILINGS

VENTURE ISSUER BASIC CERTIFICATE

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

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together the interim filings) of **Cangold Limited** (the issuer) for the interim period ending **March 31, 2008**.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered for the interim filings.

3. **Fair Presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: May 21, 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:

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 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 nine months ended March 31, 2008 and 2007

**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)

	March 31, 2008	June 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 505,553	\$ 710,753
Marketable securities	9,500	17,000
Amounts receivable	537,219	9,094
Prepaid expenses and advances	11,530	9,301
	<u>1,063,802</u>	<u>746,148</u>
Reclamation deposit	25,800	25,800
Equipment (note 6)	25,138	30,866
	<u>\$ 1,114,740</u>	<u>\$ 802,814</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 239,247	\$ 53,804
Due to related parties (note 8)	10,714	2,862
	<u>249,961</u>	<u>56,666</u>
Shareholders' equity:		
Capital stock (note 7)	9,680,818	8,539,254
Contributed surplus (note 7(c))	986,066	882,299
Accumulated comprehensive income (loss)	(7,500)	-
Deficit	<u>(9,794,605)</u>	<u>(8,675,405)</u>
	864,779	746,148
Continuing operations (note 1)		
Subsequent events (note 12)		
	<u>\$ 1,114,740</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 nine months ended March 31, 2008 and 2007

	Three months ended March 31,		Nine months ended March 31,	
	2008	2007	2008	2007
Expenses:				
Amortization	\$ 1,824	159	5,728	\$ 478
Consulting	28,165	8,910	98,970	47,639
Director fees	20,292	15,000	57,792	45,000
Filing fees	7,104	8,723	14,471	14,576
Foreign exchange loss/(gain)	35,355	102	53,133	13
Investor relations/corporate development	35,814	11,346	83,599	38,161
Mineral property exploration expenditures (note 5)	271,109	539	619,657	3,382
General exploration expenses	7,719	-	14,672	-
Office and miscellaneous	8,875	3,019	25,339	13,869
Printing	-	26	5,488	4,189
Professional fees	58,043	914	87,541	27,154
Stock based compensation	-	-	114,300	5,600
Rent	5,342	3,870	15,330	12,842
Transfer agent fees	2,611	-	7,241	3,050
Travel	-	5,281	6,292	9,893
Loss before under noted	(482,253)	(57,889)	(1,209,553)	(225,846)
Interest income	32,368	9,583	50,577	17,153
Income tax recovery	39,776	-	39,776	-
Loss for period	(410,109)	(48,306)	(1,119,200)	(208,693)
Other comprehensive income (loss) net of tax				
Unrealized gain (loss) on marketable securities (4,000)	-	-	(7,500)	-
Loss and comprehensive income (loss)	(414,109)	(48,306)	(1,126,700)	(208,693)
Loss per share, basic and diluted	(0.01)	\$(0.00)	(0.02)	\$(0.00)
Weighted average number of outstanding Common share	63,942,866	62,688,483	63,357,618	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 and nine months ended March 31, 2008 and 2007

	Three months ended March 31,		Nine months ended March 31,	
	2008	2007	2008	2007
Deficit, beginning of period	(9,384,496)	(8,442,856)	(8,675,405)	(8,282,469)
Loss for the period	(410,109)	(48,306)	(1,119,200)	(208,693)
Deficit, end of the period	\$ (9,794,605)	(8,491,162)	(9,794,605)	\$ (8,491,162)

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Three and nine months ended March 31, 2008 and 2007

	Three months ended March 31,		Nine months ended March 31,	
	2008	2007	2008	2007
Cash flows used in operating activities:				
Net loss for the period	\$ (410,109)	\$ (48,306)	\$ (1,119,200)	\$ (208,693)
Items not involving cash:				
Amortization	1,824	159	5,728	478
Stock-based compensation	-	-	114,300	5,600
Shares issued for mineral property acquisition	-	-	45,500	-
Warrants issues for private placement fees	11,800	-	11,800	-
Changes in non-cash operating working capital:				
Accounts receivable	(490,321)	1,990	(528,125)	(9,898)
Prepaid expenses and advances	2,147	(1,468)	(2,229)	(4,839)
Accounts payable and accrued liabilities	94,332	(13,214)	185,442	(18,222)
Net cash used in operating activities	(790,327)	(60,839)	(1,286,784)	(235,574)
Cash flows from (used in) financing activities:				
Proceeds from exercise of warrants	13,450	-	17,950	-
Proceeds from exercise of options	15,000	-	45,000	-
Proceeds from private placement issue	1,010,782	-	1,010,782	-
Increase/(decrease) in due to related parties	(326)	-	7,852	(20,266)
Net cash from financing activities	1,038,906	-	1,081,584	(20,266)
Increase (decrease) in cash and cash equivalents	248,579	(60,839)	(205,200)	(255,840)
Cash and cash equivalent, beginning of period	256,974	869,146	710,753	1,064,147
Cash and cash equivalent, end of period	\$ 505,553	\$808,307	\$505,553	\$ 808,307

See accompanying notes to the unaudited interim consolidated financial statements.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three and nine months ended March 31, 2008 and 2007

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 nine months ended March 31, 2008 and 2007, the Company recorded a loss of approximately \$410,109 and \$1,119,200, respectively, and used cash for operations of approximately \$790,327 and \$1,286,784, respectively. As at March 31, 2008, the Company had an accumulated deficit of approximately \$9,794,605 compared with \$8,491,162 for the same period ending March 31, 2007. As at March 31, 2008, the Company had a positive working capital balance of \$813,841 compared with \$845,399 for the period ending March 31, 2007.

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

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three and nine months ended March 31, 2008 and 2007

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.

3. CHANGES IN ACCOUNTING POLICIES:

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

(a) Capital Disclosures:

Section 1535, *Capital Disclosures*, requires additional disclosures about the Company's capital and how it is managed. The additional disclosure includes quantitative and qualitative information regarding the Company's objectives, policies and processes for managing capital. The new disclosures are provided in Note 9.

(b) Financial Instruments – Disclosure and Presentation:

Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, replace Section 3861, *Financial Instruments – Disclosure and Presentation*, requiring disclosures of both qualitative and quantitative information on the nature and extent of risks arising from financial instruments to which the Company is exposed and how it manages those risks. The new disclosures are provided in Notes 10 and 11.

The Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable and accounts payable and accrued liabilities,

Transaction costs are expensed as incurred for financial instruments designated as held-for-trading. The effective interest rate method of amortization is used for any transaction costs for financial instruments measured at amortized cost, which includes loans and receivables and other financial liabilities.

Held-for-trading financial instruments include cash and cash equivalents and are initially and subsequently recorded at fair value. Unrealized gains and losses related to revaluations are recorded in net income for the period. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Available-for-sale financial assets include marketable securities and are initially and subsequently recorded at fair value. Unrealized gains and losses resulting from revaluation are included in other comprehensive income. When the assets are sold or an impairment write down is required, the accumulated fair value adjustments recognized in equity are included in the income statement. Financial assets that are non-derivatives and not classified in any of the other categories are classified as available-for-sale. Categories of regular way purchases and sales of financial assets are accounted for at the settlement date.

Loans and receivables include amounts receivable, and are initially measured at fair value and subsequently measured at amortized cost. Gains and losses resulting from revaluations, impairment

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three and nine months ended March 31, 2008 and 2007

3. CHANGES IN ACCOUNTING POLICIES (continued):

write-downs and foreign exchange translation adjustments are recognized in net earnings for the period. Financial assets with fixed or determinable payments that are not quoted in an active market are classified in this category.

Other financial liabilities include accounts payable and accrued liabilities and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method. Gains and losses resulting from revaluation and foreign exchange translation adjustments are recognized in net earnings for the period.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired using the following criteria:

- For available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement are not reversed through the income statement.
- For loans and receivables, a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor or delinquency in payments are considered indicators that a receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement within general and administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the income statement.

4. RECENT ACCOUNTING PRONOUNCEMENTS:

(a) Goodwill and Intangible Assets:

Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation, and disclosure of goodwill and intangible assets. The standard is effective for interim and annual financial statements beginning January 1, 2009. The Company does not expect the adoption of this Section to have a significant effect on its financial statements.

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

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Three and nine months ended March 31, 2008 and 2007

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued):

the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

5. MINERAL PROPERTY EXPLORATION EXPENDITURES:

The continuity of expenditures on mineral properties for three months ended March 31, 2008 is as follows.

	Casummit (a)	Thorn (b)	Los Venados (c)	Plomo (d)	2008
Exploration expenditures:					
Option payments	\$ -	\$ -	\$ 55,782	\$ 32,961	\$ 88,743
Field costs	-	-	30,072	79,366	109,438
Geology	-	-	184,083	144,217	328,300
Legal	-	-	17,523	13,986	31,509
Project Administration	-	6,136	41,892	13,639	61,667
Net expenditures					
during the year	-	6,136	329,352	284,169	619,657
Cumulative expenditures,					
beginning of period	1,176,657	2,241,624	-	-	3,418,281
Cumulative expenditures,					
end of period	\$ 1,176,657	\$ 2,247,760	\$ 329,352	\$ 284,169	\$ 4,037,938

(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 nine months ended March 31, 2008.

(b) Thorn property:

The Company had 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

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Three and nine months ended March 31, 2008 and 2007

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.

As described in Note 12, on April 11, 2008, the Company signed an agreement with Rimfire Minerals Corp. whereby the latter purchased Cangold's 51% interest in the Thorn Property.

(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.

6. EQUIPMENT:

March 31, 2008	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,390	\$ 3,807	\$ 4,583
Field equipment	30,729	10,174	20,555
	\$ 39,119	\$ 13,981	\$ 25,138
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 and nine months ended March 31, 2008 and 2007

7. 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	300,000	45,000
Exercise of "M" warrants	119,667	17,950
Issuance of shares	6,403,072	1,056,281
Reclass from contributed surplus on exercise of stock options		22,333
Balance March 31, 2008	69,611,222	\$ 9,680,818

Included in issued capital stock are nil (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 nine-month period ended March 31, 2008 79,336 escrow shares were released pursuant to the amendment to the escrow agreement, compared to 79,336 in the same period last year.

(c) Contributed surplus:

Balance, June 30, 2007	\$ 882,299
Reclassification to common shares on exercise of stock options	(22,333)
Issue warrants for financing services	11,800
Stock-based compensation	114,300
Balance, March 31, 2008	\$ 986,066

(d) Warrants:

Series	Exercise price	Expiry date	June 30, 2007	Issued	Exercised	Expired	March 31, 2008
Series "M"	0.15	Apr 26, 2008	6,666,667	-	119,667	-	6,547,000
Purchase Warrants	0.50	Dec 16, 2009	-	500,000	-	-	500,000
Purchase Warrants	0.25	March 24, 2009	-	2,962,500	-	-	2,962,500
Purchase Warrants	0.25	March 24, 2009	-	465,090	-	-	465,090
			6,666,667	3,927,590	(119,667)	-	10,474,590

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Three and nine months ended March 31, 2008 and 2007

7. CAPITAL STOCK (continued):

(e) Stock options:

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

Exercise price	Expiry date	June 30, 2007	Granted	Cancelled/ expired	Exercised	March 31, 2008
\$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	-	(350,000)	(100,000)	50,000
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	(1,130,000)	(300,000)	6,045,000
Weighted average exercise price		\$0.17	\$0.15	(\$0.16)	(\$0.15)	\$0.17

As at March 31, 2008, 6,045,000 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 (Q3FY07 - \$0.17).

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

	March 31, 2008	June 30, 2007
Risk-free interest rate	3.93	4.10%
Dividend yield	0%	0%
Expected life	4 years	4 years
Volatility	74%	83%

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Three and nine months ended March 31, 2008 and 2007

8. RELATED PARTY TRANSACTIONS:

The nine months ended March 31, 2008 included expenses totaling \$76,554 (Q3FY07 - \$75,242) for consulting, accounting, rent and office charged to the Company by officers, directors or companies controlled by the directors of the Company.

As at March 31, 2008, \$10,714 (June 30, 2007 - \$2,862) was due to an officer and to a company controlled by a director of the Company.

9. CAPITAL MANAGEMENT:

The Company's objectives when managing capital are to:

- ensure there are adequate capital resources to safeguard the Company's ability to continue as a going concern,
- maintain adequate levels of funding to support the acquisition and exploration of mineral properties,
- maintain investor, creditor and market confidence to sustain future development of the business, and
- provide returns to shareholders and benefits for other stakeholders.

The properties in which the Company currently has an interest are in the exploration stage and as such, the Company is dependent on external financing to fund its activities. To undertake planned exploration, during the financial period ended March 31, 2008, the Company raised \$1,010,782 through a non-brokered private placement.

The Company manages its capital in a manner that provides sufficient funding for operational activities. Annual capital and operating expenditure budgets, and rolling forecasts, are used to determine the necessary capital requirements. These budgets are approved by management and are updated for changes in the underlying assumptions, economic conditions and risk characteristics of the underlying assets, as necessary. In order to maintain or adjust the capital structure, the Company may secure funds through equity capital raised by way of private placements. For the three months ended March 31, 2008, there were no changes in quantitative and qualitative data about the Company's objectives, policies and processes for managing capital as compared to the prior period.

As at March 31, 2008, total managed capital was \$359,226, comprising:

	March 31, 2008	June 30, 2007
Cash and cash equivalents	\$ (505,553)	\$ (710,753)
Shareholders' equity	864,779	746,148
Managed capital	359,226	35,365

Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three and nine months ended March 31, 2008 and 2007

10. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of the items. The fair values of marketable securities are based on current bid prices at March 31, 2008.

For the three months ended March 31, 2008, a fair value adjustment of (\$7,500) for marketable securities designated as available-for-sale has been recognized in other comprehensive loss. Available-for-sale financial assets are denominated in Canadian dollars. There were no disposals or impairment provisions during the current interim period.

11. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT:

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's exploration program, and limited exposure to credit and market risks. There were no changes to the objectives or the process from the prior period.

The types of risk exposure and the way in which such exposures are managed are as follows:

(a) Concentration risk:

Concentration risks exist in cash and cash equivalents because significant balances are maintained with one financial institution. The risk is mitigated because the financial institution is a prime Canadian bank.

(b) Credit risk:

Credit risk primarily arises from the Company's cash and cash equivalents and amounts receivable. The risk exposure is limited to their carrying amounts at the balance sheet date. Cash and cash equivalents are held as cash deposits or invested in guaranteed investment certificates with various maturity dates. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank and the investment grade of the guaranteed investment certificates.

Amounts receivable primarily consists of subscription receivables which were all collected subsequent to quarter end.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures there is sufficient capital to meet short term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the assets, liabilities and cash flows. The Company prepares an annual

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Three and nine months ended March 31, 2008 and 2007

11. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (continued):

budget, as well as cash flow and liquidity forecasts on a quarterly basis.

The Company's cash and cash equivalents are invested in guaranteed investment certificates which are available on demand to fund the Company's operating costs and other financial demands.

(d) Market risk:

The significant market risks to which the Company is exposed are currency, interest rate and commodity price risk.

(i) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risk.

The majority of the Company's exploration costs are incurred in Mexico and are denominated in Mexican pesos or US dollars. The fluctuation of the US dollar and Mexican peso in relation to the Canadian dollar will consequently impact the loss of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

Comparative foreign exchange rates as at March 31, 2008 are as follows:

	March 31, 2008	June 30, 2007
MXN Peso to CDN Dollar	0.097	0.099
US Dollar to CDN Dollar	1.004	1.063

The Company has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions for the Mexican operations is not significant and therefore does not hedge its foreign exchange risk.

(ii) Interest rate risk

The Company's policy is to invest cash in guaranteed investment certificates at fixed or floating rates of interest and cash equivalents are to be maintained in floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at March 31, 2008, interest rates on guaranteed investment certificates ranged from 3.20% to 3.25% which represent the prevailing market interest rates. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

CANGOLD LIMITED

Notes to the Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Three and nine months ended March 31, 2008 and 2007

11. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (continued):

(iv) Sensitivity analysis

Based on historic trends over the last twelve months, volatilities in the above-noted market risks, and management's knowledge and experience in the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period.

- A parallel shift of +1%/-1% from the prevailing market interest rates on deposits of 3.2% as of March 31, 2008.
- Proportional foreign exchange movement of -10% (depreciation of CAD) and +10% (appreciation of CAD) against the USD, from the March 31, 2008 CAD to USD exchange rate of 0.996.
- Proportional foreign exchange movement of -10% (depreciation of CAD) and +10% (appreciation of CAD) against the Mexican peso, from the March 31, 2008 CAD to Mexican peso exchange rate of 10.341.

If these movements were to occur, the impact on the consolidated net loss for each category of financial instrument held at the balance sheet date is presented below.

	Carrying Amount	Interest Rate Risk ⁽¹⁾		Currency Rate Risk	
		-1%	+1%	-10%	+10%
Financial assets					
Cash and cash equivalents ⁽¹⁾					
CAD	482,311	(4,823)	4,823	-	-
USD	7,166	(72)	72	796	(647)
Pesos	16,076	(161)	161	1,787	(1,461)
Amounts receivable					
Pesos	7,551	-	-	839	(686)
Financial liabilities					
Accounts payable and accrued liabilities					
USD	165,226	-	-	(18,354)	14,949
Pesos	8,892	-	-	(988)	809
Total Increase(Decrease)		(5,056)	5,056	(15,920)	12,964

- (1) Cash and cash equivalents include guaranteed investment certificates which are at fixed and floating interest rates. The Company does not have any financial instrument balances denominated in foreign currencies to give rise to exposure to currency risk.

12. SUBSEQUENT EVENTS

On April 11, 2008, the Company signed an agreement with Rimfire Minerals Corp. ("Rimfire") whereby the latter will purchase Cangold's 51% interest in the Thorn Property in northern British Columbia. Terms of the sale call for Rimfire to pay \$100,000 and issue 100,000 shares of Rimfire to Cangold upon signing, and for Cangold to receive 25% of any cash payments and share issuances resulting from the future option and/or sale of the property to a third party. In addition, Cangold will receive \$1,000,000 or 250,000 Rimfire shares (at Rimfire's election) should the property be placed into commercial production while Rimfire owns at least 10% of the property.

CANGOLD LIMITED

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

For the period ended March 31, 2008

This Management's Discussion and Analysis ("MD&A") prepared as of May 14, 2008, reviews the financial condition and results of operations of Cangold Limited ("Cangold" or "the Company") for the nine month financial period ended March 31, 2008, 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 March 31, 2008.

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

DESCRIPTION AND OVERVIEW OF BUSINESS

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

The Company holds options to acquire a 100% interest in the Los Venados and Plomo properties located in Sonora, Mexico. The Company still maintains an interest in one precious and base metal exploration property in Canada in northern Ontario. On April 11, 2008, the Company signed an agreement with Rimfire Minerals Corp. whereby the latter will purchase Cangold's 51% interest in the Thorn Property located in north western 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 reported a loss for the three and nine months ended March 31, 2008 of \$410,109 and \$1,119,200, respectively, compared to a loss of \$48,306 and \$208,693 for the same periods in the prior year. Cash outflows from operations of \$790,327 and \$1,286,784 for the three and nine months ended March 31, 2008 compared to cash outflows from operations of \$60,839 and \$235,574 for the same periods in fiscal 2007. The increased loss in the current period is attributed to the increased exploration expenditures on two exploration properties located in Mexico.

General and administrative expenses, excluding mineral property exploration expenditures and stock-based compensation were \$211,144 and \$475,596 respectively, for the three month and nine months ended March 31, 2008 compared with \$57,350 and \$216,864 for the same periods in 2007. The increase is primarily attributed to increased consulting fees, investor relations costs and professional fees incurred in the non-brokered private placement financing announced on January 30, 2008. There were also two new directors appointed to the Board during the 9 months ended March 31, 2008 which increased directors' fees compared with the same period in 2007.

Consulting costs were \$28,165 and \$98,970 respectively, for the three and nine months ending March 31, 2008 compared to \$8,910 and \$47,639 for the same periods in 2007. 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 \$35,814 and \$83,599, respectively, for the three and nine months ended March 31, 2008 compared to \$11,342 and \$38,161 for the

same periods in 2007. 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 \$7,719 and \$14,672, respectively for the three and nine months ended March 31, 2007 compared to \$ nil during the same periods last year. The majority of these costs were for due diligence relating to the subsequent acquisition of the Plomo Property as well as administration related to exploration.

The Company incurred \$271,109 and \$619,657, respectively in mineral property exploration expenditures during the three and nine months ended March 31, 2008 (Q3FY07 - \$539 and \$3,382) respectively for the same period in 2007). The table in note 5 of the unaudited interim consolidated financial statements for the quarter summarizes the costs by property and type of expenditure.

The Company incurred a foreign exchange loss of \$35,355 and \$53,133, respectively for the three and nine months ended March 31, 2008, compared to \$102 and \$13 gains for the same periods in fiscal 2007. The Canadian dollar strengthened relative to the Mexican peso during the last three 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 nine months ended March 31, 2008. 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 nine months ended March 31, 2008.

On April 11, 2008, the Company signed an agreement with Rimfire Minerals Corp. ("Rimfire") whereby the latter will purchase Cangold's 51% interest in the Thorn Property in northern British Columbia. Terms of the sale call for Rimfire to pay \$100,000 and issue 100,000 shares of Rimfire to Cangold upon signing, and for Cangold to receive 25% of any cash payments and share issuances resulting from the future option and/or sale of the property to a third party. In addition, Cangold will receive \$1,000,000 or 250,000 Rimfire shares (at Rimfire's election) should the property be placed into commercial production while Rimfire owns at least 10% of the property.

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 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.

Ongoing mapping and sampling on the Plomo property conducted during the second and third quarters of fiscal 2008 have identified seven zones of gold mineralization within a northeast trending structural

zone that is at least five kilometres long by three kilometres wide. Gold mineralization is related to quartz veining, with sericite and hematite alteration, in subsidiary north-south to northwest striking structures with modest to shallow southwest or northeast dips. The northeast structure is reflected by a distinct linear valley which in the past was the focus of dry placer gold exploitation.

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

The 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.

A new zone of gold mineralization, within the Pavorreal area, is located between the Pavorreal and San Perfecto structures, and has been mapped along a 600 metre trend with widths to 100 metres. The Pavorreal gold mineralization is associated with gossanous, sericitic, schistose andesite with local quartz-tourmaline-hematite breccias, related to a series of parallel NW trending low angle NE dipping shears (thrusts?). Initial rock sampling along the new structures included values to 10.8g/t gold (grab sample) and 5.82g/t gold over 2.0 metres, with 13 of the 25 samples taken assaying >0.3g/t gold.

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 Culebra zone is an 800 metre long by 300 metre wide gossan along the sheared contact between andesite and a monzonite intrusion. Historic workings contain secondary copper mineralization, and sampling has demonstrated the presence of gold. Initial rock sampling returned values to 4.28g/t gold and 0.21% copper over 0.85 metres, 0.25g/t gold and 3.43% copper (grab sample) and 0.93g/t gold and 1.65% copper over 3.0 metres. Of the initial 25 rock chip samples, gold was >0.3g/t in 9 samples, while copper was >1% in 13 of 25 samples.

As part of the Company's efforts to quickly advance the Plomo project, a Phase I diamond drilling program, comprising approximately 1,500 metres in 9 holes, commenced on the property in March 2008. Targets to be tested in this program include the Banco de Oro, Pavorreal, San Perfecto, and Bonancita

zones. The idea of the first-pass drilling is to gain a better understanding of the structural control of the gold mineralization and to look for areas where the flat-lying gold-bearing structures coalesce into a larger zone with resource potential.

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 seven 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.

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⁾
March 31, 2008	\$Nil	\$(410,109)	\$(0.01)
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)

⁽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. Prior to July 1, 2006, expenditures generally exhibited a seasonal variation due to the seasonal nature of exploration and the dependency on the climate in Canada. Beginning in fiscal 2008, there will not be variations due to seasonality as the climate in Mexico is amenable to year round exploration. Additional, 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 \$505,553 at March 31, 2008 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 \$813,841 as at March 31, 2008 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 nine months ended March 31, 2008, the Company's cash outflows from investing activities was \$nil (Q3-FY07 – "\$nil").

Financing Activities

As at March 31, 2008, Cangold had 69,611,222 common shares issued and outstanding. During the three months ended March 31, 2008, Cangold issued 6,403,072 shares, as part of a non-brokered private placement financing, at \$.18 for net cash proceeds of \$1,056,281. No other shares were issued for cash during the nine months ended March 31, 2008. However, 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.

During the three month period ended March 31, 2008, 89,667 "M" warrants were exercised to purchase 89,667 common shares at a price of \$0.15 per share for total proceeds of \$13,450 (Q3 FY07 – "\$nil"). An additional 30,000 "M" warrants were issued during the nine months ended March 31, 2008 to purchase 30,000 common shares at a price of \$0.15 per share for total proceeds of \$4,500, compared to "\$nil" in the same period in fiscal 2007.

During the three month period ended March 31, 2008, 100,000 options were exercised to purchase 100,000 common shares at a price of \$.15 per share for total proceeds of \$15,000 (Q3 FY07 – "\$nil"). During the nine months ended March 31, 2008, an additional 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, compared to "\$nil" in the same period in fiscal 2007.

Shares outstanding

At the date of this MD&A, the Company had 63,368,483 common shares issued and had 10,474,950 warrants and 6,045,000 options outstanding.

If the Company were to issue all 10,474,950 shares issuable upon the exercise of all warrants outstanding and all 6,045,000 shares issuable upon the exercise of all incentive stock options outstanding, it would raise approximately \$3,100,000.

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 \$76,554:

- a) Paid or accrued consulting fees totalling \$28,700 to companies with a director in common.
- b) Paid or accrued consulting fees totalling \$27,000 to officers of the Company.
- c) Paid or accrued office rent and administration costs totalling \$20,854 to a company with a director in common.

As at March 31, 2008, \$10,714 (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 March 31, 2008.

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.